



Equifax continued to face a very challenging US mortgage market that weakened substantially in August and September beyond our July framework with mortgage rates moving above 7% and now approaching 8%, over a 20-year high. Revenue of \$1.32 billion was \$34 million below the midpoint of the guidance we provided in July. However, adjusting for the mortgage market and FX impact - about \$28 million in revenue and \$0.10 per share in adjusted EPS, revenue in the third quarter would have been just below the midpoint of our July framework. Adjusted EPS of \$1.76 and Adjusted EBITDA margin of 33.1%, up 60 bps sequentially, were both in line with the guidance and above our July framework adjusting for the \$0.10 per share negative impact of the mortgage market, from very strong execution of our \$210 million 2023 spending reduction plan.

Outside the unprecedented mortgage market decline, we are executing extremely well against our EFX2025 strategic priorities. We delivered 11% non-mortgage constant dollar growth in the quarter, are executing on our cloud customer migrations and overall spending reduction plans, are out performing our expectations for new products with a record 15% Vitality Index, adding new Workforce Solutions record partnerships and records at an accelerated pace and we continue to penetrate the large \$4 billion verification services Government market. In both our mortgage and non-mortgage businesses, we are continuing to outgrow our underlying markets.

Workforce Solutions delivered strong non-mortgage revenue growth of 11%, a return to double digit revenue growth, with the growth rate up about 800 bps sequentially, over a very tough comp of non-mortgage revenue growth of 40% in the third quarter of 2022. In the quarter, EWS added 2 million new records to the TWN database bringing total records on TWN at the end of the third quarter to 121 million unique individuals, 163 current

records and over 640 million total records. EWS also added 4 new agreements with payroll processors during the quarter that will add new records in the fourth quarter and 2024.

The EWS Government vertical had another very strong quarter with 23% revenue growth from record growth, penetration, pricing, and Medicaid redetermination volumes. During the quarter, USDA's Food and Nutrition Service awarded a national contract to EWS to provide verification services in support of the Supplemental Nutrition Assistance Program, commonly known as SNAP. The award is for \$38 million in the base year, which began September 30, 2023, with a potential total contract value of \$190 million. Also during the quarter, we signed a contract extension to provide income verifications to the US Centers for Medicare and Medicaid Services as part of a contract valued at up to \$1.2 billion over the next five years. This contract is the largest in EFX history and extends our services via [Healthcare.gov](https://www.healthcare.gov) for ACA-related determinations, while allowing EWS to continue to work to penetrate the state level Medicaid verification services market. These agreements reflect the uniqueness of the TWN data supporting the delivery of social services at the US federal, state and local level.

USIS revenue was up over 7%, and down slightly from our expectations due to the impact of the much weaker mortgage market. Total non-mortgage revenue grew about 8.5%, B2B non-mortgage revenue grew 8% and B2B Online revenue growth was up a very strong 10% from double digit growth in Commercial and Banking & Lending. USIS also saw strong double digit growth in Kount from very good new business and NPI performance as well as double digit growth in our US Consumer business. The USIS team is on offense as they work to complete their cloud transformation and pivot to leveraging their new cloud capabilities to deliver new products and drive share gains. In the third quarter, USIS onboarded a new large FI customer to our new Cloud platform, which we expect to deliver share gains moving forward. USIS Adjusted EBITDA margins were 34.2% in the quarter, and slightly below the 35% we guided to from the impact of the weaker mortgage market, as well as higher technology spend as we migrate customers to data fabric.

International revenue was up 12% in constant currency and up 3% in organic constant dollar and below the 4.5% growth we guided to in July principally from lower revenue from our UK debt management business. Excluding Brazil, Adjusted EBITDA margins of 26.8% were up 260 bps, and in line with our expectations. The improvement was driven by revenue growth and good execution against their 2023 cost reduction plans.

We are very excited to have closed the Boa Vista acquisition in early August and welcome the Boa Vista team to Equifax. We are focused on driving growth in Brazil and expanding BVS's capabilities by deploying our cloud based decisioning and analytical products, as well as expanding in new verticals like Identity and Fraud. In the third quarter, EFX Brazil delivered revenue of \$23 million, and was accretive to Adjusted EPS by \$0.02 per share. As a reminder, we expect Brazil to deliver approximately \$160 million in run-rate revenue to Equifax and to be accretive to adjusted EPS in its first year.

New Product Introductions leveraging our differentiated data and new EFX Cloud are central to our EFX2025 growth strategy. We had another very strong quarter in new product growth with a record 15% vitality index which is well above our 10% long-term growth framework for NPIs. In the third quarter, about 85% of new product revenue came from non-mortgage products leveraging the EFXCloud.

We delivered very good execution against our \$210 million Cloud and broader spending reduction programs which allowed us to grow margins sequentially in the quarter despite the lower mortgage revenue. We continue to expect to deliver spending reductions of \$210 million in 2023, with \$120 million benefiting operating expenses, and over \$65 million of incremental run rate savings in 2024. We are convinced that our EFX Cloud, single Data Fabric, and AI capabilities will provide a competitive advantage to Equifax in the future.

As we look to the fourth quarter, we expect revenue of \$1.317 billion, Adjusted EPS of \$1.77 and Adjusted EBITDA margins of 34% at the midpoint of our guidance ranges. This includes about \$38 million of revenue from BVS, which adds about 3% to our revenue growth. We expect Fourth Quarter revenue will be up 10% with organic constant dollar growth of 7%, Adjusted EPS up over 16% and EBITDA margins will expand about 300 bps versus last year. Non-mortgage constant dollar growth is expected to be strong at about 13%, with organic growth of about 9%, led by EWS which should deliver over 15% growth. However, excluding BVS, this framework is about \$70 million below the implied fourth quarter revenue guidance of \$1.35 billion at the midpoint we provided in July. The net impact of this \$70 million reduction in revenue is driving the reduction in Adjusted EPS and EBITDA margin from our original 4Q goals of \$2 per share and 36%, respectively.

The sharp decline in the mortgage market and FX drive the majority, or about \$60 million, of the decline. Our guidance assumes the substantially weakening trends in the US mortgage market we are currently seeing continue through the remainder of the year, and that we also see normal seasonal mortgage declines in November and December. On this

basis, we are assuming US mortgage credit inquiries being down about 22% in the fourth quarter, driving a reduction in overall mortgage volumes of about 18 basis points versus the guidance implied for the fourth quarter in our July framework. This negatively impacts mortgage revenue in the fourth quarter by about \$47 million. At these levels, US mortgage activity will be down an unprecedented more than 50% from 2015-19 averages, which we consider to be normal market levels. We expect FX to negatively impact revenue in the fourth quarter versus our July guidance by \$13 million.

Despite the challenges of an unprecedented decline in the US mortgage market, Equifax demonstrated in 2022 and 2023 that we can grow revenue as we outperformed underlying markets over the last two years from above market non-mortgage growth, outperforming the mortgage market, vertical penetration, new product innovation, adding new records to TWN, and pricing. We are committed to delivering our long term framework of 8 to 12% revenue growth and 50 bp of annual margin expansion beyond our 39% EBITDA margin goal. And when the mortgage market recovers, we are poised to generate accelerated above market growth and margin expansion from investments we have made in technology, new products, record additions, and expanding our unique data assets.

We are entering the next chapter of the NewEFX as we pivot from building the new EFXCloud to leveraging our new Cloud capabilities to drive our top and bottom line. We are convinced that our new EFX Cloud based 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 3Q 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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