
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **July 28, 2022**

ALTISOURCE PORTFOLIO SOLUTIONS S.A.

(Exact name of Registrant as specified in its Charter)

Luxembourg
(State or other jurisdiction of
incorporation)

001-34354
(Commission File Number)

98-0554932
(I.R.S. Employer Identification
No.)

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

+352 2761 4900
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition.

On July 28, 2022, Altisource Portfolio Solutions S.A. (“Altisource”) issued a press release announcing its financial results for the quarter ended June 30, 2022. A copy of the press release is attached hereto as Exhibit 99.1.

The information in this Item 2.02, including the information in Exhibit 99.1, is furnished solely pursuant to Item 2.02 of this Form 8-K. Consequently, it is not deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that Section. It may only be incorporated by reference in another filing under the Securities Exchange Act of 1934 or Securities Act of 1933 if such subsequent filing specifically references this Item 2.02 of this Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
Exhibit 99.1	Press release issued by Altisource Portfolio Solutions S.A. dated July 28, 2022
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

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 hereunto duly authorized.

Date: July 28, 2022

Altisource Portfolio Solutions S.A.

By: /s/ Michelle D. Esterman
Name: Michelle D. Esterman
Title: Chief Financial Officer



FOR IMMEDIATE RELEASE

**FOR FURTHER INFORMATION
CONTACT:**

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Chief Financial Officer
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ALTISOURCE ANNOUNCES SECOND QUARTER 2022 FINANCIAL RESULTS

Luxembourg, July 28, 2022 - Altisource Portfolio Solutions S.A. (“Altisource” or the “Company”) (NASDAQ: ASPS), a leading provider and marketplace for the real estate and mortgage industries, today reported financial results for the second quarter 2022.

“I am pleased with our second quarter results and performance as we continue to execute on our strategic plan. Our Servicer and Real Estate segment is benefiting from the restart of the default business with both sequential and year-over-year revenue and Adjusted EBITDA growth. In our Origination segment, we grew the average weighted sales pipeline to \$32 million, a 54% increase since last quarter, as our Lenders One members are increasingly focused on buying our solutions which are designed to help them reduce costs,” said Chairman and Chief Executive Officer William B. Shepro.

Mr. Shepro further commented, “As we continue to execute on our plan, win more business and benefit from market tailwinds, we anticipate that the Company will return to growth and create substantial value for our stakeholders.”

Second Quarter 2022 Highlights⁽¹⁾

Corporate and Financial:

- Ended the second quarter 2022 with \$70.7 million of cash and cash equivalents, a 100% increase from the second quarter of 2021
- Ended the second quarter 2022 with \$176.5 million of net debt⁽²⁾, a 17% reduction from the second quarter of 2021
- Second quarter Adjusted EBITDA loss of \$6.6 million represents a \$0.1 million improvement over the second quarter of 2021
- Reduced second quarter 2022 Corporate costs by \$6.8 million, representing a 28% reduction, compared to the second quarter 2021 from costs savings initiatives and the sale of Pointillist, partially offset by the assignment of sales and marketing employees to the segments beginning on January 1, 2022

Business Highlights:

- The Servicer and Real Estate segment is benefiting from the restart of the default business with both sequential and year-over-year revenue and Adjusted EBITDA growth
- The current unweighted sales pipeline in the Servicer and Real Estate business is approximately \$105 million on a stabilized basis, representing \$30 million to \$37 million in annual revenue based upon our forecasted probability of closing
- The current unweighted sales pipeline in the Origination business is approximately \$97 million on a stabilized basis, representing \$28 million to \$35 million in annual revenue based upon our forecasted probability of closing

Industry Highlights:

- Industrywide foreclosure initiations were 442% higher for the three months ended June 30, 2022, compared to the same period in 2021⁽³⁾ (although still 47% lower than the same pre-COVID-19 period in 2019), as the foreclosure market is beginning to normalize following expiration of the Federal government’s foreclosure moratorium on July 31, 2021 and the CFPB’s temporary loss mitigation measures on December 31, 2021
- Industrywide mortgage originations are forecasted to be 35% lower for the three months ended June 30, 2022, compared to the same period in 2021⁽⁴⁾

Second Quarter 2022 Financial Results

- Service revenue of \$37.6 million
- Gross profit of \$4.1 million, representing 11% of service revenue
- Loss before income taxes and non-controlling interests of \$(13.8) million
- Adjusted pre-tax loss attributable to Altisource⁽²⁾ of \$(11.0) million
- Adjusted earnings before interest, tax, depreciation and amortization (“EBITDA”)⁽²⁾ of \$(6.6) million
- Net loss attributable to Altisource of \$(15.5) million, or \$(0.96) per diluted share
- Adjusted net loss attributable to Altisource⁽²⁾ of \$(11.2) million, or \$(0.70) per diluted share

Second Quarter 2022 Results Compared to the Second Quarter 2021:

<i>(in thousands, except per share data)</i>	Second Quarter 2022	Second Quarter 2021	% Change	Year-to-Date June 30, 2022	Year-to-Date June 30, 2021	% Change
Service revenue	\$ 37,638	\$ 43,966	(14)	\$ 75,401	\$ 92,046	(18)
Loss from operations	(10,459)	(14,552)	28	(18,786)	(33,131)	43
Adjusted operating loss ⁽²⁾	(7,457)	(7,622)	2	(13,092)	(17,843)	27
Loss before income taxes and non-controlling interests	(13,800)	(18,070)	24	(24,943)	(39,142)	36
Pretax loss attributable to Altisource ⁽²⁾	(13,974)	(17,891)	22	(25,278)	(39,050)	35
Adjusted pretax loss attributable to Altisource ⁽²⁾	(10,972)	(11,279)	3	(19,584)	(24,365)	20
Adjusted EBITDA ⁽²⁾	(6,611)	(6,731)	2	(10,754)	(15,248)	29
Net loss attributable to Altisource	(15,495)	(18,475)	16	(27,685)	(40,477)	32
Adjusted net loss attributable to Altisource ⁽²⁾	(11,225)	(10,910)	(3)	(20,520)	(25,253)	19
Diluted loss per share	(0.96)	(1.17)	18	(1.73)	(2.57)	33
Adjusted diluted loss per share ⁽²⁾	(0.70)	(0.69)	(1)	(1.28)	(1.60)	20
Cash flows used in operating activities	(8,874)	(5,965)	(49)	(25,784)	(22,775)	(13)
Cash flows used in operating activities less additions to premises and equipment ⁽²⁾	(9,434)	(6,191)	(52)	(26,418)	(23,468)	(13)

- Second quarter 2022 loss from operations includes expenses related to cost savings initiatives and other of \$0.4 million compared to \$0.8 million for the second quarter of 2021 (\$0.5 million and \$2.7 million for the year-to date June 30, 2022 and 2021, respectively). Second quarter and year-to-date June 30, 2021 loss from operations includes losses from our earlier stage businesses of \$2.6 million and \$5.0 million, respectively (no comparable amounts in 2022)
- Second quarter 2022 net loss attributable to Altisource includes \$1.5 million and \$1.0 million, respectively (\$1.8 million and \$1.0 million for year-to-date June 30, 2022 and 2021, respectively) of expense for certain income tax items related to adjustments to foreign income tax reserves and withholding tax on previously accrued taxes related to a large one-time repatriation of cash from certain of our subsidiaries

(1) Applies to 2022 unless otherwise indicated

(2) This is a non-GAAP measure that is defined and reconciled to the corresponding GAAP measure herein

(3) Based on data from Black Knight’s First Look at June 2022 Mortgage Data

(4) Based on data from the July 18, 2022 MBA Mortgage Finance Forecast

Forward-Looking Statements

This press release contains forward-looking statements that involve a number of risks and uncertainties. These forward-looking statements include all statements that are not historical fact, including statements that relate to, among other things, future events or our future performance or financial condition. These statements may be identified by words such as “anticipate,” “intend,” “expect,” “may,” “could,” “should,” “would,” “plan,” “estimate,” “seek,” “believe,” “potential” or “continue” or the negative of these terms and comparable terminology. 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. 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 Item 1A of Part I “Risk Factors” in our Form 10-K filing with the Securities and Exchange Commission, as the same may be updated from time to time in our Form 10-Q filings. 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. The risks and uncertainties to which forward-looking statements are subject include, but are not limited to, risks related to the COVID-19 pandemic, customer concentration, the timing of the anticipated increase in default related referrals following the expiration of foreclosure and eviction moratoriums and forbearance programs, the timing of the expiration of such moratoriums and programs, and any other delays occasioned by government, investor or servicer actions, the use and success of our products and services, our ability to retain existing customers and attract new customers and the potential for expansion or changes in our customer relationships, technology disruptions, our compliance with applicable data requirements, our use of third party vendors and contractors, our ability to effectively manage potential conflicts of interest, macro-economic and industry specific conditions, our ability to effectively manage our regulatory and contractual obligations, the adequacy of our financial resources, including our sources of liquidity and ability to repay borrowings and comply with our Credit Agreement, including the financial and other covenants contained therein, as well as Altisource’s ability to retain key executives or employees, behavior of customers, suppliers and/or competitors, technological developments, governmental regulations, taxes and policies. The financial projections and scenarios contained in this press release are expressly qualified as forward-looking statements and, as with other forward-looking statements, should not be unduly relied upon. We undertake no obligation to update these statements, scenarios and projections as a result of a change in circumstances, new information or future events.

Webcast

Altisource will host a webcast at 08:30 a.m. EST today to discuss our second quarter. A link to the live audio webcast will be available on Altisource’s website in the Investor Relations section. Those who want to listen to the call should go to the website at least fifteen minutes prior to the call to register, download and install any necessary audio software. A replay of the conference call will be available via the website approximately two hours after the conclusion of the call and will remain available for approximately 30 days.

About Altisource

Altisource Portfolio Solutions S.A. 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. Additional information is available at www.Altisource.com.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except per share data)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Service revenue	\$ 37,638	\$ 43,966	\$ 75,401	\$ 92,046
Reimbursable expenses	2,609	1,936	4,201	3,949
Non-controlling interests	174	139	335	511
Total revenue	<u>40,421</u>	<u>46,041</u>	<u>79,937</u>	<u>96,506</u>
Cost of revenue	33,746	42,101	66,023	90,246
Reimbursable expenses	2,609	1,936	4,201	3,949
Gross profit	<u>4,066</u>	<u>2,004</u>	<u>9,713</u>	<u>2,311</u>
Operating expenses:				
Selling, general and administrative expenses	<u>14,525</u>	<u>16,556</u>	<u>28,499</u>	<u>35,442</u>
Loss from operations	(10,459)	(14,552)	(18,786)	(33,131)
Other income (expense), net				
Interest expense	(3,534)	(3,475)	(7,090)	(6,917)
Other income (expense), net	193	(43)	933	906
Total other income (expense), net	<u>(3,341)</u>	<u>(3,518)</u>	<u>(6,157)</u>	<u>(6,011)</u>
Loss before income taxes and non-controlling interests	(13,800)	(18,070)	(24,943)	(39,142)
Income tax provision	<u>(1,521)</u>	<u>(584)</u>	<u>(2,407)</u>	<u>(1,427)</u>
Net loss	(15,321)	(18,654)	(27,350)	(40,569)
Net (income) loss attributable to non-controlling interests	<u>(174)</u>	<u>179</u>	<u>(335)</u>	<u>92</u>
Net loss attributable to Altisource	<u>\$ (15,495)</u>	<u>\$ (18,475)</u>	<u>\$ (27,685)</u>	<u>\$ (40,477)</u>
Loss per share:				
Basic	<u>\$ (0.96)</u>	<u>\$ (1.17)</u>	<u>\$ (1.73)</u>	<u>\$ (2.57)</u>
Diluted	<u>\$ (0.96)</u>	<u>\$ (1.17)</u>	<u>\$ (1.73)</u>	<u>\$ (2.57)</u>
Weighted average shares outstanding:				
Basic	<u>16,083</u>	<u>15,830</u>	<u>16,020</u>	<u>15,774</u>
Diluted	<u>16,083</u>	<u>15,830</u>	<u>16,020</u>	<u>15,774</u>
Comprehensive loss:				
Comprehensive loss, net of tax	\$ (15,321)	\$ (18,654)	\$ (27,350)	\$ (40,569)
Comprehensive (income) loss attributable to non-controlling interests	<u>(174)</u>	<u>179</u>	<u>(335)</u>	<u>92</u>
Comprehensive loss attributable to Altisource	<u>\$ (15,495)</u>	<u>\$ (18,475)</u>	<u>\$ (27,685)</u>	<u>\$ (40,477)</u>

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
CONSOLIDATED BALANCE SHEETS
(in thousands, except for per share data)
(unaudited)

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 70,693	\$ 98,132
Accounts receivable, net	16,580	18,008
Prepaid expenses and other current assets	23,430	21,864
Total current assets	<u>110,703</u>	<u>138,004</u>
Premises and equipment, net	5,767	6,873
Right-of-use assets under operating leases	6,386	7,594
Goodwill	55,960	55,960
Intangible assets, net	34,291	36,859
Deferred tax assets, net	6,148	6,386
Other assets	5,584	6,132
Total assets	<u>\$ 224,839</u>	<u>\$ 257,808</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 41,781	\$ 46,535
Deferred revenue	3,368	4,342
Other current liabilities	2,688	3,870
Total current liabilities	<u>47,837</u>	<u>54,747</u>
Long-term debt	244,458	243,637
Deferred tax liabilities, net	9,194	9,028
Other non-current liabilities	18,764	19,266
Commitments, contingencies and regulatory matters		
Equity (deficit):		
Common stock (\$1.00 par value; 100,000 shares authorized, 25,413 issued and 16,111 outstanding as of June 30, 2022; 15,911 outstanding as of December 31, 2021)	25,413	25,413
Additional paid-in capital	146,877	144,298
Retained earnings	145,879	186,592
Treasury stock, at cost (9,302 shares as of June 30, 2022 and 9,502 shares as of December 31, 2021)	<u>(414,440)</u>	<u>(426,445)</u>
Altisource deficit	<u>(96,271)</u>	<u>(70,142)</u>
Non-controlling interests	857	1,272
Total deficit	<u>(95,414)</u>	<u>(68,870)</u>
Total liabilities and deficit	<u>\$ 224,839</u>	<u>\$ 257,808</u>

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six months ended June 30,	
	2022	2021
Cash flows from operating activities:		
Net loss	\$ (27,350)	\$ (40,569)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,846	2,335
Amortization of right-of-use assets under operating leases	1,745	4,513
Amortization of intangible assets	2,568	5,510
Share-based compensation expense	2,579	2,079
Bad debt expense	600	615
Amortization of debt discount	329	334
Amortization of debt issuance costs	492	396
Deferred income taxes	75	65
Loss on disposal of fixed assets	1	8
Changes in operating assets and liabilities:		
Accounts receivable	828	4,042
Prepaid expenses and other current assets	(1,566)	405
Other assets	125	851
Accounts payable and accrued expenses	(4,861)	2,962
Current and non-current operating lease liabilities	(1,935)	(4,855)
Other current and non-current liabilities	(1,260)	(1,466)
Net cash used in operating activities	<u>(25,784)</u>	<u>(22,775)</u>
Cash flows from investing activities:		
Additions to premises and equipment	(634)	(693)
Proceeds from the sale of business	346	3,000
Net cash (used in) provided by investing activities	<u>(288)</u>	<u>2,307</u>
Cash flows from financing activities:		
Proceeds from convertible debt payable to related parties	—	1,200
Distributions to non-controlling interests	(750)	(1,751)
Payments of tax withholding on issuance of restricted share units and restricted shares	(1,023)	(927)
Net cash used in financing activities	<u>(1,773)</u>	<u>(1,478)</u>
Net decrease in cash, cash equivalents and restricted cash	(27,845)	(21,946)
Cash, cash equivalents and restricted cash at the beginning of the period	102,149	62,096
Cash, cash equivalents and restricted cash at the end of the period	<u>\$ 74,304</u>	<u>\$ 40,150</u>
Supplemental cash flow information:		
Interest paid	\$ 6,218	\$ 6,214
Income taxes paid, net	3,497	1,515
Acquisition of right-of-use assets with operating lease liabilities	710	2,327
Reduction of right-of-use assets from operating lease modifications or reassessments	(173)	(3,740)
Non-cash investing and financing activities:		
Net increase (decrease) in payables for purchases of premises and equipment	\$ 107	\$ (48)

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
NON-GAAP MEASURES
(in thousands, except per share data)
(unaudited)

Adjusted operating loss, pretax loss attributable to Altisource, adjusted pretax loss attributable to Altisource, adjusted EBITDA, adjusted net loss attributable to Altisource, adjusted diluted loss per share, cash flows used in operating activities less additions to premises and equipment and net debt, which are presented elsewhere in this earnings release, are non-GAAP measures used by management, existing shareholders, potential shareholders and other users of our financial information to measure Altisource's performance and do not purport to be alternatives to loss from operations, loss before income taxes and non-controlling interests, net loss attributable to Altisource, diluted loss per share, cash flows used in operating activities and long-term debt, including current portion, as measures of Altisource's performance. We believe these measures are useful to management, existing shareholders, potential shareholders and other users of our financial information in evaluating operating profitability and cash flow generation more on the basis of continuing cost and cash flows as they exclude amortization expense related to acquisitions that occurred in prior periods and non-cash share-based compensation, as well as the effect of more significant non-operational items from earnings, cash flows from operating activities and long-term debt net of cash on-hand. We believe these measures are also useful in evaluating the effectiveness of our operations and underlying business trends in a manner that is consistent with management's evaluation of business performance. Furthermore, we believe the exclusion of more significant non-operational items enables comparability to prior period performance and trend analysis. Specifically, management uses adjusted net loss attributable to Altisource to measure the on-going after tax performance of the Company because the measure adjusts for the after tax impact of more significant non-recurring items, amortization expense relating to prior acquisitions (some of which fluctuates with revenue from certain customers and some of which is amortized on a straight-line basis) and non-cash share-based compensation expense which can fluctuate based on vesting schedules, grant date timing and the value attributable to awards. We believe adjusted net loss attributable to Altisource is useful to existing shareholders, potential shareholders and other users of our financial information because it provides an after-tax measure of Altisource's on-going performance that enables these users to perform trend analysis using comparable data. Management uses adjusted diluted loss per share to further evaluate adjusted net loss attributable to Altisource while taking into account changes in the number of diluted shares over the comparable periods. We believe adjusted diluted loss per share is useful to existing shareholders, potential shareholders and other users of our financial information because it also enables these users to evaluate adjusted net loss attributable to Altisource on a per share basis. Management uses Adjusted EBITDA to measure the Company's overall performance (with the adjustments discussed earlier with regard to adjusted net loss attributable to Altisource) without regard to its capitalization (debt vs. equity) or its income taxes and to perform trend analysis of the Company's performance over time. Our effective income tax rate can vary based on the jurisdictional mix of our income. Additionally, as the Company's capital expenditures have significantly declined over time, it provides a measure for management to evaluate the Company's performance without regard to prior capital expenditures. Management also uses Adjusted EBITDA as one of the measures in determining bonus compensation for certain employees. We believe Adjusted EBITDA is useful to existing shareholders, potential shareholders and other users of our financial information for the same reasons that management finds the measure useful. Management uses net debt in evaluating the amount of debt the Company has that is in excess of cash and cash equivalents and equity securities. We deduct investment in equity securities from debt in arriving at this measure because our Senior Secured Term Loan requires the Company to use any proceeds from the sale of equity securities to repay the Senior Secured Term Loan. We believe net debt is useful to existing shareholders, potential shareholders and other users of our financial information for the same reasons management finds the measure useful.

Altisource operates in several countries, including Luxembourg, India, the United States and Uruguay. The Company has differing effective tax rates in each country and these rates may change from year to year. In determining the tax effects related to the adjustments in calculating adjusted net loss attributable to Altisource and adjusted diluted loss per share, we use the tax rate in the country in which the adjustment applies or, if the adjustment is recognized in more than one country, we separate the adjustment by country, apply the relevant tax rate for each country to the applicable adjustment, and then sum the result to arrive at the total adjustment, net of tax. In 2019, the Company recognized a full valuation allowance on its net deferred tax assets in Luxembourg. Accordingly, for 2022 and 2021, the Company has an effective tax rate of close to 0% in Luxembourg.

Following the 2019 creation of Pointillist as a separate legal entity, Altisource had no ongoing obligation to fund Pointillist, Pointillist was positioned to and focused on raising third-party capital and Pointillist was an unrestricted subsidiary under our Senior Secured Term Loan. Additionally, Pointillist was not part of Altisource's core, normal, recurring business. For these reasons, in 2020 we began adding back the losses of Pointillist in calculating adjusted net loss attributable to Altisource, adjusted diluted loss per share, and Adjusted EBITDA.

It is management's intent to provide non-GAAP financial information to enhance the understanding of Altisource's GAAP financial information, and it should be considered by the reader in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Each non-GAAP financial measure is presented along with the corresponding GAAP

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
NON-GAAP MEASURES
(in thousands, except per share data)
(unaudited)

measure so as not to imply that more emphasis should be placed on the non-GAAP measure. The non-GAAP financial information presented may be determined or calculated differently by other companies. The non-GAAP financial information should not be unduly relied upon.

Adjusted operating loss is calculated by removing intangible asset amortization expense, share-based compensation expense, cost of cost savings initiatives and other and Pointillist losses from loss from operations. Pretax loss attributable to Altisource is calculated by removing non-controlling interests from loss before income taxes and non-controlling interests. Adjusted pretax loss attributable to Altisource is calculated by removing non-controlling interests, intangible asset amortization expense, share-based compensation expense, cost of cost savings initiatives and other and Pointillist losses from loss before income taxes and non-controlling interests. Adjusted EBITDA is calculated by removing the income tax provision, interest expense (net of interest income), depreciation and amortization, share-based compensation expense, cost of cost savings initiatives and other and Pointillist losses from net loss attributable to Altisource. Adjusted net loss attributable to Altisource is calculated by removing intangible asset amortization expense (net of tax), share-based compensation expense (net of tax), cost of cost savings initiatives and other (net of tax), Pointillist losses (net of tax), and certain income tax related items, net from net loss attributable to Altisource. Adjusted diluted loss per share is calculated by dividing net loss attributable to Altisource after removing intangible asset amortization expense (net of tax), share-based compensation expense (net of tax), cost of cost savings initiatives and other (net of tax), Pointillist losses (net of tax) and certain income tax related items by the weighted average number of diluted shares. Cash flows used in operating activities less additions to premises and equipment is calculated by removing additions to premises and equipment from cash flows used in operating activities. Net debt is calculated as long-term debt, including current portion, minus cash and cash equivalents.

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
NON-GAAP MEASURES
(in thousands, except per share data)
(unaudited)

Reconciliations of the non-GAAP measures to the corresponding GAAP measures are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Loss from operations	\$ (10,459)	\$ (14,552)	\$ (18,786)	\$ (33,131)
Intangible asset amortization expense	1,284	2,911	2,568	5,510
Share-based compensation expense	1,289	641	2,579	2,079
Cost of cost savings initiatives and other	429	770	547	2,738
Pointillist losses	—	2,608	—	4,961
Adjusted operating loss	<u>\$ (7,457)</u>	<u>\$ (7,622)</u>	<u>\$ (13,092)</u>	<u>\$ (17,843)</u>
Loss before income taxes and non-controlling interests	\$ (13,800)	\$ (18,070)	\$ (24,943)	\$ (39,142)
Non-controlling interests	(174)	179	(335)	92
Pretax loss attributable to Altisource	<u>(13,974)</u>	<u>(17,891)</u>	<u>(25,278)</u>	<u>(39,050)</u>
Intangible asset amortization expense	1,284	2,911	2,568	5,510
Share-based compensation expense	1,289	641	2,579	2,079
Cost of cost savings initiatives and other	429	770	547	2,738
Pointillist losses	—	2,290	—	4,358
Adjusted pretax loss attributable to Altisource	<u>\$ (10,972)</u>	<u>\$ (11,279)</u>	<u>\$ (19,584)</u>	<u>\$ (24,365)</u>
Net loss attributable to Altisource	\$ (15,495)	\$ (18,475)	\$ (27,685)	\$ (40,477)
Income tax provision	1,521	584	2,407	1,427
Interest expense (net of interest income)	3,473	3,482	6,984	6,945
Depreciation and amortization	2,172	4,062	4,414	7,845
Share-based compensation expense	1,289	641	2,579	2,079
Cost of cost savings initiatives and other	429	770	547	2,738
Pointillist losses	—	2,205	—	4,195
Adjusted EBITDA	<u>\$ (6,611)</u>	<u>\$ (6,731)</u>	<u>\$ (10,754)</u>	<u>\$ (15,248)</u>
Net loss attributable to Altisource	\$ (15,495)	\$ (18,475)	\$ (27,685)	\$ (40,477)
Intangible asset amortization expense, net of tax	1,282	2,907	2,563	5,502
Share-based compensation expense, net of tax	1,122	677	2,298	1,959
Cost of cost savings initiatives and other, net of tax	361	665	488	2,368
Pointillist losses, net of tax	—	2,290	—	4,358
Certain income tax related items	1,505	1,026	1,816	1,037
Adjusted net loss attributable to Altisource	<u>\$ (11,225)</u>	<u>\$ (10,910)</u>	<u>\$ (20,520)</u>	<u>\$ (25,253)</u>
Diluted loss per share	\$ (0.96)	\$ (1.17)	\$ (1.73)	\$ (2.57)
Intangible asset amortization expense, net of tax, per diluted share	0.08	0.18	0.16	0.35
Share-based compensation expense, net of tax, per diluted share	0.07	0.04	0.14	0.12
Cost of cost savings initiatives and other, net of tax, per diluted share	0.02	0.04	0.03	0.15
Pointillist losses, net of tax, per diluted share	—	0.14	—	0.28
Certain income tax related items per diluted share	0.09	0.06	0.11	0.07
Adjusted diluted loss per share	<u>\$ (0.70)</u>	<u>\$ (0.69)</u>	<u>\$ (1.28)</u>	<u>\$ (1.60)</u>

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
NON-GAAP MEASURES
(in thousands, except per share data)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Calculation of the impact of intangible asset amortization expense, net of tax				
Intangible asset amortization expense	\$ 1,284	\$ 2,911	\$ 2,568	\$ 5,510
Tax benefit from intangible asset amortization	(2)	(4)	(5)	(8)
Intangible asset amortization expense, net of tax	1,282	2,907	2,563	5,502
Diluted share count	16,083	15,830	16,020	15,774
Intangible asset amortization expense, net of tax, per diluted share	<u>\$ 0.08</u>	<u>\$ 0.18</u>	<u>\$ 0.16</u>	<u>\$ 0.35</u>
Calculation of the impact of share-based compensation expense, net of tax				
Share-based compensation expense	\$ 1,289	\$ 641	\$ 2,579	\$ 2,079
Tax (benefit) provision from share-based compensation expense	(167)	36	(281)	(120)
Share-based compensation expense, net of tax	1,122	677	2,298	1,959
Diluted share count	16,083	15,830	16,020	15,774
Share-based compensation expense, net of tax, per diluted share	<u>\$ 0.07</u>	<u>\$ 0.04</u>	<u>\$ 0.14</u>	<u>\$ 0.12</u>
Calculation of the impact of cost of cost savings initiatives and other, net of tax				
Cost of cost savings initiatives and other	\$ 429	\$ 770	\$ 547	\$ 2,738
Tax benefit from cost of cost savings initiatives and other	(68)	(105)	(59)	(370)
Cost of cost savings initiatives and other, net of tax	361	665	488	2,368
Diluted share count	16,083	15,830	16,020	15,774
Cost of cost savings initiatives and other, net of tax, per diluted share	<u>\$ 0.02</u>	<u>\$ 0.04</u>	<u>\$ 0.03</u>	<u>\$ 0.15</u>
Calculation of the impact of Pointillist losses, net of tax				
Pointillist losses	\$ —	\$ 2,290	\$ —	\$ 4,358
Tax benefit from Pointillist losses	—	—	—	—
Pointillist losses, net of tax	—	2,290	—	4,358
Diluted share count	16,083	15,830	16,020	15,774
Pointillist losses, net of tax, per diluted share	<u>\$ —</u>	<u>\$ 0.14</u>	<u>\$ —</u>	<u>\$ 0.28</u>
Certain income tax related items resulting from:				
Foreign income tax reserves/other	1,505	1,026	\$ 1,816	\$ 1,037
Certain income tax related items	1,505	1,026	1,816	1,037
Diluted share count	16,083	15,830	16,020	15,774
Certain income tax related items per diluted share	<u>\$ 0.09</u>	<u>\$ 0.06</u>	<u>\$ 0.11</u>	<u>\$ 0.07</u>
Cash flows used in operating activities	\$ (8,874)	\$ (5,965)	\$ (25,784)	\$ (22,775)
Less: additions to premises and equipment	(560)	(226)	(634)	(693)
Cash flows used in operating activities less additions to premises and equipment	<u>\$ (9,434)</u>	<u>\$ (6,191)</u>	<u>\$ (26,418)</u>	<u>\$ (23,468)</u>

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
NON-GAAP MEASURES
(in thousands, except per share data)
(unaudited)

	June 30, 2022	June 30, 2021
Senior secured term loan	\$ 247,204	\$ 247,204
Less: Cash and cash equivalents	(70,693)	(35,329)
Net debt	\$ 176,511	\$ 211,875

Note: Amounts may not add to the total due to rounding.