Equifax executed well in Second Quarter against challenging mortgage and hiring markets while delivering on our 2023 financial objectives – with revenue at about the midpoint and adjusted EPS above our guidance. We continued to outperform our underlying markets with broad based 6% non-mortgage growth against a tough 22% comp last year, continued strong mortgage outperformance in a challenging market and very strong new product growth with a record 14% vitality index. We also executed well against the $200 million Cloud and broader spending reduction program we announced in February, and implemented additional actions to increase our Cloud spending reduction plan in 2023 to $210 million and in 2024 to $275 million, and delivered 350 bps of sequential margin expansion in the Quarter. Globally, with the exception of the US mortgage and hiring markets, we continue to see good customer demand broadly across our consumer, commercial and government lines of business.

This reinforces our long term strategy of leveraging our differentiated assets and new EFX Cloud capabilities to drive new solutions for customers and deliver future growth in 2023 and beyond.

Highlights from 2Q23 include:

- 2Q revenue of $1.318 billion was flat, up 1% in constant currency
- Very good 2Q execution of our 2023 Cloud spending reduction plan and implementation of additional actions to increase our Cloud spending reduction plan in 2023 by $10 million to $210 million and in 2024 by $25 million to $275 million
- Strong new product innovation leveraging EFX Cloud with record New Product Vitality Index of 14%
- Workforce Solutions revenue was down 4%, off a tough 21% comp last year, from a challenging mortgage and hiring market, partially offset by continued strong

revenue growth in Government, expanded adjusted EBITDA margins sequentially over 100 basis points to 51.5%
- USIS revenue was up 6%, with B2B non-mortgage revenue growth of 7% and strong Online non-mortgage revenue growth of 9%, expanded adjusted EBITDA margins over 300 basis points to 36.0%
- International revenue growth was up 7% in constant currency
- Received shareholder approval to acquire Boa Vista Serviços, the second largest credit bureau in Brazil, which will expand Equifax capabilities in the large and fast-growing Brazilian market
- Revising guidance downward to reflect expected impact of weaker than expected US mortgage originations, reducing full year 2023 revenue at the midpoint to $5.300 billion. Adjusted EPS guidance revised downward to $6.98 per share at the midpoint from lower mortgage revenue. Reconfirmed 4Q framework for 36% EBITDA margins and $2.00/share, which positions EFX well for 2024

EWS non-mortgage revenue at up 4% was below our expectations, off a very strong 52% comp last year, principally due to a weaker hiring market that impacted our Talent Solutions and onboarding businesses. EWS had outstanding operational execution in the quarter, delivering a new product vitality index of 25%, and expanding current TWN records by 12% to 161 million records, a growth of 5 million records sequentially and up 12% vs last year. EWS had strong cost management as they fully operationalize their new Cloud capabilities, delivering Adjusted EBITDA margins of 51.5%, up over 100 basis points sequentially and stronger than our expectations.

USIS had an outstanding quarter, and delivered almost 6% revenue growth, much stronger than our expectations. Total non-mortgage revenue grew 8%, led by 9% growth in B2B Online and 10% growth in Consumer Solutions. Adjusted EBITDA margins at 36% were also stronger than our expectations, expanding over 300 basis points sequentially.

International delivered 7% revenue growth in constant currency, also stronger than our expectations, with double digit growth in LATAM, and high single digit growth in Canada and the United Kingdom CRA. International delivered 24.2% EBITDA margins, up 70 bps sequentially.

New Product Innovation, leveraging our differentiated data assets and new capabilities delivered by the EFX Cloud, is also executing at a very high level. Our new product Vitality Index of over 14% in the Quarter was a record, 400 bps above our 10% long term vitality goal, and up over 100 bps sequentially. This is encouraging for the future and reinforces our LT strategy of leveraging our differentiated assets and new Cloud capabilities to drive new solutions for customers.

Our 2023 Cloud and broader cost reduction program executed well in the quarter. As we continue to operate more of Equifax in the new Cloud environment, we are seeing more areas of efficiencies and expect an additional $10 million of spending reductions in the second half of the year. These new actions will deliver incremental run-rate savings of $25 million in 2024. We now expect to deliver spending reductions of $210 million in 2023 and $275 million in 2024.

In June, we received shareholder approval for the merger of Boa Vista Serviços, the second largest credit bureau in Brazil, which will expand Equifax's capabilities in the large and fast growing Brazilian market. The BVS transaction is expected to add approximately $160 million in run-rate revenue, and is expected to be slightly accretive to adjusted EPS in the first year. We are energized to complete this strategic and financially attractive acquisition. We expect the transaction to close in early August and are actively planning for integration and transfer of our Cloud capabilities, global platforms and products to help accelerate BVS growth. Our 2023 guidance does not include the impact of this merger, and we will provide more details on our October earnings call.

Given the weaker than expected US mortgage market, we now expect full year mortgage originations to decline about 37%, which is down 5 percentage points from our April Guidance. The impact to mortgage revenue will be a reduction of about $40 million in the second half of 2023. We expect non-mortgage revenue growth to continue to strengthen in the second half, up 11% year-over-year and up 300 bps sequentially from the first half of the year from continued commercial execution and NPI rollouts. The net impact of the weaker than expected mortgage market of about $40 million, partially offset by positive FX is a reduction of our 2023 revenue guidance at the midpoint by $25 million, to $5.30 billion. Our full year adjusted EPS guidance is now between $6.85 to $7.10 per share, reflecting the impact of lower mortgage revenue.

For the third quarter, we expect total Equifax reported revenue to be between $1.32 and $1.34 billion, with revenue up 6.9% at the midpoint, and an FX impact of -0.1%. We are expecting adjusted EPS of $1.72 to $1.82 per share for the third quarter.

This is an exciting time for Equifax as we enter the next chapter, from building the EFX Cloud to leveraging our cloud capabilities to drive our top and bottom line. We are convinced that our new EFX Cloud technology, differentiated data assets in our new single data fabric, and market leading businesses will deliver higher growth, expanded margins and free cash flow in the future.

To read more about our 2Q 2023 financial results and 2023 Guidance, please see our press release and investor presentation. You may also reach out to Sam or me with any questions you may have. Thanks as always for your time and attention.

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