

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)



QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2024

OR



TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 1-34354

ALTISOURCE PORTFOLIO SOLUTIONS S.A.

(Exact name of registrant as specified in its Charter)

Luxembourg

(State or other jurisdiction of incorporation or organization)

98-0554932

(I.R.S. Employer Identification No.)

33, Boulevard Prince Henri
L-1724 Luxembourg
Grand Duchy of Luxembourg
(Address of principal executive offices)

(352) 2060 2055

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$1.00 par value	ASPS	NASDAQ Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐
Non-accelerated filer ☒

Accelerated filer ☐
Smaller reporting company ☒
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 19, 2024, there were 27,109,831 outstanding shares of the registrant's common stock (excluding 2,852,917 shares held as treasury stock).

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FORM 10-Q

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PART I — FINANCIAL INFORMATION
Item 1. Interim Condensed Consolidated Financial Statements (Unaudited)

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Condensed Consolidated Balance Sheets
(in thousands, except per share data)

	June 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 29,702	\$ 32,522
Accounts receivable, net of allowance for doubtful accounts of \$3,421 and \$3,123, respectively	13,190	11,682
Prepaid expenses and other current assets	8,309	11,336
Total current assets	51,201	55,540
Premises and equipment, net	1,124	1,709
Right-of-use assets under operating leases	2,612	3,379
Goodwill	55,960	55,960
Intangible assets, net	24,008	26,548
Deferred tax assets, net	4,983	4,992
Other assets	6,669	6,730
Total assets	<u>\$ 146,557</u>	<u>\$ 154,858</u>
LIABILITIES AND DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	\$ 30,044	\$ 30,088
Current portion of long-term debt	223,009	—
Deferred revenue	3,634	3,195
Other current liabilities	2,245	2,477
Total current liabilities	258,932	35,760
Long-term debt	—	215,615
Deferred tax liabilities, net	9,047	9,028
Other non-current liabilities	18,778	19,510
Commitments, contingencies and regulatory matters (Note 21)		
Deficit:		
Common stock (\$1.00 par value; 100,000 shares authorized, 29,963 issued and 27,110 outstanding as of June 30, 2024; 29,963 issued and 26,496 outstanding as of December 31, 2023)	29,963	29,963
Additional paid-in capital	179,937	177,278
Accumulated deficit	(234,351)	(180,162)
Treasury stock, at cost (2,853 shares as of June 30, 2024 and 3,467 shares as of December 31, 2023)	(116,389)	(152,749)
Altisource deficit	(140,840)	(125,670)
Non-controlling interests	640	615
Total deficit	(140,200)	(125,055)
Total liabilities and deficit	<u>\$ 146,557</u>	<u>\$ 154,858</u>

See accompanying notes to condensed consolidated financial statements .

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Condensed Statements of Operations and Comprehensive Loss
(in thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenue	\$ 39,121	\$ 35,235	\$ 78,590	\$ 74,696
Cost of revenue	26,404	29,703	53,569	60,660
Gross profit	12,717	5,532	25,021	14,036
Selling, general and administrative expenses	10,634	12,341	23,486	24,435
Income (loss) from operations	2,083	(6,809)	1,535	(10,399)
Other income (expense), net:				
Interest expense	(9,788)	(9,904)	(19,317)	(16,664)
Change in fair value of warrant liability	—	(1,774)	—	(1,080)
Debt amendment costs	—	(101)	—	(3,343)
Other income (expense), net	139	390	1,781	1,950
Total other income (expense), net	(9,649)	(11,389)	(17,536)	(19,137)
Loss before income taxes and non-controlling interests	(7,566)	(18,198)	(16,001)	(29,536)
Income tax provision	(706)	(639)	(1,428)	(2,168)
Net loss	(8,272)	(18,837)	(17,429)	(31,704)
Net income attributable to non-controlling interests	(35)	(13)	(76)	(93)
Net loss attributable to Altisource	<u>\$ (8,307)</u>	<u>\$ (18,850)</u>	<u>\$ (17,505)</u>	<u>\$ (31,797)</u>
Loss per share:				
Basic	<u>\$ (0.29)</u>	<u>\$ (0.90)</u>	<u>\$ (0.62)</u>	<u>\$ (1.62)</u>
Diluted	<u>\$ (0.29)</u>	<u>\$ (0.90)</u>	<u>\$ (0.62)</u>	<u>\$ (1.62)</u>
Weighted average shares outstanding:				
Basic	<u>28,551</u>	<u>20,840</u>	<u>28,366</u>	<u>19,648</u>
Diluted	<u>28,551</u>	<u>20,840</u>	<u>28,366</u>	<u>19,648</u>
Comprehensive loss:				
Comprehensive loss, net of tax	\$ (8,272)	\$ (18,837)	\$ (17,429)	\$ (31,704)
Comprehensive income attributable to non-controlling interests	(35)	(13)	(76)	(93)
Comprehensive loss attributable to Altisource	<u>\$ (8,307)</u>	<u>\$ (18,850)</u>	<u>\$ (17,505)</u>	<u>\$ (31,797)</u>

See accompanying notes to condensed consolidated financial statements .

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Condensed Consolidated Statements of Equity (Deficit)
(in thousands)

	Altisource Equity (Deficit)					Non-controlling interests	Total
	Common stock Shares		Additional paid-in capital	Retained earnings	Treasury stock, at cost		
Balance, December 31, 2022	25,413	\$ 25,413	\$ 149,348	\$ 118,948	\$ (413,358)	\$ 775	\$ (118,874)
Net loss	—	—	—	(12,947)	—	80	(12,867)
Distributions to non-controlling interest holders	—	—	—	—	—	(102)	(102)
Share-based compensation expense	—	—	1,445	—	—	—	1,445
Issuance of restricted share units and restricted shares	—	—	—	(6,058)	6,058	—	—
Issuance of common stock, net of issuance costs	4,550	4,550	15,911	—	—	—	20,461
Treasury shares withheld for the payment of tax on restricted share unit and restricted share issuances	—	—	—	(3,700)	3,240	—	(460)
Balance, March 31, 2023	29,963	\$ 29,963	\$ 166,704	\$ 96,243	\$ (404,060)	\$ 753	\$ (110,397)
Net loss	—	—	—	(18,850)	—	13	(18,837)
Distributions to non-controlling interest holders	—	—	—	—	—	(100)	(100)
Share-based compensation expense	—	—	1,242	—	—	—	1,242
Issuance of restricted share units and restricted shares	—	—	—	(2,259)	2,259	—	—
Treasury shares withheld for the payment of tax on restricted share unit and restricted share issuances	—	—	—	(30)	27	—	(3)
Balance, June 30, 2023	29,963	\$ 29,963	\$ 167,946	\$ 75,104	\$ (401,774)	\$ 666	\$ (128,095)
Balance, December 31, 2023	29,963	\$ 29,963	\$ 177,278	\$ (180,162)	\$ (152,749)	\$ 615	\$ (125,055)
Net loss	—	—	—	(9,198)	—	41	(9,157)
Distributions to non-controlling interest holders	—	—	—	—	—	(19)	(19)
Share-based compensation expense	—	—	2,213	—	—	—	2,213
Exercise of warrants, net of costs	—	—	(398)	(3,722)	4,030	—	(90)
Issuance of restricted share units and restricted shares	—	—	—	(15,860)	15,860	—	—
Treasury shares withheld for the payment of tax on restricted share unit and restricted share issuances	—	—	—	(9,575)	8,985	—	(590)
Balance, March 31, 2024	29,963	\$ 29,963	\$ 179,093	\$ (218,517)	\$ (123,874)	\$ 637	\$ (132,698)
Net loss	—	—	—	(8,307)	—	35	(8,272)
Distributions to non-controlling interest holders	—	—	—	—	—	(32)	(32)
Share-based compensation expense	—	—	844	—	—	—	844
Issuance of restricted share units and restricted shares	—	—	—	(6,427)	6,427	—	—
Treasury shares withheld for the payment of tax on restricted share unit and restricted share issuances	—	—	—	(1,100)	1,058	—	(42)
Balance, June 30, 2024	29,963	\$ 29,963	\$ 179,937	\$ (234,351)	\$ (116,389)	\$ 640	\$ (140,200)

See accompanying notes to condensed consolidated financial statements .

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Condensed Consolidated Statements of Cash Flows
(in thousands)

	Six months ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (17,429)	\$ (31,704)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	572	1,353
Amortization of right-of-use assets under operating leases	811	930
Amortization of intangible assets	2,540	2,560
PIK accrual	4,269	2,556
Share-based compensation expense	3,057	2,687
Bad debt expense	550	522
Amortization of debt discount	1,901	1,828
Amortization of debt issuance costs	1,224	1,249
Deferred income taxes	18	(203)
Loss on disposal of fixed assets	13	27
Change in fair value of warrant liability	—	1,080
Changes in operating assets and liabilities:		
Accounts receivable	(2,058)	(1,214)
Prepaid expenses and other current assets	3,027	12,504
Other assets	61	(2,045)
Accounts payable and accrued expenses	(44)	(1,187)
Current and non-current operating lease liabilities	(838)	(960)
Other current and non-current liabilities	269	(923)
Net cash used in operating activities	(2,057)	(10,940)
Cash flows from financing activities:		
Proceeds from issuance of common stock, net of issuance costs	—	20,461
Exercise of Warrants, net of costs	(90)	—
Debt issuance and amendment costs	—	(4,886)
Repayments of long-term debt	—	(20,000)
Distributions to non-controlling interests	(51)	(202)
Payments of tax withholding on issuance of restricted share units and restricted shares	(632)	(463)
Net cash used in financing activities	(773)	(5,090)
Net decrease in cash, cash equivalents and restricted cash	(2,830)	(16,030)
Cash, cash equivalents and restricted cash at the beginning of the period	35,416	54,273
Cash, cash equivalents and restricted cash at the end of the period	\$ 32,586	\$ 38,243
Supplemental cash flow information:		
Interest paid	\$ 11,870	\$ 11,022
Income taxes paid (refunded), net	1,121	(4,509)
Acquisition of right-of-use assets with operating lease liabilities	44	298
Non-cash investing and financing activities:		
Warrants issued in connection with Amended Credit Agreement	—	8,096

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the unaudited condensed consolidated balance sheets and the unaudited condensed consolidated statements of cash flows:

	June 30, 2024	June 30, 2023
Cash and cash equivalents	\$ 29,702	\$ 35,041
Restricted cash	2,884	3,202
Total cash, cash equivalents and restricted cash reported in the statements of cash flows	\$ 32,586	\$ 38,243

See accompanying notes to condensed consolidated financial statements.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements

NOTE 1 — ORGANIZATION AND BASIS OF PRESENTATION

Description of Business

Altisource Portfolio Solutions S.A., together with its subsidiaries (which may be referred to as “Altisource,” the “Company,” “we,” “us” or “our”), is an integrated service provider and marketplace for the real estate and mortgage industries. Combining operational excellence with a suite of innovative services and technologies, Altisource helps solve the demands of the ever-changing markets we serve.

We are publicly traded on the NASDAQ Global Select Market under the symbol “ASPS.” We are organized under the laws of the Grand Duchy of Luxembourg.

We conduct our operations through two reportable segments: *Servicer and Real Estate* and *Origination*. In addition, we report *Corporate and Others* separately (see Note 22 for a description of our business segments).

Basis of Accounting and Presentation

The unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Securities and Exchange Commission (“SEC”) Regulation S-X. Accordingly, these financial statements do not include all of the information and footnotes required by GAAP for complete consolidated financial statements. In the opinion of management, the interim data includes all normal recurring adjustments considered necessary to fairly state the results for the interim periods presented. The preparation of interim condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our interim condensed consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Intercompany transactions and accounts have been eliminated in consolidation. Certain prior year balance sheet amounts have been reclassified for consistency with the current year presentation.

Altisource consolidates Best Partners Mortgage Cooperative, Inc., which is managed by The Mortgage Partnership of America, L.L.C. (“MPA”), a wholly-owned subsidiary of Altisource. Best Partners Mortgage Cooperative, Inc. is a mortgage cooperative doing business as Lenders One® (“Lenders One”). MPA provides services to Lenders One under a management agreement that ends on December 31, 2025 (with renewals for three successive five-year periods at MPA's option).

The management agreement between MPA and Lenders One, pursuant to which MPA is the management company, represents a variable interest in a variable interest entity. MPA is the primary beneficiary of Lenders One as it has the power to direct the activities that most significantly impact the cooperative's economic performance and the right to receive benefits from the cooperative. As a result, Lenders One is presented in the accompanying condensed consolidated financial statements on a consolidated basis and the interests of the members are reflected as non-controlling interests. As of June 30, 2024, Lenders One had total assets of \$0.4 million and total liabilities of \$ 0.5 million. As of December 31, 2023, Lenders One had total assets of \$0.4 million and total liabilities of \$ 0.6 million.

These interim condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on March 7, 2024.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (*Continued*)

Fair Value Measurements

Fair value is defined as an exit price, representing the amount that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three-tier hierarchy for inputs used in measuring fair value, which prioritizes the inputs used in the methodologies of measuring fair value for assets and liabilities, is as follows:

Level 1 — Quoted prices in active markets for identical assets and liabilities

Level 2 — Observable inputs other than quoted prices included in Level 1

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of assets or liabilities

Financial assets and financial liabilities are classified based on the lowest level of input that is significant to the fair value measurements. Our assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

Future Adoption of New Accounting Pronouncement

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This standard updates reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses that are part of an entity's segment measure of profit or loss and regularly provided to the chief operating decision maker. In addition, it adds or makes clarifications to other segment-related disclosures, such as clarifying that the disclosure requirements in ASC 280 are required for entities with a single reportable segment and that an entity may disclose multiple measures of segment profit and loss. This standard will be effective for annual periods beginning after December 15, 2023, and for interim periods beginning after December 15, 2024. Early adoption of this standard is permitted. The Company is currently evaluating the impact this guidance may have on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This standard amends the Codification to enhance the transparency and decision usefulness of income tax disclosures, to provide information to better assess how an entity's operations and related tax risks and tax planning and operational opportunities affect its tax rate and prospects for future cash flows. This standard will be effective for annual periods beginning after December 15, 2024. Early adoption of this standard is permitted. The Company is currently evaluating the impact this guidance may have on its consolidated financial statements.

NOTE 2 — CUSTOMER CONCENTRATION**Onity**

Onity Group Inc. (together with its subsidiaries, "Onity") (formerly Ocwen Financial Corporation, or "Ocwen") is a residential mortgage loan servicer of mortgage servicing rights ("MSRs") it owns, including those MSRs in which others have an economic interest, and a subservicer of loans owned by others.

During the three and six months ended June 30, 2024, Onity was our largest customer, accounting for 44% of our total revenue. Onity purchases certain mortgage services from us under the terms of services agreements and amendments thereto (collectively, the "Onity Services Agreements") with terms extending through August 2030. Certain of the Onity Services Agreements contain a "most favored nation" provision and also grant the parties the right to renegotiate pricing, among other things.

Revenue from Onity primarily consists of revenue earned from the loan portfolios serviced and subserviced by Onity when Onity engages us as the service provider, and revenue earned directly from Onity, pursuant to the Onity Services Agreements. For the six months ended June 30, 2024 and 2023, we recognized revenue from Onity of \$34.9 million and \$31.6 million, respectively (\$17.2 million and \$14.0 million for the second quarter of 2024 and 2023, respectively). Revenue from Onity as a percentage of segment and consolidated revenue was as follows:

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Servicer and Real Estate	55 %	52 %	56 %	54 %
Origination	— %	— %	— %	— %
Corporate and Others	— %	— %	— %	— %
Consolidated revenue	44 %	40 %	44 %	42 %

We earn additional revenue related to the portfolios serviced and subserviced by Onity when a party other than Onity or the MSR owner selects Altisource as the service provider. For the six months ended June 30, 2024 and 2023, we recognized \$5.2 million and \$5.0 million, respectively (\$2.4 million and \$2.1 million for the second quarter of 2024 and 2023, respectively), of such revenue. These amounts are not included in deriving revenue from Onity and revenue from Onity as a percentage of revenue discussed above.

As of June 30, 2024, accounts receivable from Onity totaled \$4.4 million, \$3.5 million of which was billed and \$0.9 million of which was unbilled. As of December 31, 2023, accounts receivable from Onity totaled \$3.4 million, \$2.2 million of which was billed and \$1.2 million of which was unbilled.

Rithm

Rithm Capital Corp. (individually, together with one or more of its subsidiaries or one or more of its subsidiaries individually, "Rithm") is an asset manager focused on the real estate and financial services industries.

Onity has disclosed that Rithm is one of its largest servicing clients. As of March 31, 2024, Onity reported that approximately 15% of loans serviced and subserviced by Onity (measured in unpaid principal balance ("UPB")) and approximately 66% of all delinquent loans that Onity services were related to Rithm MSRs or rights to MSRs (the "Subject MSRs").

Rithm purchases brokerage services for real estate owned ("REO") exclusively from us, irrespective of the subservicer, subject to certain limitations, for certain MSRs set forth in and pursuant to the terms of a Cooperative Brokerage Agreement, as amended, and related letter agreement (collectively, the "Brokerage Agreement") with terms extending through August 2025.

For the six months ended June 30, 2024 and 2023, we recognized revenue from Rithm of \$ 1.3 million and \$1.6 million, respectively (\$0.6 million and \$0.8 million for the second quarter of 2024 and 2023, respectively), under the Brokerage Agreement. For the six months ended June 30, 2024 and 2023, we recognized additional revenue of \$6.1 million and \$6.8 million, respectively (\$3.2 million and \$3.5 million for the second quarter of 2024 and 2023, respectively), relating to the Subject MSRs when a party other than Rithm selects Altisource as the service provider.

NOTE 3 — ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following:

(in thousands)	June 30, 2024	December 31, 2023
Billed	\$ 10,146	\$ 9,826
Unbilled	6,465	4,979
	16,611	14,805
Less: Allowance for credit losses	(3,421)	(3,123)
Total	\$ 13,190	\$ 11,682

Unbilled accounts receivable consist primarily of certain real estate asset management services, REO and foreclosure sales, title and closing services, for which we generally recognize revenue when the service is provided but collect upon closing of the sale, as well as foreclosure trustee services and the recently launched property renovation services, for which we generally recognize revenues over the service delivery period but bill following completion of the service. We also include amounts in unbilled accounts receivable that are earned during a month and billed in the following month.

We are exposed to credit losses through our sales of products and services to our customers which are recorded as accounts receivable, net on the Company's condensed consolidated financial statements. We monitor and estimate the allowance for credit losses based on our historical write-offs, historical collections, our analysis of past due accounts based on the contractual

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

terms of the receivables, relevant market and industry reports and our assessment of the economic status of our customers, if known. Estimated credit losses are written off in the period in which the financial asset is determined to be no longer collectible. There can be no assurance that actual results will not differ from estimates or that consideration of these factors in the future will not result in an increase or decrease to our allowance for credit losses.

Changes in the allowance for expected credit losses consist of the following:

(in thousands)	Balance at Beginning of Period	Additions		Deductions Note ⁽¹⁾	Balance at End of Period
		Charged to Expenses			
Allowance for expected credit losses:					
Three months ended June 30, 2024	\$ 3,555	\$ (8)	\$ (126)	\$ 3,421	
Three months ended June 30, 2023	4,205	482	(373)	4,314	
Six months ended June 30, 2024	\$ 3,123	\$ 550	\$ (252)	\$ 3,421	
Six months ended June 30, 2023	4,363	522	(571)	4,314	

⁽¹⁾ Amounts written off as uncollectible or transferred to other accounts or utilized.

NOTE 4 — PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

(in thousands)	June 30, 2024	December 31, 2023
Indemnity escrow receivable from Pointillist sale	\$ 3,126	\$ 3,201
Prepaid expenses	2,743	3,722
Maintenance agreements, current portion	1,289	1,327
Income taxes receivable	689	325
Restricted cash	23	23
Other current assets	439	2,738
Total	<u>\$ 8,309</u>	<u>\$ 11,336</u>

NOTE 5 — PREMISES AND EQUIPMENT, NET

Premises and equipment, net consists of the following:

(in thousands)	June 30, 2024	December 31, 2023
Computer hardware and software	\$ 46,098	\$ 46,519
Leasehold improvements	709	1,011
Furniture and fixtures	72	102
Office equipment and other	17	17
	46,896	47,649
Less: Accumulated depreciation and amortization	(45,772)	(45,940)
Total	<u>\$ 1,124</u>	<u>\$ 1,709</u>

Depreciation and amortization expense amounted to \$0.6 million and \$1.4 million for the six months ended June 30, 2024 and 2023, respectively (\$0.3 million and \$0.7 million for the second quarter of 2024 and 2023, respectively), and is included in cost of revenue for operating assets and in selling, general and administrative expenses for non-operating assets in the accompanying condensed consolidated statements of operations and comprehensive loss.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

Premises and equipment, net consist of the following by country:

<i>(in thousands)</i>	June 30, 2024	December 31, 2023
Luxembourg	\$ 788	\$ 1,131
India	296	492
United States	40	64
Uruguay	—	22
Total	<u>\$ 1,124</u>	<u>\$ 1,709</u>

NOTE 6 — RIGHT-OF-USE ASSETS UNDER OPERATING LEASES, NET

Right-of-use assets under operating leases, net consists of the following:

<i>(in thousands)</i>	June 30, 2024	December 31, 2023
Right-of-use assets under operating leases	\$ 7,286	\$ 7,242
Less: Accumulated amortization	(4,674)	(3,863)
Total	<u>\$ 2,612</u>	<u>\$ 3,379</u>

Amortization of operating leases was \$0.8 million and \$0.9 million for the six months ended June 30, 2024 and 2023, respectively (\$ 0.4 million and \$0.5 million for the second quarter of 2024 and 2023, respectively), and is included in cost of revenue for operating assets and in selling, general and administrative expenses for non-operating assets in the accompanying condensed consolidated statements of operations and comprehensive loss.

NOTE 7 — GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill

The following is a summary of goodwill by segment:

<i>(in thousands)</i>	Servicer and Real Estate	Origination	Corporate and Others	Total
Balance as of June 30, 2024 and December 31, 2023	<u>\$ 30,681</u>	<u>\$ 25,279</u>	<u>\$ —</u>	<u>\$ 55,960</u>

Intangible Assets, net

Intangible assets, net consist of the following:

(in thousands)	Weighted average estimated useful life (in years)	Gross carrying amount		Accumulated amortization		Net book value	
		June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Definite lived intangible assets:							
Customer related intangible assets	9	\$ 213,912	\$ 214,307	\$ (201,741)	\$ (200,656)	\$ 12,171	\$ 13,651
Operating agreement	20	35,000	35,000	(25,229)	(24,354)	9,771	10,646
Trademarks and trade names	16	9,709	9,709	(7,643)	(7,458)	2,066	2,251
Total		\$ 258,621	\$ 259,016	\$ (234,613)	\$ (232,468)	\$ 24,008	\$ 26,548

Amortization expense for definite lived intangible assets was \$ 2.5 million and \$2.6 million for the six months ended June 30, 2024 and 2023, respectively (\$1.3 million and \$1.3 million for the second quarter of 2024 and 2023, respectively). Forecasted annual definite lived intangible asset amortization expense for 2024 through 2028 is \$5.1 million, \$5.1 million, \$4.9 million, \$4.7 million and \$4.4 million, respectively .

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

NOTE 8 — OTHER ASSETS

Other assets consist of the following:

<i>(in thousands)</i>	June 30, 2024	December 31, 2023
Restricted cash	\$ 2,861	\$ 2,871
Surety bond collateral	2,000	2,000
Security deposits	396	397
Other	1,412	1,462
Total	<u>\$ 6,669</u>	<u>\$ 6,730</u>

NOTE 9 — ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accounts payable and accrued expenses consist of the following:

<i>(in thousands)</i>	June 30, 2024	December 31, 2023
Accounts payable	\$ 14,280	\$ 15,275
Accrued expenses - general	8,885	8,637
Accrued salaries and benefits	5,113	5,048
Income taxes payable	1,766	1,128
Total	<u>\$ 30,044</u>	<u>\$ 30,088</u>

Other current liabilities consist of the following:

<i>(in thousands)</i>	June 30, 2024	December 31, 2023
Operating lease liabilities	\$ 1,511	\$ 1,570
Other	734	907
Total	<u>\$ 2,245</u>	<u>\$ 2,477</u>

Revolving Loan Agreement

In connection with the Company's residential real estate renovation services business, on June 3, 2024 Altisource Solutions, Inc., an indirect subsidiary of Altisource Portfolio Solutions S.A, entered into a revolving loan agreement with a related party, Altisource Asset Management Corporation ("AAMC") (the "Revolving Loan Agreement").

Under the terms of the Revolving Loan Agreement, AAMC will make loans to Altisource from time to time, as may be requested by Altisource. The Revolving Loan Agreement provides Altisource the ability to borrow an initial aggregate amount of up to \$1.0 million, with the potential for this to be increased up to \$3.0 million at the option of AAMC. Amounts that are repaid may be re-borrowed in accordance with the limitations set forth below.

The maturity date of the Revolving Loan Agreement is June 3, 2025 and may be automatically extended for one year on each anniversary of the maturity date. During any extension period, AAMC may terminate the Revolving Loan Agreement upon 150 days prior written notice and the loan will mature upon such termination. The outstanding balance on the Revolving Loan Agreement is due and payable on such maturity date.

Borrowings under the Revolving Loan Agreement bear interest of 12.00% per annum in cash and are payable monthly in arrears on the first business day of each calendar month. Altisource will pay AAMC a monthly unused commitment fee in an amount equal to 0.25% per annum of the average amount of the unused available credit under the Revolving Loan Agreement.

Altisource's obligation under the Revolving Loan Agreement is secured by certain receivables related to the Company's residential real estate renovation services business.

As of June 30, 2024, there was no outstanding debt under the Revolving Loan Agreement.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

NOTE 10 — LONG-TERM DEBT

Long-term debt consists of the following:

<i>(in thousands)</i>	June 30, 2024	December 31, 2023
Senior secured term loans	\$ 228,354	\$ 224,085
Less: Debt issuance and amendment costs, net	(2,094)	(3,318)
Less: Unamortized discount, net	(3,251)	(5,152)
Net long-term debt	223,009	215,615
Less: Current portion of long-term debt	(223,009)	—
Total long-term debt, less current portion	\$ —	\$ 215,615

Senior Secured Term Loans

In April 2018, Altisource Portfolio Solutions S.A. and its wholly-owned subsidiary, Altisource S.à r.l., entered into a credit agreement with Morgan Stanley Senior Funding, Inc., as administrative agent and collateral agent, and certain lenders (the "Credit Agreement"). Under the Credit Agreement, Altisource borrowed \$412 million in the form of senior secured term loans ("SSTL"). Effective February 14, 2023, Altisource Portfolio Solutions S.A. and Altisource S.à r.l. entered into Amendment No. 2 to the Credit Agreement (as amended by Amendment No. 2, the "Amended Credit Agreement"). Altisource Portfolio Solutions S.A. and its subsidiaries, subject to the applicable exclusions in the Amended Credit Agreement, are guarantors on the SSTL (collectively, the "Guarantors"). Effective June 1, 2023, the administrative agent and collateral agent of the Amended Credit Agreement changed to Wilmington Trust, N.A.

The maturity date of the SSTL under the Amended Credit Agreement is April 30, 2025. Since the aggregate amount of par paydowns on the SSTL made prior to February 14, 2024 using proceeds from issuances of equity interests or from junior indebtedness ("Aggregate Paydowns") was equal to or greater than \$30 million, the maturity date of the SSTL may be extended at the Company's option to April 30, 2026. Such extension is conditioned upon the Company's payment of a 2% payment-in-kind extension fee on or before April 30, 2025 and subject to the representations and warranties being true and correct as of such date and there being no default or event of default being in existence as of such date.

All amounts outstanding under the SSTL will become due on the earlier of (i) the maturity date, and (ii) the date on which the loans are declared to be due and owing by the administrative agent at the request (or with the consent) of the Required Lenders (as defined in the Amended Credit Agreement; other capitalized terms, unless defined herein, are defined in the Amended Credit Agreement) or as otherwise provided in the Amended Credit Agreement upon the occurrence of any event of default. There are no mandatory repayments of the SSTL, except as set forth herein, until the April 30, 2025 maturity when the balance is due. If the maturity date is extended to April 30, 2026, the Company is required to make mandatory repayments of \$5.2 million in the first quarter of 2026 with the remaining balance due at the April 2026 maturity.

In addition to the scheduled principal payments, subject to certain exceptions, the SSTL is subject to mandatory prepayment upon issuances of debt, certain casualty and condemnation events and sales of assets, as well as 50% of Consolidated Excess Cash Flow, as calculated in accordance with the provisions of the Amended Credit Agreement.

Altisource may incur incremental indebtedness under the Amended Credit Agreement from one or more incremental lenders, which may include existing lenders, in an aggregate incremental principal amount not to exceed \$50 million, subject to certain conditions set forth in the Amended Credit Agreement. The lenders have no obligation to provide any incremental indebtedness.

Through March 29, 2023, the SSTL's interest rate was the Adjusted Eurodollar Rate plus 4.00%. Beginning March 30, 2023, the SSTL bears interest at rates based upon, at our option, the Secured Overnight Financing Rate ("SOFR") or the Base Rate, as defined in the Amended Credit Agreement. SOFR-based term loans bear interest at a rate per annum equal to SOFR plus 5.00% payable in cash plus a payable in kind ("PIK") component. Base Rate-based term loans bear interest at a rate per annum equal to the Base Rate plus 4.00% payable in cash plus a PIK component. The PIK component of the interest rate was subject to adjustment based on the amount of Aggregate Paydowns. Since Aggregate Paydowns were \$20 million in the first quarter of 2023 and an additional \$10 million in the third quarter of 2023, the PIK component was 4.50% for the period March 30, 2023 through June 30, 2023 and 3.75% for periods thereafter. The interest rate as of June 30, 2024, including the PIK component, was 14.16%.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

If, as of the end of any calendar quarter, (i) the amount of unencumbered cash and cash equivalents of Altisource S.à r.l. and its direct and indirect subsidiaries on a consolidated basis plus (ii) the undrawn commitment amount under the Revolver is, or is forecast as of the end of the immediately subsequent calendar quarter to be, less than \$35 million, then up to 2.00% in interest otherwise payable in cash in the following quarter may be paid in kind at the Company's election.

The payment of all amounts owing by Altisource under the Amended Credit Agreement is guaranteed by the Guarantors and is secured by a pledge of all equity interests of certain subsidiaries of Altisource, as well as a lien on substantially all of the assets of Altisource S.à r.l. and the Guarantors, subject to certain exceptions.

The Amended Credit Agreement includes covenants that restrict or limit, among other things, our ability, subject to certain exceptions and baskets, to incur indebtedness; incur liens on our assets; sell, transfer or dispose of assets; make Restricted Junior Payments including share repurchases, dividends and repayment of junior indebtedness; make investments; dispose of equity interests of any Material Subsidiaries; engage in a line of business substantially different than existing businesses and businesses reasonably related, complimentary or ancillary thereto; amend material debt agreements or other material contracts; engage in certain transactions with affiliates; enter into sale/leaseback transactions; grant negative pledges or agree to such other restrictions relating to subsidiary dividends and distributions; make changes to our fiscal year; and engage in mergers and consolidations.

The Amended Credit Agreement contains certain events of default including (i) failure to pay principal when due or interest or any other amount owing on any other obligation under the Amended Credit Agreement within five days of becoming due, (ii) material incorrectness of representations and warranties when made, (iii) breach of certain other covenants, subject to cure periods described in the Amended Credit Agreement, (iv) failure to pay principal or interest on any other debt that equals or exceeds \$5 million when due, (v) default on any other debt that equals or exceeds \$ 5 million that causes, or gives the holder or holders of such debt the ability to cause, an acceleration of such debt, (vi) occurrence of a Change of Control, (vii) bankruptcy and insolvency events, (viii) entry by a court of one or more judgments against us in an aggregate amount in excess of \$10 million that remain unbonded, undischarged or unstayed for a certain number of days after the entry thereof, (ix) the occurrence of certain ERISA events, (x) the failure of certain Loan Documents to be in full force and effect and (xi) failure to comply in any material respects with the terms of the Warrants or the Warrant Purchase Agreement. If any event of default occurs and is not cured within applicable grace periods set forth in the Amended Credit Agreement or waived, all loans and other obligations could become due and immediately payable and the facility could be terminated.

The lenders under the Amended Credit Agreement received Warrants to purchase shares of Altisource common stock. The number of Warrant Shares is subject to reduction based on the amount of Aggregate Paydowns (see Note 11 for additional information). The fair value of the Warrants on February 14, 2023 was \$8.1 million and was recorded as an increase in debt discount.

In connection with Amendment No. 2, the Company paid \$ 4.9 million to the lenders and to third parties on behalf of the lenders. The \$4.9 million payment was recorded as an increase in debt issuance and amendment costs. In connection with Amendment No. 2, the Company paid \$3.4 million to advisors and recorded these payments as other expense in the condensed consolidated statements of operations and comprehensive loss.

Deer Park Road Management Company, LP ("Deer Park"), a related party, owns approximately 16% and 20% of Altisource's common stock as of June 30, 2024 and 2023, respectively, and \$41.3 million and \$41.6 million of Altisource debt under the Amended Credit Agreement as of June 30, 2024 and 2023, respectively. An employee of Deer Park is a member of Altisource's Board of Directors. In connection with the Amended Credit Agreement, Deer Park received 292 thousand Warrants. During the six months ended June 30, 2024 and 2023, Deer Park received interest of \$1.1 million and \$2.0 million, respectively from the Altisource SSTL.

As of June 30, 2024, debt issuance and amendment costs were \$ 2.1 million, net of \$7.3 million of accumulated amortization. As of December 31, 2023, debt issuance and amendment costs were \$3.3 million, net of \$6.1 million of accumulated amortization.

Revolver

On June 22, 2021 Altisource S.à r.l, a subsidiary of Altisource Portfolio Solutions S.A., entered into a revolving credit facility with STS Master Fund, Ltd. ("STS") (the "Revolver"). STS is an investment fund managed by Deer Park.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

The Revolver was amended effective February 14, 2023 (the "Amended Revolver"). Under the terms of the Amended Revolver, STS will make loans to Altisource from time to time, in amounts requested by Altisource and Altisource may voluntarily prepay all or any portion of the outstanding loans at any time. The Amended Revolver provides Altisource the ability to borrow a maximum amount of \$15.0 million. Amounts that are repaid may be re-borrowed in accordance with the limitations set forth below.

The maturity date of the Amended Revolver coincides with the maturity date of the SSTL under the Amended Credit Agreement, as it may be extended. The outstanding balance on the Amended Revolver is due and payable on such maturity date.

Borrowings under the Amended Revolver bear interest of 10.00% per annum in cash and 3.00% per annum PIK and are payable quarterly on the last business day of each March, June, September and December. In connection with the Amended Revolver, Altisource is required to pay a usage fee equal to \$0.75 million at the initial extension of credit pursuant to the Amended Revolver.

Altisource's obligations under the Amended Revolver are secured by a first-priority lien on substantially all of the assets of the Company, which lien will be pari passu with liens securing the SSTL under the Amended Credit Agreement.

The Amended Revolver contains additional representations, warranties, covenants, terms and conditions customary for transactions of this type, that restrict or limit, among other things, our ability to use the proceeds of credit only for general corporate purposes.

The Amended Revolver contains certain events of default including (i) failure to pay principal when due or interest or any other amount owing on any other obligation under the Amended Revolver within three business days of becoming due, (ii) failure to perform or observe any material provisions of the Amended Revolver Documents to be performed or complied with and such failure continues for a period of 30 days after written notice is given by the Lender to the Borrower, (iii) material incorrectness of representations and warranties when made, (iv) default on any other debt that equals or exceeds \$40.0 million that causes, or gives the holder or holders of such debt the ability to cause, an acceleration of such debt, (v) entry by a court of one or more judgments against us in an aggregate amount in excess of \$40.0 million that remain unbonded, undischarged or unstayed for a certain number of days after the entry thereof, (vi) occurrence of a Change of Control, (vii) bankruptcy and insolvency events. If any event of default occurs and is not cured within applicable grace periods set forth in the Amended Revolver or waived, all loans and other obligations could become due and immediately payable and the facility could be terminated.

As of June 30, 2024 and December 31, 2023, there was no outstanding debt under the Amended Revolver and Revolver, respectively. As of June 30, 2024 debt issuance costs were \$0.1 million, net of \$0.4 million of accumulated amortization. As of December 31, 2023 debt issuance costs were \$0.2 million, net of \$0.4 million of accumulated amortization. Debt issuance costs for the Amended Revolver and Revolver are included in other assets in the accompanying consolidated balance sheet.

NOTE 11 — WARRANTS

On February 14, 2023, the lenders under the Amended Credit Agreement (see Note 10 for additional information) received warrants (the "Warrants") to purchase 3,223,851 shares of Altisource common stock (the "Warrant Shares"). The number of Warrant Shares was subject to reduction based on the amount of Aggregate Paydowns. During 2023, the Company made \$30 million of Aggregate Paydowns. Since Aggregate Paydowns were equal to or greater than \$30 million, the number of Warrant Shares was reduced to 1,612,705.

The following table summarizes the activity related to our Warrant Shares:

	Warrant Shares
Outstanding as of December 31, 2023	1,612,705
Exercised	(92,077)
Outstanding as of June 30, 2024	1,520,628

The exercise price per share of common stock under each Warrant is equal to \$ 0.01. The Warrants may be exercised at any time on and after February 14, 2024 and prior to their expiration date. The Warrants are exercisable on a cashless basis and are subject to customary anti-dilution provisions. The Warrants, if not previously exercised or terminated, will be automatically exercised on May 22, 2027. The Warrants are subject to a lock-up agreement, subject to customary exceptions, which expired on February 16, 2024.

The Warrants are free standing financial instruments that are legally detachable and separately exercisable from the term loans under the Amended Credit Agreement. At inception, the Warrants were not considered to be indexed to the Company's stock

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

because the number of Warrant Shares varied based on Aggregate Paydowns. Pursuant to ASC 815-40, *Derivatives and Hedging—Contracts in Entity's Own Equity*, the outstanding Warrants were recognized as a warrant liability on the balance sheet based on their inception date fair value and subsequently re-measured at each reporting period with changes recorded as a component of other income (expense) in the statement of operations. On September 18, 2023, the Company reached the \$30 million in Aggregate Paydowns threshold and the number of Warrant Shares was no longer variable. As a result, the Warrants were considered to be indexed to the Company's stock and the Warrant Liability was reclassified to equity.

The fair value of the warrant liability was based on the number of Warrant Shares that were expected to be exercisable on and after February 14, 2024 and the Altisource share price less \$0.01 at the measurement date.

The fair value of the warrant liability at each of the respective valuation dates is summarized below:

Warrant Liability	Warrant Shares based on Aggregate Paydowns	Expected Warrant Shares that will be exercisable on February 14, 2024	Fair Value per Warrant Share	Fair Value (in thousands)
Fair value at initial measurement date of February 14, 2023	3,223,851	1,612,705	\$5.02	\$ 8,096
Gain on change in fair value of warrant liability				(694)
Fair value at March 31, 2023	2,578,743	1,612,705	\$4.59	7,402
Loss on change in fair value of warrant liability				1,774
Fair value at June 30, 2023	2,578,743	1,612,705	\$5.69	\$ 9,176

During the six months ended June 30, 2023, the Company recorded a loss on changes in fair value of warrant liability of \$ 1.1 million (\$1.8 million for the second quarter of 2023) (no comparative amount for the three and six months ended June 30, 2024).

NOTE 12 — OTHER NON-CURRENT LIABILITIES

Other non-current liabilities consist of the following:

(in thousands)	June 30, 2024	December 31, 2023
Income tax liabilities	\$ 17,486	\$ 17,506
Operating lease liabilities	1,215	1,950
Deferred revenue	13	9
Other non-current liabilities	64	45
Total	\$ 18,778	\$ 19,510

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

NOTE 13 — FAIR VALUE MEASUREMENTS AND FINANCIAL INSTRUMENTS

The following table presents the carrying amount and estimated fair value of financial instruments and certain liabilities measured at fair value as of June 30, 2024 and December 31, 2023. The following fair values are estimated using market information and what the Company believes to be appropriate valuation methodologies under GAAP:

(in thousands)	June 30, 2024					December 31, 2023				
	Carrying amount	Fair value			Carrying amount	Fair value				
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3		
Assets:										
Cash and cash equivalents	\$ 29,702	\$ 29,702	\$ —	\$ —	\$ 32,522	\$ 32,522	\$ —	\$ —		
Restricted cash	2,884	2,884	—	—	2,894	2,894	—	—		
Short-term receivable	3,126	—	—	3,126	3,201	—	—	3,201		
Liabilities:										
Senior secured term loan	228,354	—	114,177	—	224,085	—	177,027	—		

Fair Value Measurements on a Recurring Basis

Cash and cash equivalents and restricted cash are carried at amounts that approximate their fair values due to the highly liquid nature of these instruments and are measured using Level 1 inputs.

The fair value of our SSTL is based on quoted market prices. Based on the frequency of trading, we do not believe that there is an active market for our debt. Therefore, the quoted prices are considered Level 2 inputs.

In connection with the sale of Pointillist on December 1, 2021, \$ 3.5 million was deposited into an escrow account to satisfy certain indemnification claims that may arise on or prior to the first anniversary of the sale closing. The deposit was recorded as a short-term receivable. We measure short-term receivables without a stated interest rate based on the present value of the future payments.

There were no transfers between different levels during the periods presented.

Concentrations of Credit Risk

Financial instruments that subject us to concentrations of credit risk primarily consist of cash and cash equivalents and accounts receivable. Our policy is to deposit our cash and cash equivalents with larger, highly rated financial institutions. The Company derived 44% of its revenue from Onity for the three and six months ended June 30, 2024 (see Note 2 for additional information on Onity revenues and accounts receivable balance). The Company strives to mitigate its concentrations of credit risk with respect to accounts receivable by actively monitoring past due accounts and the economic status of larger customers, if known.

NOTE 14 — SHAREHOLDERS' EQUITY AND SHARE-BASED COMPENSATION

Share Repurchase Program

On May 16, 2023, our shareholders approved the renewal and amendment of the share repurchase program previously approved by the shareholders on May 15, 2018. Under the program, we are authorized to purchase up to 3.1 million shares of our common stock, based on a limit of 15% of the outstanding shares of common stock on the date of approval, at a minimum price of \$1.00 per share and a maximum price of \$ 25.00 per share, for a period of five years from the date of approval. As of June 30, 2024, approximately 3.1 million shares of common stock remain available for repurchase under the program. There were no purchases of shares of common stock during the six months ended June 30, 2024 and 2023. Luxembourg law limits share repurchases to the balance of Altisource Portfolio Solutions S.A. (unconsolidated parent company) retained earnings, less the value of shares repurchased. As of June 30, 2024, we can repurchase up to approximately \$115 million of our common stock under Luxembourg law. Under the Amended Credit Agreement, we are not permitted to repurchase shares except for limited circumstances.

Public offerings of Common Stock

On February 14, 2023, Altisource closed on an underwritten public offering to sell 4,550,000 shares of its common stock, at a price of \$ 5.00 per share, generating net proceeds of \$20.5 million, after deducting the underwriting discounts and commissions and other offering expenses.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

On September 7, 2023, Altisource closed on an underwritten public offering to sell 5,590,277 shares of its common stock, at a price of \$ 3.60 per share, generating net proceeds of \$18.4 million, after deducting the underwriting discounts and commissions and other offering expenses.

Share-Based Compensation

We issue share-based awards in the form of stock options, restricted shares and restricted share units for certain employees, officers and directors. We recognized share-based compensation expense of \$3.1 million and \$2.7 million for the six months ended June 30, 2024 and 2023, respectively (\$ 0.8 million and \$1.2 million for the second quarter of 2024 and 2023, respectively). The increase for the six months ended June 30, 2024 was primarily driven by the accelerated amortization for awards granted to retirement-eligible employees. As of June 30, 2024, estimated unrecognized compensation costs related to share-based awards amounted to \$2.7 million, which we expect to recognize over a weighted average remaining requisite service period of approximately 1.16 years.

Stock Options

Stock option grants are composed of a combination of service-based, market-based and performance-based options.

Service-Based Options. These options generally vest over three or four years with equal annual vesting and generally expire on the earlier of ten years after the date of grant or following termination of service. A total of 180 thousand service-based options were outstanding as of June 30, 2024.

Market-Based Options. These option grants generally have two components, each of which vests only upon the achievement of certain criteria. The first component, which we refer to as "ordinary performance" grants, generally consists of two-thirds of the market-based grant and begins to vest if the stock price is at least double the exercise price, as long as the stock price realizes a compounded annual gain of at least 20% over the exercise price. The remaining third of the market-based options, which we refer to as "extraordinary performance" grants, generally begins to vest if the stock price is at least triple the exercise price, as long as the stock price realizes a compounded annual gain of at least 25% over the exercise price. Market-based options generally vest in three or four year installments with the first installment vesting upon the achievement of the criteria and the remaining installments vesting thereafter in equal annual installments. Market-based options generally expire on the earlier of ten years after the date of grant or following termination of service, unless the performance criteria is met prior to termination of service or in the final three years of the option term, in which case vesting will generally continue in accordance with the provisions of the award agreement. A total of 96 thousand market-based options were outstanding as of June 30, 2024.

Performance-Based Options. These option grants generally will vest if certain specific financial measures are achieved; typically with one-fourth vesting on each anniversary of the grant date. The award of performance-based options is adjusted based on the level of achievement specified in the award agreements. If the performance criteria achieved is above threshold performance levels, participants generally have the opportunity to vest in 50% to 200% of the option grants, depending upon performance achieved. If the performance criteria achieved is below a certain threshold, the options are canceled. The options generally expire on the earlier of ten years after the date of grant or following termination of service, unless the performance criteria is met prior to termination of service in which case vesting will generally continue in accordance with the provisions of the award agreement. There were 461 thousand performance-based options outstanding as of June 30, 2024.

There were no stock option grants during the six months ended June 30, 2024 and 2023.

The fair values of the performance-based options are determined using the Black-Scholes option pricing model.

We determined the expected option life of all service-based stock option grants using the simplified method, determined based on the graded vesting term plus the contractual term of the options, divided by two. We use the simplified method because we believe that our historical data does not provide a reasonable basis upon which to estimate expected option life.

The following table summarizes the grant date fair value of stock options that vested during the periods presented:

(in thousands, except per share data)	Six months ended June 30,	
	2024	2023
Weighted average grant date fair value of stock options granted per share	\$ —	\$ —
Intrinsic value of options exercised	—	—
Grant date fair value of stock options that vested	83	83

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

The following table summarizes the activity related to our stock options:

	Number of options	Weighted average exercise price	Weighted average contractual term (in years)	Aggregate intrinsic value (in thousands)
Outstanding as of December 31, 2023	739,189	\$ 27.04	4.83	\$ —
Granted	—	—		
Forfeited	(2,500)	28.95		
Outstanding as of June 30, 2024	<u>736,689</u>	27.04	3.35	—
Exercisable as of June 30, 2024	<u>549,450</u>	25.05	2.83	—

Other Share-Based Awards

The Company's other share-based and similar types of awards are comprised of restricted shares and restricted share units. The restricted shares and restricted share units are comprised of a combination of service-based awards, performance-based awards, market-based awards and performance and market-based awards.

Service-Based Awards. These awards generally vest over one-to-four-year periods. A total of 1,521 thousand service-based awards were outstanding as of June 30, 2024.

Performance-Based Awards. These awards generally vest if certain specific financial measures are achieved; generally one-third vests on each anniversary of the grant date or cliff-vest on the third anniversary of the grant date. The number of performance-based restricted shares and restricted share units that may vest is based on the level of achievement as specified in the award agreements. If the performance criteria achieved is above certain financial performance levels and Altisource's share performance is above certain established criteria, participants have the opportunity to vest in up to 150% of the restricted share unit award for certain awards. If the performance criteria achieved is below certain thresholds, the award is canceled. A total of 190 thousand performance-based awards were outstanding as of June 30, 2024.

Market-Based Awards. 50% of these awards generally vest if certain specific market conditions are achieved over a 30-day period and the remaining 50% of these awards generally vest on the one year anniversary of the initial vesting. The Company estimates the grant date fair value of these awards using a lattice (binomial) model. A total of 112 thousand market-based awards were outstanding as of June 30, 2024.

Performance-Based and Market-Based Awards. These awards generally vest if certain specific financial measures are achieved and if certain specific market conditions are achieved. If the performance criteria achieved is above certain financial performance levels and Altisource's share performance is above certain established criteria, participants have the opportunity to vest in up to 300% of the restricted share unit award for certain awards. If the performance criteria or the market criteria is below certain thresholds, the award is canceled. The Company estimates the grant date fair value of these awards using a Monte Carlo simulation model. A total of 189 thousand performance-based and market-based awards were outstanding as of June 30, 2024.

The Company granted 1,554 thousand restricted share units (at a weighted average grant date fair value of \$ 2.52 per share) during the six months ended June 30, 2024. These grants included 88 thousand performance-based awards and 88 thousand awards that include both a performance condition and a market condition. The Company granted 891 thousand restricted share units (at a weighted average grant date fair value of \$ 4.82 per share) during the six months ended June 30, 2023. These grants included 57 thousand performance-based awards and 57 thousand awards that include both a performance condition and a market condition.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

The following table summarizes the activity related to our restricted shares and restricted share units:

	Number of restricted shares and restricted share units
Outstanding as of December 31, 2023	1,262,742
Granted	1,554,003
Issued	(522,126)
Forfeited/canceled	(282,178)
Outstanding as of June 30, 2024	2,012,441

NOTE 15 — REVENUE

We classify revenue in three categories: service revenue, revenue from reimbursable expenses and non-controlling interests. Service revenue consists of amounts attributable to our fee-based services. Reimbursable expenses and non-controlling interests are pass-through items for which we earn no margin. Reimbursable expenses consist of amounts we incur on behalf of our customers in performing our fee-based services that we pass directly on to our customers without a markup. Non-controlling interests represent the earnings of Lenders One, a consolidated entity that is a mortgage cooperative managed, but not owned, by Altisource. The Lenders One members' earnings are included in revenue and reduced from net income to arrive at net income attributable to Altisource (see Note 1). Our services are provided to customers located in the United States. The components of revenue were as follows:

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Service revenue	\$ 36,863	\$ 33,173	\$ 73,754	\$ 70,244
Reimbursable expenses	2,223	2,049	4,760	4,359
Non-controlling interests	35	13	76	93
Total	\$ 39,121	\$ 35,235	\$ 78,590	\$ 74,696

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

Disaggregation of Revenue

Disaggregation of total revenue by segment and major source was as follows:

Three months ended June 30, 2024				
(in thousands)	Revenue recognized when services are performed or assets are sold	Revenue related to technology platforms and professional services	Reimbursable expenses revenue	Total revenue
Servicer and Real Estate	\$ 26,494	\$ 2,531	\$ 2,099	\$ 31,124
Origination	7,714	159	124	7,997
Total revenue	\$ 34,208	\$ 2,690	\$ 2,223	\$ 39,121
Three months ended June 30, 2023				
(in thousands)	Revenue recognized when services are performed or assets are sold	Revenue related to technology platforms and professional services	Reimbursable expenses revenue	Total revenue
Servicer and Real Estate	\$ 22,538	\$ 2,380	\$ 1,930	\$ 26,848
Origination	8,262	6	119	8,387
Total revenue	\$ 30,800	\$ 2,386	\$ 2,049	\$ 35,235
Six months ended June 30, 2024				
(in thousands)	Revenue recognized when services are performed or assets are sold	Revenue related to technology platforms and professional services	Reimbursable expenses revenue	Total revenue
Servicer and Real Estate	\$ 52,891	\$ 5,215	\$ 4,520	\$ 62,626
Origination	15,410	314	240	15,964
Total revenue	\$ 68,301	\$ 5,529	\$ 4,760	\$ 78,590
Six months ended June 30, 2023				
(in thousands)	Revenue recognized when services are performed or assets are sold	Revenue related to technology platforms and professional services	Reimbursable expenses revenue	Total revenue
Servicer and Real Estate	\$ 49,091	\$ 5,588	\$ 4,114	\$ 58,793
Origination	15,644	14	245	15,903
Total revenue	\$ 64,735	\$ 5,602	\$ 4,359	\$ 74,696

Transactions with Related Parties

John G. Aldridge, Jr., the Managing Partner of Aldridge Pite LLP ("Aldridge Pite"), is a member of the Board of Directors of Altisource. Aldridge Pite provides eviction and other real estate related services to the Company and pays for the use of certain of the Company's technology in connection with providing these services. The Company recognized less than \$0.1 million for the three and six months ended June 30, 2024 and 2023, respectively, of service revenue relating to services provided to Aldridge Pite.

Contract Balances

Our contract assets consist of unbilled accounts receivable (see Note 3). Our contract liabilities consist of current deferred revenue and other non-current liabilities as reported on the accompanying condensed consolidated balance sheets. Revenue recognized that was included in the contract liability at the beginning of the period was \$2.2 million and \$2.8 million for the six months ended June 30, 2024 and 2023, respectively (\$ 0.9 million for the second quarter of 2024 and 2023).

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

NOTE 16 — COST OF REVENUE

Cost of revenue principally includes payroll and employee benefits associated with personnel employed in customer service, operations and technology roles, fees paid to external providers related to the provision of services, reimbursable expenses, technology and telecommunications costs as well as depreciation and amortization of operating assets. The components of cost of revenue were as follows:

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Outside fees and services	\$ 14,321	\$ 14,057	\$ 28,767	\$ 29,151
Compensation and benefits	7,343	9,281	14,456	18,982
Technology and telecommunications	2,344	3,865	5,230	7,262
Reimbursable expenses	2,223	2,049	4,760	4,359
Depreciation and amortization	173	451	356	906
Total	\$ 26,404	\$ 29,703	\$ 53,569	\$ 60,660

Transactions with Related Parties

The Company recognized \$0.4 million and \$0.5 million for the six months ended June 30, 2024 and 2023, respectively (\$ 0.2 million and \$0.3 million for the second quarter of 2024 and 2023, respectively), of cost of revenue relating to services received from Aldridge Pite. As of June 30, 2024, the Company had no payable to Aldridge Pite.

NOTE 17 — SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses include payroll and employee benefits associated with personnel employed in executive, sales and marketing, finance, technology, law, compliance, human resources, vendor management, facilities and risk management roles. This category also includes professional services fees, occupancy costs, marketing costs, depreciation and amortization of non-operating assets and other expenses. The components of selling, general and administrative expenses were as follows:

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Compensation and benefits	\$ 4,510	\$ 5,376	\$ 10,352	\$ 11,406
Professional services	2,082	2,275	4,613	3,846
Amortization of intangible assets	1,270	1,280	2,540	2,560
Occupancy related costs	1,050	1,216	1,975	2,658
Marketing costs	539	559	1,047	941
Depreciation and amortization	103	204	216	448
Other	1,080	1,431	2,743	2,576
Total	\$ 10,634	\$ 12,341	\$ 23,486	\$ 24,435

NOTE 18 — OTHER INCOME (EXPENSE), NET

Other income (expense), net consists of the following:

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Interest income (expense)	\$ 206	\$ 315	\$ 429	\$ 749
Other, net	(67)	75	1,352	1,201
Total	\$ 139	\$ 390	\$ 1,781	\$ 1,950

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

NOTE 19 — INCOME TAXES

We recognized an income tax provision of \$1.4 million and \$2.2 million for the six months ended June 30, 2024 and 2023, respectively (\$ 0.7 million and \$0.6 million for the second quarter of 2024 and 2023, respectively). Income tax provision for the three and six months ended June 30, 2024 was driven primarily by income tax expense on transfer pricing income from India and the United States, no tax benefit on the pretax loss from our Luxembourg operating company, and uncertain tax positions.

NOTE 20 — LOSS PER SHARE

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding for the period. In accordance with ASC 260, penny warrants are included in the calculation of weighted average basic and diluted loss per share for the period that they are classified as equity. For the three and six months ended June 30, 2024, 1.5 million and 1.5 million penny warrants have been included in the calculation of weighted average basic and diluted loss per share. Diluted net loss per share excludes all dilutive securities because their impact would be anti-dilutive, as described below.

Basic and diluted loss per share are calculated as follows:

(in thousands, except per share data)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Net loss attributable to Altisource	\$ (8,307)	\$ (18,850)	\$ (17,505)	\$ (31,797)
Weighted average common shares outstanding, basic	28,551	20,840	28,366	19,648
Weighted average common shares outstanding, diluted	28,551	20,840	28,366	19,648
Loss per share:				
Basic	\$ (0.29)	\$ (0.90)	\$ (0.62)	\$ (1.62)
Diluted	\$ (0.29)	\$ (0.90)	\$ (0.62)	\$ (1.62)

For the six months ended June 30, 2024 and 2023, 2.2 million and 3.5 million, respectively (2.5 million and 4.1 million for the second quarter of 2024 and 2023, respectively), stock options, restricted shares and restricted share units were excluded from the computation of loss per share, as a result of the following:

- For the six months ended June 30, 2024 and 2023, 0.7 million and 2.2 million, respectively (0.7 million and 2.8 million for the second quarter of 2024 and 2023, respectively), stock options, restricted shares and restricted share units were anti-dilutive and have been excluded from the computation of diluted loss per share because the Company incurred a net loss
- For the six months ended June 30, 2024 and 2023, 0.6 million and 0.3 million, respectively (0.7 million and 0.3 million for the second quarter of 2024 and 2023, respectively), stock options were anti-dilutive and have been excluded from the computation of diluted loss per share because their exercise price was greater than the average market price of our common stock
- For the six months ended June 30, 2024 and 2023, 0.9 million and 1.0 million, respectively (1.1 million and 1.0 million for the second quarter of 2024 and 2023, respectively), stock options, restricted shares and restricted share units, which begin to vest upon the achievement of certain market criteria related to our common stock price, performance criteria and a total shareholder return compared to the market benchmark, that have not yet been met in each period have been excluded from the computation of diluted loss per share.

NOTE 21 — COMMITMENTS, CONTINGENCIES AND REGULATORY MATTERS

We record a liability for contingencies if an unfavorable outcome is probable and the amount of loss can be reasonably estimated, including expected insurance coverage. For proceedings where the reasonable estimate of loss is a range, we record a best estimate of loss within the range.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

Litigation

We are currently involved in legal actions in the course of our business, most of which seek monetary damages. Although the outcome of these proceedings cannot be predicted with certainty, we currently believe that their outcome, both individually and in the aggregate, will not have a material impact on our financial condition, results of operations or cash flows.

Regulatory Matters

Periodically, we are subject to audits, examinations and investigations by governmental authorities and receive subpoenas, civil investigative demands or other requests for information from such governmental authorities in connection with their regulatory or investigative authority. We are currently responding to such inquiries from governmental authorities relating to certain aspects of our business. We believe it is premature to predict the potential outcome or to estimate any potential financial impact in connection with these inquiries.

Onity Related Matters

As discussed in Note 2, during the three and six months ended June 30, 2024, Onity was our largest customer, accounting for 44% of our total revenue. Additionally, 7% of our revenue for the six months ended June 30, 2024 (6% of our revenue for the second quarter of 2024) was earned on the loan portfolios serviced by Onity, when a party other than Onity or the MSRs owner selected Altisource as the service provider.

Onity has disclosed that it is subject to a number of ongoing regulatory examinations, orders, inquiries, subpoenas, civil investigative demands, requests for information and other actions and is subject to pending and threatened legal proceedings, some of which include claims against Onity for substantial monetary damages. Previous regulatory actions against Onity have subjected Onity to independent oversight of its operations and placed certain restrictions on its ability to acquire servicing rights or proceed with default-related actions on the loans it services. Existing or future similar matters could result in adverse regulatory or other actions against Onity. In addition to the above, Onity may become subject to future adverse regulatory or other actions.

Onity has disclosed that Rithm is one of its largest servicing clients. As of March 31, 2024, Onity reported that approximately 15% of loans serviced and subserviced by Onity (measured in UPB) and approximately 66% of all delinquent loans that Onity services were related to Rithm MSRs or rights to MSRs.

The existence or outcome of Onity regulatory matters or the termination of Onity's sub-servicing agreements with Rithm, or other significant Onity clients may have significant adverse effects on Onity's business. For example, Onity may be required to alter the way it conducts business, including the parties it contracts with for services, it may be required to seek changes to its existing pricing structure with us, it may lose its non-government-sponsored enterprise ("GSE") servicing rights or subservicing arrangements or may lose one or more of its state servicing or origination licenses. Additional regulatory actions or adverse financial developments may impose additional restrictions on or require changes in Onity's business that could require it to sell assets or change its business operations. Any or all of these effects and others could result in our eventual loss of Onity as a customer or a reduction in the number and/or volume of services it purchases from us or the loss of other customers.

If any of the following events occurred, Altisource's revenue could be significantly reduced and our results of operations could be materially adversely affected, including from the possible impairment or write-off of goodwill, intangible assets, property and equipment, other assets and accounts receivable:

- Altisource loses Onity as a customer or there is a significant reduction in the volume of services it purchases from us
- Onity loses, sells or transfers a significant portion of its GSE or Federal Housing Administration servicing rights or subservicing arrangements or remaining other servicing rights or subservicing arrangements and Altisource fails to be retained as a service provider
- The contractual relationship between Onity and Rithm changes significantly, including Onity's sub-servicing arrangement with Rithm expiring without renewal, and this change results in a change in our status as a provider of services related to the Subject MSRs
- Onity loses state servicing licenses in states with a significant number of loans in Onity's servicing portfolio
- Onity is subject to stays, moratoriums, suspensions or other restrictions that limit or delay default-related actions on the loans it services
- The contractual relationship between Onity and Altisource changes significantly or there are significant changes to our pricing to Onity for services from which we generate material revenue
- Altisource otherwise fails to be retained as a service provider.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

The foregoing list is not intended to be exhaustive. Management cannot predict whether any of these events or other events will occur or the amount of any impact they may have on Altisource.

Leases

We lease certain premises and equipment, primarily consisting of office space and information technology equipment. Certain of our leases include options to renew at our discretion or terminate leases early, and these options are considered in our determination of the expected lease term. Certain of our lease agreements include rental payments adjusted periodically for inflation. Our lease agreements generally do not contain any material residual value guarantees or material restrictive covenants. We sublease certain office space to third parties. Sublease income was \$0.3 million and \$0.1 million for the six months ended June 30, 2024 and 2023, respectively (\$0.1 million and \$0.1 million for the second quarter of 2024 and 2023, respectively). The amortization periods of right-of-use assets are generally limited by the expected lease term. Our leases generally have expected lease terms at adoption of one to six years.

Information about our lease terms and our discount rate assumption were as follows for the six months ended June 30:

	2024	2023
Weighted average remaining lease term (in years)	1.86	2.58
Weighted average discount rate	6.44 %	5.91 %

Our lease activity during the period was as follows:

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Operating lease costs:				
Selling, general and administrative expense	\$ 468	\$ 530	\$ 943	\$ 1,085
Cash used in operating activities for amounts included in the measurement of lease liabilities	\$ 483	\$ 591	\$ 966	\$ 1,131
Short-term (twelve months or less) lease costs	3	430	21	849

Maturities of our lease liabilities as of June 30, 2024 are as follows:

(in thousands)	Operating lease obligations
2024	\$ 853
2025	1,404
2026	638
2027	—
2028	—
Total lease payments	2,895
Less: interest	(169)
Present value of lease liabilities	\$ 2,726

Escrow and Other Balances

We hold customers' assets in escrow and other accounts at various financial institutions pending completion of certain real estate activities. These amounts are held in escrow and other accounts for limited periods of time and are not included in the accompanying condensed consolidated balance sheets. Amounts held in escrow and other accounts were \$24.8 million and \$21.6 million as of June 30, 2024 and December 31, 2023, respectively.

NOTE 22 — SEGMENT REPORTING

Our business segments are based upon our organizational structure, which focuses primarily on the services offered, and are consistent with the internal reporting used by our Chief Executive Officer (our chief operating decision maker) to evaluate operating performance and to assess the allocation of our resources.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

We conduct our operations through two reportable segments: *Servicer and Real Estate* and *Origination*. In addition, we report *Corporate and Others* separately.

The *Servicer and Real Estate* segment provides loan servicers and real estate investors with solutions and technologies that span the mortgage and real estate lifecycle. The *Origination* segment provides originators with solutions and technologies that span the mortgage origination lifecycle. *Corporate and Others* includes interest expense and costs related to corporate functions including executive, infrastructure and certain technology groups, finance, law, compliance, human resources, vendor management, facilities, risk management, and eliminations between reportable segments.

Financial Information

Financial information for our segments is as follows:

(in thousands)	Three months ended June 30, 2024			
	Servicer and Real Estate	Origination	Corporate and Others	Consolidated Altisource
Revenue	\$ 31,124	\$ 7,997	\$ —	\$ 39,121
Cost of revenue	18,716	6,356	1,332	26,404
Gross profit (loss)	12,408	1,641	(1,332)	12,717
Selling, general and administrative expenses	2,395	1,746	6,493	10,634
Income (loss) from operations	10,013	(105)	(7,825)	2,083
Total other income (expense), net	(1)	—	(9,648)	(9,649)
Income (loss) before income taxes and non-controlling interests	\$ 10,012	\$ (105)	\$ (17,473)	\$ (7,566)

(in thousands)	Three months ended June 30, 2023			
	Servicer and Real Estate	Origination	Corporate and Others	Consolidated Altisource
Revenue	\$ 26,848	\$ 8,387	\$ —	\$ 35,235
Cost of revenue	18,038	8,018	3,647	29,703
Gross profit (loss)	8,810	369	(3,647)	5,532
Selling, general and administrative expenses	2,638	2,350	7,353	12,341
Income (loss) from operations	6,172	(1,981)	(11,000)	(6,809)
Total other income (expense), net	—	—	(11,389)	(11,389)
Income (loss) before income taxes and non-controlling interests	\$ 6,172	\$ (1,981)	\$ (22,389)	\$ (18,198)

(in thousands)	Six months ended June 30, 2024			
	Servicer and Real Estate	Origination	Corporate and Others	Consolidated Altisource
Revenue	\$ 62,626	\$ 15,964	\$ —	\$ 78,590
Cost of revenue	37,848	12,489	3,232	53,569
Gross profit (loss)	24,778	3,475	(3,232)	25,021
Selling, general and administrative expenses	5,493	3,705	14,288	23,486
Income (loss) from operations	19,285	(230)	(17,520)	1,535
Total other income (expense), net	(1)	—	(17,535)	(17,536)
Income (loss) before income taxes and non-controlling interests	\$ 19,284	\$ (230)	\$ (35,055)	\$ (16,001)

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
Notes to Condensed Consolidated Financial Statements (Continued)

(in thousands)	Six months ended June 30, 2023			
	Servicer and Real Estate	Origination	Corporate and Others	Consolidated Altisource
Revenue	\$ 58,793	\$ 15,903	\$ —	\$ 74,696
Cost of revenue	37,763	15,472	7,425	60,660
Gross profit (loss)	21,030	431	(7,425)	14,036
Selling, general and administrative expenses	4,939	4,076	15,420	24,435
Income (loss) from operations	16,091	(3,645)	(22,845)	(10,399)
Total other income (expense), net	—	—	(19,137)	(19,137)
Income (loss) before income taxes and non-controlling interests	\$ 16,091	\$ (3,645)	\$ (41,982)	\$ (29,536)

Total Assets

Total assets for our segments are as follows:

(in thousands)	Servicer and Real Estate	Origination	Corporate and Others	Consolidated Altisource
Total assets:				
June 30, 2024	\$ 57,411	\$ 48,550	\$ 40,596	\$ 146,557
December 31, 2023	57,535	50,431	46,892	154,858

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's discussion and analysis of financial condition and results of operations ("MD&A") is a supplement to the accompanying interim condensed consolidated financial statements and is intended to provide a reader of our financial statements with a narrative from the perspective of management on our businesses, current developments, financial condition, results of operations and liquidity. Our MD&A should be read in conjunction with our Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission ("SEC") on March 7, 2024.

FORWARD-LOOKING STATEMENTS

This Form 10-Q contains forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements may relate to, among other things, future events or our future performance or financial condition. Words such as "anticipate," "intend," "expect," "may," "could," "should," "would," "plan," "estimate," "believe," "predict," "potential" or "continue" or the negative of these terms and comparable terminology are intended to identify such forward-looking statements. Such statements are based on expectations as to the future and are not statements of historical fact. Furthermore, forward-looking statements are not guarantees of future performance and involve a number of assumptions, risks and uncertainties that could cause actual results to differ materially. The following are examples of such items and are not intended to be all inclusive:

- assumptions related to sources of liquidity and the adequacy of financial resources;
- assumptions about our ability to grow our business, including executing on our strategic initiatives;
- assumptions about our ability to improve margins and affect anticipated expense reductions in response to lower revenue due to the impacts of COVID-19 or other factors;
- assumptions about the variable nature of our cost structure that would allow us to realign our cost structure in line with revenue;
- assumptions regarding the impact of seasonality;
- assumptions regarding the impacts of the COVID-19 pandemic and the timeliness and effectiveness of actions taken in response thereto;
- estimates regarding our effective tax rate; and
- estimates regarding our reserves and valuations.

Important factors that could cause actual results to differ materially from those suggested by the forward-looking statements include, but are not limited to, the risks discussed in the *Risk Factors* section of our Form 10-K for the year ended December 31, 2023 as updated by this Form 10-Q including:

- the timing of the anticipated increase in default related referrals following the expiration of foreclosure and eviction moratoriums, forbearance programs and temporary governmental or servicer loss mitigation requirements, the timing of the expiration of such moratoriums, programs and requirements, and any other delays occasioned by government, investor or servicer actions;
- our ability to retain Onity Group Inc. (together with its subsidiaries, "Onity") (formerly Ocwen Financial Corporation, or "Ocwen") as a customer or our ability to receive the anticipated volume of referrals from Onity;
- our ability to retain Rithm Capital Corp. (individually, together with one or more of its subsidiaries, or one or more of its subsidiaries individually, "Rithm") as a customer or our ability to receive the anticipated volume of referrals from Rithm;
- our ability to comply with material agreements if a change of control is deemed to have occurred including, among other things, through the formation of a shareholder group, which may cause a termination event or event of default under certain of our agreements;
- our ability to execute on our strategic plan;
- our ability to retain our existing customers, expand relationships and attract new customers;
- our ability to comply with governmental regulations and policies and any changes in such regulations and policies;
- our ability to develop, launch and gain market acceptance of new solutions or recoup our investments in developing such new solutions;
- the level of loan delinquencies and charge-offs;
- the level of origination volume;
- technology incidents, data breaches and cybersecurity risks;

- significant changes in tax regulations and interpretations in the countries, states and local jurisdictions in which we operate; and
- the risks and uncertainties related to pandemics, epidemics or other force majeure events, including the COVID-19 pandemic, and associated impacts and the duration of such impacts on the economy, supply chain, transportation, movement of people, availability of vendors and demand for our products or services as well as increased costs, recommendations or restrictions imposed by governmental entities, changes in relevant business practices undertaken or imposed by our clients, vendors or regulators, impacts on contracts and client relationships and potential litigation exposure.

We caution you not to place undue reliance on these forward-looking statements which reflect our view only as of the date of this report. We are under no obligation (and expressly disclaim any obligation) to update or alter any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or change in events, conditions or circumstances on which any such statement is based.

OVERVIEW

Our Business

When we refer to "Altisource," the "Company," "we," "us" or "our" we mean Altisource Portfolio Solutions S.A., a Luxembourg société anonyme, or public limited liability company, and its subsidiaries.

We are an integrated service provider and marketplace for the real estate and mortgage industries. Combining operational excellence with a suite of innovative services and technologies, Altisource helps solve the demands of the ever-changing markets we serve.

We conduct our operations through two reportable segments: *Servicer and Real Estate* and *Origination*. In addition, we report *Corporate and Others* separately.

The *Servicer and Real Estate* segment provides loan servicers and real estate investors with solutions and technologies that span the mortgage and real estate lifecycle. Within the Servicer and Real Estate segment we provide:

Solutions

Our Solutions business includes property preservation and inspection services, title insurance (as an agent) and settlement services, real estate valuation services, foreclosure trustee services, residential and commercial construction inspection and risk mitigation services, and residential real estate renovation services.

Marketplace

Our Marketplace business includes the Hubzu[®] online real estate auction platform and real estate auction, real estate brokerage and asset management services.

Technology and software-as-a-service ("SaaS") Products

Our Technology and SaaS Products business includes Equator[®] (a SaaS-based technology to manage real estate owned ("REO"), short sales, foreclosure, bankruptcy and eviction processes), Vendorly Invoice (a vendor invoicing and payment system), RentRange[®] (a single and multi-family rental data, analytics and rent-based valuation solution), REALSynergy[®] (a commercial loan servicing platform), and NestRange[™] (an automated valuation model and analytics solution).

The *Origination* segment provides originators with solutions and technologies that span the mortgage origination lifecycle. Within the Origination segment we provide:

Solutions

Our Solutions business includes title insurance (as an agent) and settlement services, real estate valuation services, and loan fulfillment, certification and certification insurance services.

Lenders One

Our Lenders One business includes management services provided to the Best Partners Mortgage Cooperative, Inc., doing business as Lenders One® ("Lenders One"), and certain loan manufacturing and capital markets services provided to the members of the Lenders One cooperative.

Technology and SaaS Products

Our Technology and SaaS Products business includes Vendorly Monitor (a vendor management platform), Lenders One Loan Automation ("LOLA") (a marketplace to order services and a tool to automate components of the loan manufacturing process), TrelixAI™ (technology to manage the workflow and automate components of the loan fulfillment, pre and post-close quality control and service transfer processes), and ADMS (a document management and data analytics delivery platform).

Corporate and Others includes interest expense and costs related to corporate functions including executive, infrastructure and certain technology groups, finance, law, compliance, human resources, vendor management, facilities, risk management and eliminations between reportable segments.

We classify revenue in three categories: service revenue, revenue from reimbursable expenses and non-controlling interests. In evaluating our performance, we focus on service revenue. Service revenue consists of amounts attributable to our fee-based services. Reimbursable expenses and non-controlling interests are pass-through items for which we earn no margin. Reimbursable expenses consist of amounts we incur on behalf of our customers in performing our fee-based services that we pass directly on to our customers without a markup. Non-controlling interests represent the earnings of Lenders One. Lenders One is a mortgage cooperative managed, but not owned, by Altisource. The Lenders One members' earnings are included in revenue and reduced from net income to arrive at net income attributable to Altisource.

Strategy and Core Businesses

We are focused on becoming the premier provider of mortgage and real estate marketplaces and related technology enabled solutions to a broad and diversified customer base of residential real estate and loan investors, servicers, and originators. The real estate and mortgage marketplaces represent very large markets, and we believe our scale and suite of offerings provide us with competitive advantages that could support our growth. As we navigate the continuing unsettled nature of the housing and mortgage servicing markets in the wake of governmental mandates taken in connection with the COVID-19 pandemic and other macro-economic trends, we continue to evaluate our strategy and core businesses and seek to position our businesses to provide long term value to our customers and shareholders.

Each of our business segments provides Altisource the potential to grow and diversify our customer and revenue base. We believe these business segments address very large markets and directly leverage our core competencies and distinct competitive advantages. Our business segments and strategic initiatives follow:

Servicer and Real Estate:

Through our offerings that support residential real estate and loan investors and forward and reverse servicers, we provide a suite of solutions and technologies intended to meet their growing and evolving needs. We are focused on growing referrals from our existing customer base and attracting new customers to our offerings. We have a customer base that includes government-sponsored enterprises ("GSEs"), asset managers, and several large bank and non-bank servicers including Onity and Rithm. We believe we are one of only a few providers with a broad suite of solutions, nationwide coverage and scalability. Further, we believe we are well positioned to gain market share from existing and new customers if they consolidate to larger, full-service providers or outsource services that have historically been performed in-house.

Origination:

Through our offerings that support mortgage loan originators (or other similar mortgage market participants), we provide a suite of solutions and technologies to meet the evolving and growing needs of lenders, mortgage purchasers and securitizers. We are focused on growing business from our existing customer base, attracting new customers to our offerings and developing new offerings. We have a customer base that includes the Lenders One cooperative members, which includes independent mortgage bankers, credit unions, and banks, as well as bank and non-bank loan originators. We believe our suite of services, technologies and unique access to the members of the Lenders One mortgage cooperative position us to grow our relationships with our existing customer base by growing membership of Lenders One, increasing member adoption of existing solutions and developing and cross-selling new offerings. Further, we believe we are well positioned to gain market share from existing and new customers as customers and prospects look to Lenders One to help them improve their profitability and better compete.

Corporate and Others includes interest expense and costs related to corporate functions including executive, infrastructure and certain technology groups, finance, law, compliance, human resources, vendor management, facilities, risk management and eliminations between reportable segments.

COVID-19 Pandemic Impacts

Actions taken by federal, state and local governments, GSEs and mortgage servicers in connection with the COVID-19 pandemic continue to have a profound impact on our business, our customers, and the industries in which we operate. Despite the expiration of certain such measures, we believe servicers are proceeding slowly with foreclosure initiations for borrowers in default and foreclosure initiations may not convert to foreclosure sales and REO at the same rate or pace as prior to the pandemic due to improved home equity and borrower relief options. The decline in foreclosure initiations and foreclosure sales throughout the pandemic, partially offset by the restart of the default market, significantly decreased default related referrals to Altisource and continue to negatively impact virtually all of Altisource's default related services revenue.

While we cannot predict whether the default market will return to a pre-pandemic operating environment, we believe the demand for our Default business will grow. We estimate that in today's environment it typically takes on average two years to convert foreclosure initiations to foreclosure sales and six months to market and sell the REO. The foreclosure timelines could vary significantly based upon, for example, upon the state where the property is located and whether the foreclosure is contested. The REO sale timelines could also vary significantly based upon, for example, the local real estate market, whether the home is located in a redemption state and whether the home is occupied post foreclosure.

During 2023 and the six months ended June 30, 2024, to address lower revenue, we worked to (1) reduce our cost structure, (2) maintain the infrastructure to deliver default related services for our customer base and support the anticipated increase in demand following the expiration of the moratoriums and forbearance plans and CFPB's rules on temporary loss mitigation measures, and (3) add new Lenders One members, launch new solutions and increase customer adoption of our solutions to accelerate the growth of our origination business.

Share Repurchase Program

On May 16, 2023, our shareholders approved the renewal and amendment of the share repurchase program previously approved by the shareholders on May 15, 2018. Under the program, we are authorized to purchase up to 3.1 million shares of our common stock, based on a limit of 15% of the outstanding shares of common stock on the date of approval, at a minimum price of \$1.00 per share and a maximum price of \$25.00 per share, for a period of five years from the date of approval. As of June 30, 2024, approximately 3.1 million shares of common stock remain available for repurchase under the program. There were no purchases of shares of common stock during the six months ended June 30, 2024 and 2023. Luxembourg law limits share repurchases to the balance of Altisource Portfolio Solutions S.A. (unconsolidated parent company) retained earnings, less the value of shares repurchased. As of June 30, 2024, we can repurchase up to approximately \$115 million of our common stock under Luxembourg law. Under the Amended Credit Agreement, we are not permitted to repurchase shares except for limited circumstances.

Onity Related Matters

During the three and six months ended June 30, 2024, Onity was our largest customer, accounting for 44% of our total revenue. Additionally, 7% of our revenue for the six months ended June 30, 2024 (6% of our revenue for the second quarter of 2024) was earned on the loan portfolios serviced by Onity, when a party other than Onity or the mortgage servicing rights ("MSRs") owner selected Altisource as the service provider.

Onity has disclosed that it is subject to a number of ongoing regulatory examinations, orders, inquiries, subpoenas, civil investigative demands, requests for information and other actions and is subject to pending and threatened legal proceedings, some of which include claims against Onity for substantial monetary damages. Previous regulatory actions against Onity have subjected Onity to independent oversight of its operations and placed certain restrictions on its ability to acquire servicing rights or proceed with default-related actions on the loans it services. Existing or future similar matters could result in adverse regulatory or other actions against Onity. In addition to the above, Onity may become subject to future adverse regulatory or other actions.

Onity has disclosed that Rithm is one of its largest servicing clients. As of March 31, 2024, Onity reported that approximately 15% of loans serviced and subserviced by Onity (measured in UPB) and approximately 66% of all delinquent loans that Onity services were related to Rithm MSRs or rights to MSRs.

The existence or outcome of Onity regulatory matters or the termination of Onity's sub-servicing agreements with Rithm or other significant Onity clients may have significant adverse effects on Onity's business. For example, Onity may be required to

alter the way it conducts business, including the parties it contracts with for services, it may be required to seek changes to its existing pricing structure with us, it may lose its non-GSE servicing rights or subservicing arrangements or may lose one or more of its state servicing or origination licenses. Additional regulatory actions or adverse financial developments may impose additional restrictions on or require changes in Onity's business that could require it to sell assets or change its business operations. Any or all of these effects and others could result in our eventual loss of Onity as a customer or a reduction in the number and/or volume of services it purchases from us or the loss of other customers.

If any of the following events occurred, Altisource's revenue could be significantly reduced and our results of operations could be materially adversely affected, including from the possible impairment or write-off of goodwill, intangible assets, property and equipment, other assets and accounts receivable:

- Altisource loses Onity as a customer or there is a significant reduction in the volume of services it purchases from us
- Onity loses, sells or transfers a significant portion of its GSE or Federal Housing Administration servicing rights or subservicing arrangements or remaining other servicing rights or subservicing arrangements and Altisource fails to be retained as a service provider
- The contractual relationship between Onity and Rithm changes significantly, including Onity's sub-servicing arrangement with Rithm expiring without renewal, and this change results in a change in our status as a provider of services related to the Subject MSRs
- Onity loses state servicing licenses in states with a significant number of loans in Onity's servicing portfolio
- Onity is subject to stays, moratoriums, suspensions or other restrictions that limit or delay default-related actions on the loans it services
- The contractual relationship between Onity and Altisource changes significantly or there are significant changes to our pricing to Onity for services from which we generate material revenue
- Altisource otherwise fails to be retained as a service provider and/or there is a reduction in referral volumes

The foregoing list is not intended to be exhaustive. Management cannot predict whether any of these events or other events will occur or the amount of any impact they may have on Altisource. We are seeking to diversify and grow our revenue and customer base and we have a sales and marketing strategy to support these efforts. Moreover, in the event one or more of these events materially negatively impact Altisource, we believe the variable nature of our cost structure would allow us to realign our cost structure to address some of the impact to revenue and that current liquidity would be sufficient to meet our working capital, capital expenditures, debt service and other cash needs. There can be no assurance that our plans will be successful or our operations will be profitable.

Factors Affecting Comparability

The following items impact the comparability of our results:

- Industrywide foreclosure initiations were 9% lower for the six months ended June 30, 2024 compared to the same period in 2023 (and 37% lower than the same pre-COVID-19 period in 2019)
- Industrywide foreclosure sales were 14% lower for the six months ended June 30, 2024 compared to the same period in 2023 (and 53% lower than the same pre-COVID-19 period in 2019)
- Industrywide mortgage origination volume decreased by 4% for the six months ended June 30, 2024 compared to the same period in 2023
- Temporary delay in certain California foreclosures during the three months ended June 30, 2023 negatively impacted revenue in the Servicer and Real Estate segment
- The interest rate on the Company's senior secured term loans was 14.18% for the six months ended June 30, 2024 compared to 11.61% for the same period in 2023
- On February 14, 2023, Altisource Portfolio Solutions S.A. and its wholly-owned subsidiary, Altisource S.à r.l., entered into Amendment No. 2 to the Credit Agreement. In connection with Amendment No. 2, the Company paid \$3.3 million for the six months ended June 30, 2023, to advisors and recorded these payments as other expense in the condensed consolidated statements of operations and comprehensive loss (no comparative amount for the six months ended June 30, 2024)
- The Company recognized an income tax provision of \$1.4 million and \$2.2 million for the six months ended June 30, 2024 and 2023, respectively (\$0.7 million and \$0.6 million for the second quarter of 2024 and 2023, respectively). The income tax provision for the three and six months ended June 30, 2024 was driven primarily by income tax expense on transfer pricing income from India and the United States, no tax benefit on the pretax loss from our Luxembourg operating company, and uncertain tax positions.

CONSOLIDATED RESULTS OF OPERATIONS

Summary Results

The following is a discussion of our consolidated results of operations for the periods indicated. For a more detailed discussion of the factors that affected the results of our business segments in these periods, see "Segment Results of Operations" below.

The following table sets forth information on our consolidated results of operations:

(in thousands, except per share data)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Increase (decrease)	2024	2023	% Increase (decrease)
Service revenue:						
Servicer and Real Estate	\$ 29,025	\$ 24,918	16	\$ 58,106	\$ 54,679	6
Origination	7,838	8,255	(5)	15,648	15,565	1
Total service revenue	36,863	33,173	11	73,754	70,244	5
Reimbursable expenses	2,223	2,049	8	4,760	4,359	9
Non-controlling interests	35	13	169	76	93	(18)
Total revenue	39,121	35,235	11	78,590	74,696	5
Cost of revenue	26,404	29,703	(11)	53,569	60,660	(12)
Gross profit	12,717	5,532	130	25,021	14,036	78
Selling, general and administrative expenses	10,634	12,341	(14)	23,486	24,435	(4)
Income (loss) from operations	2,083	(6,809)	131	1,535	(10,399)	115
Other income (expense), net:						
Interest expense	(9,788)	(9,904)	(1)	(19,317)	(16,664)	16
Change in fair value of warrant liability	—	(1,774)	100	—	(1,080)	100
Debt amendment costs	—	(101)	100	—	(3,343)	100
Other income (expense), net	139	390	(64)	1,781	1,950	(9)
Total other income (expense), net	(9,649)	(11,389)	(15)	(17,536)	(19,137)	(8)
Loss before income taxes and non-controlling interests	(7,566)	(18,198)	58	(16,001)	(29,536)	46
Income tax provision	(706)	(639)	(10)	(1,428)	(2,168)	(34)
Net loss	(8,272)	(18,837)	56	(17,429)	(31,704)	45
Net income attributable to non-controlling interests	(35)	(13)	(169)	(76)	(93)	18
Net loss attributable to Altisource	<u>\$ (8,307)</u>	<u>\$ (18,850)</u>	56	<u>\$ (17,505)</u>	<u>\$ (31,797)</u>	45
Margins:						
Gross profit / service revenue	34 %	17 %		34 %	20 %	
Income (loss) from operations / service revenue	6 %	(21)%		2 %	(15)%	
Loss per share:						
Basic	<u>\$ (0.29)</u>	<u>\$ (0.90)</u>	68	<u>\$ (0.62)</u>	<u>\$ (1.62)</u>	62
Diluted	<u>\$ (0.29)</u>	<u>\$ (0.90)</u>	68	<u>\$ (0.62)</u>	<u>\$ (1.62)</u>	62
Weighted average shares outstanding:						
Basic	<u>28,551</u>	<u>20,840</u>	37	<u>28,366</u>	<u>19,648</u>	44
Diluted	<u>28,551</u>	<u>20,840</u>	37	<u>28,366</u>	<u>19,648</u>	44

Revenue

We recognized service revenue of \$73.8 million for the six months ended June 30, 2024, a 5% increase compared to the six months ended June 30, 2023 (\$36.9 million for the second quarter of 2024, an 11% increase compared to the second quarter of 2023). The increase in service revenue for the three and six months ended June 30, 2024 is primarily driven by higher revenue in the Servicer and Real Estate segment from growth in our foreclosure trustee and field services businesses in the Solutions business, partially offset by \$0.8 million of first quarter 2023 non-recurring professional services revenue in the Equator business within the Technology and SaaS Products business.

We recognized reimbursable expense revenue of \$4.8 million for the six months ended June 30, 2024, a 9% increase compared to the six months ended June 30, 2023 (\$2.2 million for the second quarter of 2024, an 8% increase compared to the second quarter of 2023). The increase in reimbursable expenses for the six months ended June 30, 2024 was primarily driven by higher-value REO title related expenses in connection the default title business in the Solutions business within the Servicer and Real Estate segment partially offset by a decrease in property preservation services in the Solutions business within the Servicer and Real Estate segment. The increase in reimbursable expenses for the three months ended June 30, 2024 was primarily driven by an increase in property preservation services in the Solutions business within the Servicer and Real Estate segment.

Certain of our revenues can be impacted by seasonality. More specifically, revenues from property sales, loan originations and certain property preservation services in Field Services typically tend to be at their lowest level during the fall and winter months and at their highest level during the spring and summer months. However, as a result of the COVID-19 pandemic and related measures and the rapid rise in mortgage interest rates, the seasonal impact to revenue may not follow historical patterns.

Cost of Revenue and Gross Profit

Cost of revenue principally includes payroll and employee benefits associated with personnel employed in customer service, operations and technology roles, fees paid to external providers related to the provision of services, reimbursable expenses, technology and telecommunications costs as well as depreciation and amortization of operating assets.

Cost of revenue consists of the following:

(in thousands)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Increase (decrease)	2024	2023	% Increase (decrease)
Outside fees and services	\$ 14,321	\$ 14,057	2	\$ 28,767	\$ 29,151	(1)
Compensation and benefits	7,343	9,281	(21)	14,456	18,982	(24)
Technology and telecommunications	2,344	3,865	(39)	5,230	7,262	(28)
Reimbursable expenses	2,223	2,049	8	4,760	4,359	9
Depreciation and amortization	173	451	(62)	356	906	(61)
Cost of revenue	<u>\$ 26,404</u>	<u>\$ 29,703</u>	(11)	<u>\$ 53,569</u>	<u>\$ 60,660</u>	(12)

We recognized cost of revenue of \$53.6 million for the six months ended June 30, 2024, a 12% decrease compared to the six months ended June 30, 2023 (\$26.4 million for the second quarter of 2024, an 11% decrease compared to the second quarter of 2023). Compensation and benefits for the three and six months ended June 30, 2024 decreased primarily due to efficiency initiatives and cost savings measures taken in 2023. Technology and telecommunications for the three and six months ended June 30, 2024 decreased primarily due to lower overall headcount. In addition, changes in reimbursable expenses for the six months ended June 30, 2024 are consistent with the changes in reimbursable expense revenue discussed in the revenue section above.

Gross profit increased to \$25.0 million, representing 34% of service revenue, for the six months ended June 30, 2024 compared to \$14.0 million, representing 20% of service revenue, for the six months ended June 30, 2023 (increased to \$12.7 million, representing 34% of service revenue, for the second quarter of 2024, compared to \$5.5 million, representing 17% of service revenue, for the second quarter of 2023). Gross profit as a percentage of service revenue for the three and six months ended June 30, 2024 increased compared to the three and six months ended June 30, 2023 primarily due to margin expansion in both the Servicer and Real Estate segment and the Origination segment from efficiency initiatives and lower corporate costs as a percentage of revenue.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses includes payroll for personnel employed in executive, sales and marketing, finance, technology, law, compliance, audit, human resources, vendor management, facilities and risk management roles. This category also includes professional services fees, occupancy costs, marketing costs, depreciation and amortization of non-operating assets and other expenses.

SG&A expenses consist of the following:

<i>(in thousands)</i>	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Increase (decrease)	2024	2023	% Increase (decrease)
Compensation and benefits	\$ 4,510	\$ 5,376	(16)	\$ 10,352	\$ 11,406	(9)
Professional services	2,082	2,275	(8)	4,613	3,846	20
Amortization of intangible assets	1,270	1,280	(1)	2,540	2,560	(1)
Occupancy related costs	1,050	1,216	(14)	1,975	2,658	(26)
Marketing costs	539	559	(4)	1,047	941	11
Depreciation and amortization	103	204	(50)	216	448	(52)
Other	1,080	1,431	(25)	2,743	2,576	6
Selling, general and administrative expenses	\$ 10,634	\$ 12,341	(14)	\$ 23,486	\$ 24,435	(4)

SG&A expenses for the six months ended June 30, 2024 of \$23.5 million decreased by 4% compared to the six months ended June 30, 2023 (\$10.6 million for the second quarter of 2024, a 14% decrease compared to the second quarter of 2023). The decrease for the six months ended June 30, 2024 was primarily driven by lower compensation and benefits and occupancy related costs, partially offset by higher professional services. Compensation and benefits and occupancy related costs for the three and six months ended months ended June 30, 2024 decreased from efficiency and cost reductions measures. Professional services for the six months ended June 30, 2024 increased primarily due to accruals for potential settlements of certain legacy indemnity claims and estimated legal matters.

Income (loss) from operations

Income (loss) from operations for the six months ended June 30, 2024 was \$1.5 million, representing 2% of service revenue, compared to \$(10.4) million, representing (15)% of service revenue, for the six months ended June 30, 2023 (increased to \$2.1 million, representing 6% of service revenue, for the second quarter of 2024, compared to \$(6.8) million representing (21)% of service revenue for the second quarter of 2023). Income (loss) from operations as a percentage of service revenue improved for the three and six months ended June 30, 2024 compared to the three and six months ended ended June 30, 2023, primarily as a result of higher gross profit margins and lower SG&A expenses.

Other Income (Expense), net

Other income (expense), net principally includes interest expense and other non-operating gains and losses.

Other income (expense), net was \$(17.5) million for the six months ended June 30, 2024 compared to \$(19.1) million for the six months ended June 30, 2023 (\$9.6 million for the second quarter of 2024 and \$(11.4) million for the second quarter of 2023). The change for the three and six months ended June 30, 2024 was primarily driven by lower debt amendment costs and a loss on the change in fair value of the warrant liability for the three and six months ended June 30, 2023 (no comparable amount for the three and six months ended June 30, 2024). The lower costs for the six months ended June 30, 2024 was partially offset by higher interest expense driven by higher interest rates on our amended SSTL.

Income Tax Provision

We recognized an income tax provision of \$1.4 million and \$2.2 million for the six months ended June 30, 2024 and 2023, respectively (\$0.7 million and \$0.6 million for the second quarter of 2024 and 2023, respectively). The income tax provision for the three and six months ended June 30, 2024 was driven primarily by income tax expense on transfer pricing income from India and the United States, no tax benefit on the pretax loss from our Luxembourg operating company, and uncertain tax positions.

SEGMENT RESULTS OF OPERATIONS

The following section provides a discussion of pretax results of operations of our business segments. Transactions between segments are accounted for as third party arrangements for purposes of presenting segment results of operations.

Financial information for our segments was as follows:

(in thousands)	Three months ended June 30, 2024			
	Servicer and Real Estate	Origination	Corporate and Others	Consolidated Altisource
Revenue				
Service revenue	\$ 29,025	\$ 7,838	—	\$ 36,863
Reimbursable expenses	2,099	124	—	2,223
Non-controlling interests	—	35	—	35
	31,124	7,997	—	39,121
Cost of revenue	18,716	6,356	1,332	26,404
Gross profit (loss)	12,408	1,641	(1,332)	12,717
Selling, general and administrative expenses	2,395	1,746	6,493	10,634
Income (loss) from operations	10,013	(105)	(7,825)	2,083
Total other income (expense), net	(1)	—	(9,648)	(9,649)
Income (loss) before income taxes and non-controlling interests	\$ 10,012	\$ (105)	\$ (17,473)	\$ (7,566)
Margins:				
Gross profit (loss) / service revenue	43 %	21 %	N/M	34 %
Income (loss) from operations / service revenue	34 %	(1) %	N/M	6 %

N/M — not meaningful.

(in thousands)	Three months ended June 30, 2023			
	Servicer and Real Estate	Origination	Corporate and Others	Consolidated Altisource
Revenue				
Service revenue	\$ 24,918	\$ 8,255	\$ —	\$ 33,173
Reimbursable expenses	1,930	119	—	2,049
Non-controlling interests	—	13	—	13
	26,848	8,387	—	35,235
Cost of revenue	18,038	8,018	3,647	29,703
Gross profit (loss)	8,810	369	(3,647)	5,532
Selling, general and administrative expenses	2,638	2,350	7,353	12,341
Income (loss) from operations	6,172	(1,981)	(11,000)	(6,809)
Total other income (expense), net	—	—	(11,389)	(11,389)
Income (loss) before income taxes and non-controlling interests	\$ 6,172	\$ (1,981)	\$ (22,389)	\$ (18,198)
Margins:				
Gross profit (loss) / service revenue	35 %	4 %	N/M	17 %
Income (loss) from operations / service revenue	25 %	(24) %	N/M	(21) %

N/M — not meaningful.

(in thousands)	Six months ended June 30, 2024			
	Servicer and Real Estate	Origination	Corporate and Others	Consolidated Altisource
Revenue				
Service revenue	\$ 58,106	\$ 15,648	\$ —	\$ 73,754
Reimbursable expenses	4,520	240	—	4,760
Non-controlling interests	—	76	—	76
	62,626	15,964	—	78,590
Cost of revenue	37,848	12,489	3,232	53,569
Gross profit (loss)	24,778	3,475	(3,232)	25,021
Selling, general and administrative expenses	5,493	3,705	14,288	23,486
Income (loss) from operations	19,285	(230)	(17,520)	1,535
Total other income (expense), net	(1)	—	(17,535)	(17,536)
Income (loss) before income taxes and non-controlling interests	\$ 19,284	\$ (230)	\$ (35,055)	\$ (16,001)
Margins:				
Gross profit (loss) / service revenue	43 %	22 %	N/M	34 %
Income (loss) from operations / service revenue	33 %	(1) %	N/M	2 %

N/M — not meaningful.

(in thousands)	Six months ended June 30, 2023			
	Servicer and Real Estate	Origination	Corporate and Others	Consolidated Altisource
Revenue				
Service revenue	\$ 54,679	\$ 15,565	\$ —	\$ 70,244
Reimbursable expenses	4,114	245	—	4,359
Non-controlling interests	—	93	—	93
	58,793	15,903	—	74,696
Cost of revenue	37,763	15,472	7,425	60,660
Gross profit (loss)	21,030	431	(7,425)	14,036
Selling, general and administrative expenses	4,939	4,076	15,420	24,435
Income (loss) from operations	16,091	(3,645)	(22,845)	(10,399)
Total other income (expense), net	—	—	(19,137)	(19,137)
Income (loss) before income taxes and non-controlling interests	\$ 16,091	\$ (3,645)	\$ (41,982)	\$ (29,536)
Margins:				
Gross profit (loss) / service revenue	38 %	3 %	N/M	20 %
Income (loss) from operations / service revenue	29 %	(23) %	N/M	(15) %

N/M — not meaningful.

Servicer and Real Estate

Revenue

Revenue by line of business was as follows:

(in thousands)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Increase (decrease)	2024	2023	% Increase (decrease)
Service revenue:						
Solutions	\$ 19,198	\$ 15,142	27	\$ 38,456	\$ 33,676	14
Marketplace	7,333	7,142	3	14,509	14,854	(2)
Technology and SaaS Products	2,494	2,634	(5)	5,141	6,149	(16)
Total service revenue	29,025	24,918	16	58,106	54,679	6
Reimbursable expenses:						
Solutions	967	823	17	2,223	1,827	22
Marketplace	1,132	1,107	2	2,297	2,287	—
Total reimbursable expenses	2,099	1,930	9	4,520	4,114	10
Total revenue	\$ 31,124	\$ 26,848	16	\$ 62,626	\$ 58,793	7

We recognized service revenue of \$58.1 million for the six months ended June 30, 2024, a 6% increase compared to the six months ended June 30, 2023 (\$29.0 million for the second quarter of 2024, a 16% increase compared to the second quarter of 2023). We also recognized reimbursable expense revenue of \$4.5 million for the six months ended June 30, 2024, a 10% increase compared to the six months ended June 30, 2023 (\$2.1 million for the second quarter of 2024, a 9% increase compared to the second quarter of 2023). The increase in service revenue for the three and six months ended June 30, 2024 was driven by growth in our foreclosure trustee and field services businesses in the Solutions business, partially offset by \$0.8 million of first quarter 2023 non-recurring professional services revenue in the Equator business within the Technology and SaaS Products business.

Certain of our Servicer and Real Estate businesses are impacted by seasonality. Revenues from property sales and certain property preservation services are generally lowest during the fall and winter months and highest during the spring and summer months. However, as a result of the COVID-19 pandemic and related measures and the rapid rise in mortgage interest rates the seasonal impact to revenue may not follow historical patterns.

Cost of Revenue and Gross Profit

Cost of revenue consisted of the following:

(in thousands)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Increase (decrease)	2024	2023	% Increase (decrease)
Outside fees and services	\$ 9,289	\$ 8,092	15	\$ 18,884	\$ 18,347	3
Compensation and benefits	5,585	5,760	(3)	10,979	11,479	(4)
Reimbursable expenses	2,099	1,930	9	4,520	4,114	10
Technology and telecommunications	1,663	2,042	(19)	3,295	3,393	(3)
Depreciation and amortization	80	214	(63)	170	430	(60)
Cost of revenue	\$ 18,716	\$ 18,038	4	\$ 37,848	\$ 37,763	1

Cost of revenue for the six months ended June 30, 2024 of \$37.8 million increased by less than 1% compared to the six months ended June 30, 2023 (\$18.7 million for the second quarter of 2024, a 4% increased compared to the second quarter of 2023). The increase in cost of revenue for the three and six months ended June 30, 2024 is primarily driven by higher outside fees and services primarily in the foreclosure trustee business in the Solutions business and higher reimbursable expenses, partially offset by lower compensation and benefits from efficiency initiatives and cost savings measures.

Gross profit increased to \$24.8 million, representing 43% of service revenue, for the six months ended June 30, 2024 compared to \$21.0 million, representing 38% of service revenue, for the six months ended June 30, 2023 (increased to \$12.4 million,

representing 43% of service revenue, for the second quarter of 2024, compared to \$8.8 million, representing 35% of service revenue, for the second quarter of 2023). Gross profit as a percentage of service revenue for the three and six months ended June 30, 2024 increased primarily due to price increases for certain services and efficiency initiatives and cost savings measures. Our margins can vary substantially depending upon the service revenue mix.

Selling, General and Administrative Expenses

SG&A expenses consisted of the following:

<i>(in thousands)</i>	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Increase (decrease)	2024	2023	% Increase (decrease)
Professional services	\$ 635	\$ 365	74	\$ 1,652	\$ 646	156
Amortization of intangible assets	740	740	—	1,480	1,480	—
Compensation and benefits	497	680	(27)	1,024	1,322	(23)
Marketing costs	329	375	(12)	673	674	—
Occupancy related costs	171	183	(7)	312	357	(13)
Depreciation and amortization	1	—	N/M	1	1	—
Other	22	295	(93)	351	459	(24)
Selling, general and administrative expenses	\$ 2,395	\$ 2,638	(9)	\$ 5,493	\$ 4,939	11

SG&A for the six months ended June 30, 2024 of \$5.5 million increased by 11% compared to the six months ended June 30, 2023 (\$2.4 million for the second quarter of 2024, a 9% decrease compared to the second quarter of 2023). The increase in SG&A for the six months ended June 30, 2024 is primarily due to higher professional services, partially offset by lower compensation and benefits. The decrease in SG&A for the three months ended June 30, 2024 is primarily due to lower compensation and benefits and other expenses, partially offset by higher professional services. Professional services for the three and six months ended June 30, 2024 increased primarily due to accruals for potential settlements of certain legacy indemnity claims. Compensation and benefits for the three and six months ended June 30, 2024 decreased from efficiency and cost reduction measures. Other expenses for the three months ended June 30, 2024 decreased from lower bad debt expense.

Income from operations

Income from operations increased to \$19.3 million, representing 33% of service revenue, for the six months ended June 30, 2024 compared to \$16.1 million, representing 29% of service revenue, for the six months ended June 30, 2023 (increased to \$10.0 million, representing 34% of service revenue, for the second quarter of 2024, compared to \$6.2 million, representing 25% of service revenue for the second quarter of 2023). The increase in operating income as a percentage of service revenue for the six months ended June 30, 2024 is primarily the result of higher gross profit margins, as discussed above, partially offset by higher SG&A expenses. The increase in operating income as a percentage of service revenue for the three months ended June 30, 2024 is primarily the result of higher gross profit margins and lower SG&A expenses.

Origination

Revenue

Revenue by business unit was as follows:

(in thousands)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Increase (decrease)	2024	2023	% Increase (decrease)
Service revenue:						
Lenders One	\$ 6,270	\$ 6,620	(5)	\$ 12,743	\$ 12,244	4
Solutions	1,409	1,466	(4)	2,591	2,976	(13)
Technology and SaaS Products	159	169	(6)	314	345	(9)
Total service revenue	7,838	8,255	(5)	15,648	15,565	1
Reimbursable expenses:						
Solutions	124	119	4	240	245	(2)
Total reimbursable expenses	124	119	4	240	245	(2)
Non-controlling interests	35	13	169	76	93	(18)
Total revenue	\$ 7,997	\$ 8,387	(5)	\$ 15,964	\$ 15,903	—

We recognized service revenue of \$15.6 million for the six months ended June 30, 2024, a 1% increase compared to the six months ended June 30, 2023 (\$7.8 million for the second quarter of 2024, a 5% decrease compared to the second quarter of 2023). We also recognized reimbursable expense revenue of \$0.2 million for the six months ended June 30, 2024, a 2% decrease compared to the six months ended June 30, 2023 (\$0.1 million for the second quarter of 2024, a 4% increase compared to the second quarter of 2023). The increase in service revenue in the Origination segment for the six months ended June 30, 2024 is primarily driven by Lenders One growth with our new reseller products, partially offset by the 4% market decrease in mortgage origination volume and the decline in the Solutions business revenue driven by a lower volume of outsourced fulfillment services. The decrease in service revenue in the Origination segment for the three months ended June 30, 2024 is primarily driven by the 13% market decrease in mortgage origination volume, partially offset by sales wins from our newer reseller products.

Cost of Revenue and Gross Profit

Cost of revenue consisted of the following:

(in thousands)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Increase (decrease)	2024	2023	% Increase (decrease)
Outside fees and services	\$ 5,032	\$ 5,965	(16)	\$ 9,883	\$ 10,804	(9)
Compensation and benefits	1,039	1,666	(38)	2,068	3,814	(46)
Technology and telecommunications	155	258	(40)	285	590	(52)
Reimbursable expenses	124	119	4	240	245	(2)
Depreciation and amortization	6	10	(40)	13	19	(32)
Cost of revenue	\$ 6,356	\$ 8,018	(21)	\$ 12,489	\$ 15,472	(19)

Cost of revenue for the six months ended June 30, 2024 of \$12.5 million decreased by 19% compared to the six months ended June 30, 2023 (\$6.4 million for the second quarter of 2024, a 21% decrease compared to the second quarter of 2023). The decrease in cost of revenue for the three and six months ended June 30, 2024 was primarily driven by the prior year alignment of compensation and benefits with lower origination volume and lower outside fees and services from lower revenue.

Gross profit increased to \$3.5 million, representing 22% of service revenue, for the six months ended June 30, 2024 compared to \$0.4 million, representing 3% of service revenue, for the six months ended June 30, 2023 (increased to \$1.6 million, representing 21% of service revenue, for the second quarter of 2024, compared to \$0.4 million, representing 4% of service revenue).

revenue for the second quarter of 2023). Gross profit as a percentage of service revenue for the three and six months ended June 30, 2024 increased from efficiency initiatives and cost savings measures.

Selling, General and Administrative Expenses

SG&A expenses consisted of the following:

(in thousands)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Increase (decrease)	2024	2023	% Increase (decrease)
Amortization of intangible assets	\$ 530	\$ 540	(2)	\$ 1,060	\$ 1,080	(2)
Compensation and benefits	494	579	(15)	965	1,244	(22)
Professional services	141	500	(72)	281	681	(59)
Marketing costs	209	184	14	369	278	33
Occupancy related costs	124	64	94	243	142	71
Depreciation and amortization	1	—	N/M	1	—	N/M
Other	247	483	(49)	786	651	21
Selling, general and administrative expenses	\$ 1,746	\$ 2,350	(26)	\$ 3,705	\$ 4,076	(9)

SG&A for the six months ended June 30, 2024 of \$3.7 million decreased by 9% compared to the six months ended June 30, 2023 (\$1.7 million for the second quarter of 2024, a 26% decrease compared to the second quarter of 2023). The decrease in SG&A for the three and six months ended June 30, 2024 is primarily due to lower professional services from lower legal-related costs and lower compensation and benefits from efficiency and cost reduction measures. The decrease in SG&A for the six months ended June 30, 2024 is partially offset by higher other expenses from the first quarter 2023 reversal of bad debt expense from collection of aged receivables.

Loss from operations

Loss from operations decreased to \$(0.2) million, representing (1)% of service revenue, for the six months ended June 30, 2024 compared to \$(3.6) million, representing (23)% of service revenue, for the six months ended June 30, 2023 (decreased to \$(0.1) million, representing (1)% of service revenue for the second quarter of 2024, compared to \$(2.0) million, representing (24)% of service revenue for the second quarter of 2023). The improvement in operating loss as a percentage of service revenue for the three and six months ended June 30, 2024 is primarily from lower SG&A expenses and higher gross profit margins.

Corporate and Others

Cost of Revenue

Cost of revenue consisted of the following:

(in thousands)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Increase (decrease)	2024	2023	% Increase (decrease)
Technology and telecommunications	\$ 526	\$ 1,565	(66)	\$ 1,650	\$ 3,279	(50)
Compensation and benefits	719	1,855	(61)	1,409	3,689	(62)
Depreciation and amortization	87	227	(62)	173	457	(62)
Cost of revenue	\$ 1,332	\$ 3,647	(63)	\$ 3,232	\$ 7,425	(56)

Cost of revenue for the six months ended June 30, 2024 of \$3.2 million decreased by 56% compared to the six months ended June 30, 2023 (\$1.3 million for the second quarter of 2024, a 63% decrease compared to the second quarter of 2023). The decrease in cost of revenue for the three and six months ended June 30, 2024 is primarily driven by lower compensation and benefits and technology and telecommunications due to efficiency initiatives and cost savings initiatives.

Selling, General and Administrative Expenses

SG&A in Corporate and Others include costs related to the corporate functions including executive, finance, technology, law, compliance, human resources, vendor management, facilities, risk management and eliminations between reportable segments.

SG&A expenses consisted of the following:

(in thousands)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	% Increase (decrease)	2024	2023	% Increase (decrease)
Compensation and benefits	\$ 3,519	\$ 4,117	(15)	\$ 8,363	\$ 8,840	(5)
Professional services	1,306	1,410	(7)	2,680	2,519	6
Occupancy related costs	755	969	(22)	1,420	2,159	(34)
Depreciation and amortization	101	204	(50)	214	447	(52)
Marketing costs	1	—	N/M	5	(11)	145
Other	811	653	24	1,606	1,466	10
Selling, general and administrative expenses	<u>\$ 6,493</u>	<u>\$ 7,353</u>	(12)	<u>\$ 14,288</u>	<u>\$ 15,420</u>	(7)

SG&A for the six months ended June 30, 2024 of \$14.3 million decreased by 7% compared to the six months ended June 30, 2023 (\$6.5 million for the second quarter of 2024, a 12% decrease compared to the second quarter of 2023). The decrease for the three and six months ended June 30, 2024 is primarily driven by lower compensation and benefits and occupancy related costs driven by efficiency initiatives and cost savings measures. The decrease for the six months ended June 30, 2024 is partially offset by higher professional services primarily due to higher legal-related costs.

Other Income (Expense), net

Other income (expense), net principally includes interest expense and other non-operating gains and losses.

Other income (expense), net was \$(17.5) million for the six months ended June 30, 2024 compared to \$(19.1) million for the six months ended June 30, 2023 (\$9.6 million for the second quarter of 2024 and \$(11.4) million for the second quarter of 2023). The change for the three and six months ended June 30, 2024 was primarily driven by lower debt amendment costs and a loss on the change in fair value of the warrant liability for the three and six months ended June 30, 2023 (no comparable amount for the three and six months ended June 30, 2024). The lower costs for the six months ended June 30, 2024 was partially offset by higher interest expense driven by higher interest rates on our amended SSTL.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Our primary source of liquidity has historically been cash flow from operations, cash proceeds from sales of businesses, cash proceeds from the sale of equity securities and cash on hand. However, due to governmental and market responses to the COVID-19 pandemic, revenue has declined significantly compared to pre-pandemic levels. The lower revenue, partially offset by efficiency initiatives and cost savings measures, resulted in negative operating cash flow from operations for the six months ended June 30, 2024 and 2023. We believe our anticipated revenue growth from the return of the default market, on-boarding sales wins, and revenue mix together with our reduced cost structure, should help reduce negative operating cash flow. We seek to deploy cash generated in a disciplined manner. Principally, we intend to use cash to develop and grow complementary services and businesses that we believe will generate attractive margins in line with our core capabilities and strategy and fund negative operating cash flow. We also use cash for repayments of our long-term debt and capital investments. In addition, from time to time we consider and evaluate business acquisitions, dispositions, closures, sales of equity securities or other similar actions that are aligned with our strategy.

Senior Secured Term Loans

In April 2018, Altisource Portfolio Solutions S.A. and its wholly-owned subsidiary, Altisource S.à r.l., entered into a credit agreement with Morgan Stanley Senior Funding, Inc., as administrative agent and collateral agent, and certain lenders (the "Credit Agreement"). Under the Credit Agreement, Altisource borrowed \$412 million in the form of senior secured term loans ("SSTL"). Effective February 14, 2023, Altisource Portfolio Solutions S.A. and Altisource S.à r.l. entered into Amendment No. 2 to the Credit Agreement (as amended by Amendment No. 2, the "Amended Credit Agreement"). Altisource Portfolio Solutions S.A. and its subsidiaries, subject to the applicable exclusions in the Amended Credit Agreement, are guarantors on the SSTL (collectively, the "Guarantors"). Effective June 1, 2023, the administrative agent and collateral agent of the Amended Credit Agreement changed to Wilmington Trust, N.A.

The maturity date of the Amended Credit Agreement is April 30, 2025. Since Aggregate Paydowns under the Amended Credit Agreement were equal to or greater than \$30 million, the maturity date of the SSTL may be extended at the Company's option to April 30, 2026 (subject to the representations and warranties being true and correct as of such date and there being no default or event of default being in existence as of such date). Such extension is conditioned upon the Company's payment of a 2% payment-in-kind extension fee on or before April 30, 2025.

All amounts outstanding under the SSTL become due on the earlier of (i) the maturity date, and (ii) the date on which the loans are declared to be due and owing by the administrative agent at the request (or with the consent) of the Required Lenders (as defined in the Amended Credit Agreement; other capitalized terms, unless defined herein, are defined in the Amended Credit Agreement) or as otherwise provided in the Amended Credit Agreement upon the occurrence of any event of default. There are no mandatory repayments of the SSTL, except as set forth herein, until the April 30, 2025 maturity when the balance is due. If the maturity date is extended to April 30, 2026, the Company is required to make mandatory repayments of \$5.2 million in the first quarter of 2026 with the remaining balance due at the April 2026 maturity.

In addition to the scheduled principal payments, subject to certain exceptions, the SSTL is subject to mandatory prepayment upon issuances of debt, certain casualty and condemnation events and sales of assets, as well as from 50% of Consolidated Excess Cash Flow, as calculated in accordance with the provisions of the Amended Credit Agreement.

Altisource may incur incremental indebtedness under the Amended Credit Agreement from one or more incremental lenders, which may include existing lenders, in an aggregate incremental principal amount not to exceed \$50 million, subject to certain conditions set forth in the Amended Credit Agreement. The lenders have no obligation to provide any incremental indebtedness.

Through March 29, 2023, the SSTL's interest rate was the Adjusted Eurodollar Rate plus 4.00%. Beginning March 30, 2023, the SSTL bears interest at rates based upon, at our option, the Secured Overnight Financing Rate ("SOFR") or the Base Rate, as defined in the Amended Credit Agreement. SOFR-based term loans bear interest at a rate per annum equal to SOFR plus 5.00% payable in cash plus a payable in kind ("PIK") component. Base Rate-based term loans bear interest at a rate per annum equal to the Base Rate plus 4.00% payable in cash plus a PIK component. The PIK component of the interest rate was subject to adjustment based on the amount of Aggregate Paydowns. Since Aggregate Paydowns were \$20 million in the first quarter of 2023 and an additional \$10 million in the third quarter of 2023, the PIK component was 4.50% for the period March 30, 2023 through June 30, 2023 and 3.75% for periods thereafter. The interest rate as of June 30, 2024, including the PIK component, was 14.16%.

If, as of the end of any calendar quarter, (i) the amount of unencumbered cash and cash equivalents of Altisource S.à r.l. and its direct and indirect subsidiaries on a consolidated basis plus (ii) the undrawn commitment amount under the Revolver is, or is forecast as of the end of the immediately subsequent calendar quarter to be, less than \$35 million, then up to 2.00% in interest otherwise payable in cash in the following quarter may be paid in kind at the Company's election.

The payment of all amounts owing by Altisource under the Amended Credit Agreement is guaranteed by the Guarantors and is secured by a pledge of all equity interests of certain subsidiaries of Altisource, as well as a lien on substantially all of the assets of Altisource S.à r.l. and the Guarantors, subject to certain exceptions.

The Amended Credit Agreement includes covenants that restrict or limit, among other things, our ability, subject to certain exceptions and baskets, to incur additional debt, pay dividends and repurchase shares of our common stock. Under the Amended Credit Agreement, we are not permitted to repurchase shares except for limited circumstances. In the event we require additional liquidity, our ability to obtain it may be limited by the Amended Credit Agreement.

As of June 30, 2024, the outstanding principal balance of the SSTL was \$228.4 million.

Revolver

On June 22, 2021 Altisource S.à r.l, a subsidiary of Altisource Portfolio Solutions S.A., entered into a revolving credit facility with a related party, STS Master Fund, Ltd. ("STS") (the "Revolver"). STS is an investment fund managed by Deer Park. Deer Park owns approximately 16% of Altisource's common stock as of June 30, 2024 and owns Altisource debt as a lender under the Amended Credit Agreement. An employee of Deer Park is a member of Altisource's Board of Directors.

The Revolver was amended effective February 14, 2023 (the "Amended Revolver"). Under the terms of the Amended Revolver, STS will make loans to Altisource from time to time, in amounts requested by Altisource and Altisource may voluntarily prepay all or any portion of the outstanding loans at any time. The Amended Revolver provides Altisource the ability to borrow a maximum amount of \$15.0 million. Amounts that are repaid may be re-borrowed in accordance with the limitations set forth below.

The maturity date of the Amended Revolver coincides with the maturity date of the SSTL under the Amended Credit Agreement, as it may be extended. The outstanding balance on the Amended Revolver is due and payable on such maturity date.

Borrowings under the Amended Revolver bear interest of 10.00% per annum in cash and 3.00% per annum PIK and are payable quarterly on the last business day of each March, June, September and December. In connection with the Amended Revolver, Altisource is required to pay a usage fee equal to \$0.75 million at the initial extension of credit pursuant to the Amended Revolver.

Altisource's obligations under the Amended Revolver are secured by a first-priority lien on substantially all of the assets of the Company, which lien will be pari passu with liens securing the SSTL under the Amended Credit Agreement.

The Amended Revolver contains additional representations, warranties, covenants, terms and conditions customary for transactions of this type, that restrict or limit, among other things, our ability to use the proceeds of credit only for general corporate purposes.

As of June 30, 2024, there was no outstanding debt under the Amended Revolver, and since amending the Revolver, the Company has not borrowed any amount under the Amended Revolver.

Revolving Loan Agreement

In connection with the Company's residential real estate renovation services business, on June 3, 2024 Altisource Solutions, Inc., an indirect subsidiary of Altisource Portfolio Solutions S.A, entered into a revolving loan agreement with a related party, Altisource Asset Management Corporation ("AAMC") (the "Revolving Loan Agreement").

Under the terms of the Revolving Loan Agreement, AAMC will make loans to Altisource from time to time, as may be requested by Altisource. The Revolving Loan Agreement provides Altisource the ability to borrow an initial aggregate amount of up to \$1.0 million, with the potential for this to be increased up to \$3.0 million at the option of AAMC. Amounts that are repaid may be re-borrowed in accordance with the limitations set forth below.

The maturity date of the Revolving Loan Agreement is June 3, 2025 and may be automatically extended for one year on each anniversary of the maturity date. During any extension period, AAMC may terminate the Revolving Loan Agreement upon 150 days prior written notice and the loan will mature upon such termination. The outstanding balance on the Revolving Loan Agreement is due and payable on such maturity date.

Borrowings under the Revolving Loan Agreement bear interest of 12.00% per annum in cash and are payable monthly in arrears on the first business day of each calendar month. Altisource will pay AAMC a monthly unused commitment fee in an amount equal to 0.25% per annum of the average amount of the unused available credit under the Revolving Loan Agreement.

Altisource's obligation under the Revolving Loan Agreement is secured by certain receivables related to the Company's residential real estate renovation services business.

As of June 30, 2024, there was no outstanding debt under the Revolving Loan Agreement.

Cash Flows

The following table presents our cash flows for the six months ended June 30:

<i>(in thousands)</i>	2024	2023	% Increase (decrease)
Net cash used in operating activities	\$ (2,057)	\$ (10,940)	(81)
Net cash used in financing activities	(773)	(5,090)	85
Net decrease in cash, cash equivalents and restricted cash	(2,830)	(16,030)	(82)
Cash, cash equivalents and restricted cash at the beginning of the period	35,416	54,273	(35)
Cash, cash equivalents and restricted cash at the end of the period	\$ 32,586	\$ 38,243	(15)

Cash Flows from Operating Activities

Cash flows from operating activities generally consist of the cash effects of transactions and events that enter into the determination of net loss. For the six months ended June 30, 2024, net cash used in operating activities was \$(2.1) million compared to net cash used in operating activities of \$(10.9) million for the six months ended June 30, 2023. The improvement in cash used in operating activities was driven by a \$14.6 million improvement in net loss adjusted for non-cash items included in the determination of net loss (PIK interest, stock based compensation, change in the fair value of warrant liability, bad debt expense, depreciation and amortization, deferred income taxes, amortization of debt discount, amortization of debt issuance and amendment costs, loss on disposal of fixed assets and amortization of intangible assets). This was partially offset by a \$5.9 million decrease in cash provided by working capital from the \$1.1 million net payment of taxes for the six months ended June 30, 2024 compared to the \$4.5 million net collection of taxes receivable for the six months ended June 30, 2023 and a \$2.0 million return of surety bonds in the six months ended June 30, 2023. Operating cash flows can be negatively impacted because of the nature of some of our services and the mix of services provided. Certain services are performed immediately following or shortly after the referral, but the collection of the receivable does not occur until a specific event occurs (e.g., the foreclosure is complete, the REO asset is sold, etc.). Furthermore, lower margin services generate lower income and cash flows from operations. Consequently, our cash flows from operations may be negatively impacted when comparing one period to another.

Cash Flows from Financing Activities

Net cash used in financing activities were \$(0.8) million and \$(5.1) million for the six months ended June 30, 2024 and 2023, respectively. During the six months ended June 30, 2024 and 2023, we made payments of \$0.6 million and \$0.5 million, respectively, to satisfy employee tax withholding obligations on the issuance of restricted share units and restricted shares. These payments were made to tax authorities, at the employees' direction, to satisfy the employees' tax obligations rather than issuing a portion of vested restricted share units and restricted shares to employees. In addition, during the six months ended June 30, 2024 and 2023, we distributed \$0.1 million and \$0.2 million, respectively, to non-controlling interests. During the six months ended June 30, 2023, we received \$20.5 million in proceeds from the issuance of common stock, net of issuance costs, and used \$20.0 million of the proceeds for repayment of debt. Also during the six months ended June 30, 2023, we paid \$4.8 million to lenders or others on behalf of the lenders related to the debt amendment.

Future Uses of Cash

Our significant future liquidity obligations primarily pertain to the maturity of the SSTL under the Amended Credit Agreement, interest expense under the Amended Credit Agreement (see Liquidity section above), and operating lease payments on certain of our premises and equipment.

Significant future uses of cash include the following:

(in thousands)	Total	Payments Due by Period		
		2024	2025-2026	2027-2028
Senior secured term loans ⁽¹⁾	\$ 235,741	\$ —	\$ 235,741	\$ —
Interest expense payments ⁽²⁾	20,554	12,437	8,117	—
Lease payments	2,895	853	2,042	—
Total	\$ 259,190	\$ 13,290	\$ 245,900	\$ —

⁽¹⁾ The outstanding balance of our SSTL as of June 30, 2024 is \$228.4 million and is due on April 30, 2025. Since Aggregate Paydowns were equal to or greater than \$30 million, the maturity date of the SSTL may be extended at the Company's option to April 30, 2026 (subject to a payment of a 2% payment-in-kind extension fee on or before April 30, 2025 and subject to the representations and warranties being true and correct as of such date and there being no default or event of default being in existence as of such date). The table herein reflects a maturity of April 2025. The increase in outstanding balance is from the PIK component of our interest expense and is assumed to be paid in kind through the April 2025 maturity date.

⁽²⁾ Estimated future interest payments based on the SOFR interest rate as of June 30, 2024 and the April 30, 2025 maturity date. Based on the April 30, 2025 maturity date, no interest expense has been included beyond April 30, 2025.

We anticipate funding future liquidity requirements with a combination of existing cash balances, cash anticipated to be generated by operating activities and, as needed, proceeds from the Amended Revolver. For further information, see Note 10 and Note 21 to the condensed consolidated financial statements.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements consist of escrow and certain other account arrangements.

We hold customers' assets in escrow and other accounts at various financial institutions pending completion of certain real estate and construction review activities. These amounts are held in escrow and other accounts for limited periods of time and are not included in the accompanying condensed consolidated balance sheets. Amounts held in escrow and other accounts were \$24.8 million and \$21.6 million as of June 30, 2024 and December 31, 2023, respectively.

Contractual Obligations, Commitments and Contingencies

For the six months ended June 30, 2024, there were no significant changes to our contractual obligations from those identified in our Form 10-K for the fiscal year ended December 31, 2023 and this Form 10-Q, other than those that occur in the normal course of business. See Note 21 to the condensed consolidated financial statements.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND RECENT ACCOUNTING PRONOUNCEMENTS

We prepare our interim condensed consolidated financial statements in accordance with GAAP. In applying many of these accounting principles, we need to make assumptions, estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses in our condensed consolidated financial statements. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable under the circumstances. These assumptions, estimates and judgments, however, are often subjective. Actual results may be negatively affected based on changing circumstances. If actual amounts are ultimately different from our estimates, the revisions are included in our results of operations for the period in which the actual amounts become known.

Our critical accounting policies are described in the MD&A section of our Form 10-K for the year ended December 31, 2023 filed with the SEC on March 7, 2024. There have been no material changes to our critical accounting policies during the six months ended June 30, 2024.

Recently Adopted and Future Adoption of New Accounting Pronouncements

See Note 1 to the condensed consolidated financial statements for a discussion of recently issued accounting pronouncements, including pronouncements that were adopted in the current period.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market Risk

Our financial market risk consists primarily of interest rate and foreign currency exchange rate risk.

Interest Rate Risk

Under the terms of the Amended Credit Agreement, the initial interest rate charged on the SSTL is SOFR (as defined in the Amended Credit Agreement), with a minimum floor of 1.00%, plus 5.00% paid in cash plus 5.00% PIK. Based on par paydowns of \$30 million during the year ended December 31, 2023, the PIK component was reduced to 3.75%.

Based on the principal amount outstanding and SOFR as of June 30, 2024, a one percentage point increase in SOFR above the minimum floor would increase our annual interest expense by approximately \$2.3 million. There would be a \$2.3 million decrease in our annual interest expense if there was a one percentage point decrease in SOFR.

Currency Exchange Risk

We are exposed to currency risk from potential changes in currency values of our non-United States dollar denominated expenses, assets, liabilities and cash flows. Our most significant currency exposure relates to the Indian rupee. Based on expenses incurred in Indian rupees for the second quarter of 2024, a one percentage point increase or decrease in value of the Indian rupee in relation to the United States dollar would increase or decrease our annual expenses by approximately \$0.3 million.

Item 4. Controls and Procedures

a) Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is accumulated and communicated to our management, including the Chairman and Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of June 30, 2024, an evaluation was conducted under the supervision and with the participation of our management, including our Chairman and Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based on this evaluation, such officers have concluded that our disclosure controls and procedures were effective as of June 30, 2024.

b) Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the quarter ended June 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

We record a liability for contingencies if an unfavorable outcome is probable and the amount of loss can be reasonably estimated, including expected insurance coverage. For proceedings where the reasonable estimate of loss is a range, we record a best estimate of loss within the range.

Litigation

We are currently involved in legal actions in the course of our business, most of which seek monetary damages. Although the outcome of these proceedings cannot be predicted with certainty, we currently believe that their outcome, both individually and in the aggregate, will not have a material impact on our financial condition, results of operations or cash flows.

Regulatory Matters

Periodically, we are subject to audits, examinations and investigations by governmental authorities and receive subpoenas, civil investigative demands or other requests for information from such governmental authorities in connection with their regulatory or investigative authority. We are currently responding to such inquiries from governmental authorities relating to certain aspects of our business. We believe it is premature to predict the potential outcome or to estimate any potential financial impact in connection with these inquiries.

Item 1A. Risk Factors

As of the date of this filing, there have been no material changes in our risk factors from those disclosed in Part I, Item 1A, of our Form 10-K for the year ended December 31, 2023 filed with the SEC on March 7, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no purchases of shares of common stock during the three months ended June 30, 2024. On May 16, 2023, our shareholders approved the renewal and amendment of the share repurchase program previously approved by the shareholders on May 15, 2018. Under the program, we are authorized to purchase up to 3.1 million shares of our common stock in the open market, subject to certain parameters, for a period of five years from the date of approval. As of June 30, 2024, the maximum number of shares that may be purchased under the repurchase program is 3.1 million shares of the Company's common stock. In addition to the share repurchase program, during the three months ended June 30, 2024, 26,786 common shares were withheld from employees to satisfy tax withholding obligations that arose from the vesting of restricted shares.

On February 20, 2024, the Company issued a total of 232,580 Restricted share units ("RSUs") as equity compensation under the Altisource 2024 Long Term Incentive Plan to the Company's Chairman and Chief Executive Officer, Chief Financial Officer, and Chief Legal and Compliance Officer as unregistered securities in a private placement exempt from registration pursuant to Rule 4(a)(2) of the Securities Act of 1933, as amended.

Item 5. Other Information

Director and Officer Trading Arrangements

During the three months ended June 30, 2024, no director or officer of the Company adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Exhibit Description
31.1 *	Section 302 Certification of the Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a)
31.2 *	Section 302 Certification of the Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a)
32.1 *	Certification by the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101 *	Pursuant to Rule 405 of Regulation S-T, the following financial information from the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2024 is formatted in Inline XBRL interactive data files: (i) Condensed Consolidated Balance Sheets as of June 30, 2024 and December 31, 2023; (ii) Condensed Consolidated Statements of Operations and Comprehensive Loss for the three and six months ended June 30, 2024 and 2023; (iii) Condensed Consolidated Statements of Equity for the six months ended June 30, 2024 and 2023; (iv) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2024 and 2023; and (v) Notes to Condensed Consolidated Financial Statements.
104 *	Cover Page Interactive Data File formatted as Inline XBRL and contained in Exhibit 101

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
(Registrant)

Date: July 25, 2024

By: /s/ Michelle D. Esterman
Michelle D. Esterman
Chief Financial Officer
(On behalf of the Registrant and as its Principal Financial
Officer and Principal Accounting Officer)

**CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, William B. Shepro, hereby certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2024 of Altisource Portfolio Solutions S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 25, 2024

By: /s/ William B. Shepro
William B. Shepro
Chairman and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION BY THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Michelle D. Esterman, hereby certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2024 of Altisource Portfolio Solutions S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 25, 2024

By: /s/ Michelle D. Esterman
Michelle D. Esterman
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

**CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(UNITED STATES CODE, TITLE 18, CHAPTER 63, SECTION 1350)
ACCOMPANYING QUARTERLY REPORT ON FORM 10-Q OF
ALTISOURCE PORTFOLIO SOLUTIONS S.A. FOR THE QUARTER ENDED
JUNE 30, 2024**

In connection with the Quarterly Report on Form 10-Q of Altisource Portfolio Solutions S.A. (the "Company") for the quarterly period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), William B. Shepro, as Chairman and Chief Executive Officer of the Company, and Michelle D. Esterman, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ William B. Shepro
William B. Shepro
Chairman and Chief Executive Officer
(Principal Executive Officer)

July 25, 2024

By: /s/ Michelle D. Esterman
Michelle D. Esterman
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

July 25, 2024