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 March 31, 2023

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	**98-0554932**
(State or other jurisdiction of incorporation or organization)	(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 ☐	Accelerated filer ☐
Non-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. ☐

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 April 21, 2023, there were 20,814,813 outstanding shares of the registrant's common stock (excluding 9,147,935 shares held as treasury stock).

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ALTISOURCE PORTFOLIO SOLUTIONS S.A.

FORM 10-Q

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)

	March 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 43,113	$ 51,025
Accounts receivable, net	14,257	12,989
Prepaid expenses and other current assets	13,061	23,544
Total current assets	70,431	87,558
Premises and equipment, net	3,500	4,222
Right-of-use assets under operating leases	5,107	5,321
Goodwill	55,960	55,960
Intangible assets, net	30,450	31,730
Deferred tax assets, net	5,031	5,048
Other assets	7,104	5,166
Total assets	$ 177,583	$ 195,005
LIABILITIES AND DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	$ 33,029	$ 33,507
Warrant liability	7,402	—
Deferred revenue	2,874	3,711
Other current liabilities	2,680	2,867
Total current liabilities	45,985	40,085
Long-term debt	213,879	245,230
Deferred tax liabilities, net	8,806	9,028
Other non-current liabilities	19,310	19,536
Commitments, contingencies and regulatory matters (Note 21)		
Equity (deficit):		
Common stock ($1.00 par value; 100,000 shares authorized, 29,963 issued and 20,815 outstanding as of March 31, 2023; 16,129 outstanding as of December 31, 2022)	29,963	25,413
Additional paid-in capital	166,704	149,348
Retained earnings	96,243	118,948
Treasury stock, at cost (9,148 shares as of March 31, 2023 and 9,284 shares as of December 31, 2022)	(404,060)	(413,358)
Altisource deficit	(111,150)	(119,649)
Non-controlling interests	753	775
Total deficit	(110,397)	(118,874)
Total liabilities and deficit	$ 177,583	$ 195,005

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 March 31,	
	2023	2022
Revenue	$ 39,461	$ 39,516
Cost of revenue	30,957	33,869
Gross profit	8,504	5,647
Selling, general and administrative expenses	12,094	13,974
Loss from operations	(3,590)	(8,327)
Other income (expense), net:		
Interest expense	(6,760)	(3,556)
Change in fair value of warrant liability	694	—
Debt amendment costs	(3,242)	—
Other income (expense), net	1,560	740
Total other income (expense), net	(7,748)	(2,816)
Loss before income taxes and non-controlling interests	(11,338)	(11,143)
Income tax provision	(1,529)	(886)
Net loss	(12,867)	(12,029)
Net income attributable to non-controlling interests	(80)	(161)
Net loss attributable to Altisource	$ (12,947)	$ (12,190)
Loss per share:		
Basic	$ (0.70)	$ (0.76)
Diluted	$ (0.70)	$ (0.76)
Weighted average shares outstanding:		
Basic	18,442	15,956
Diluted	18,442	15,956
Comprehensive loss:		
Comprehensive loss, net of tax	$ (12,867)	$ (12,029)
Comprehensive income attributable to non-controlling interests	(80)	(161)
Comprehensive loss attributable to Altisource	$ (12,947)	$ (12,190)

See accompanying notes to condensed consolidated financial statements.

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

	Altisource Equity (Deficit)							
	Common stock		Additional paid-in capital	Retained earnings	Treasury stock, at cost	Non-controlling interests	Total
	Shares						
Balance, December 31, 2021	25,413	$ 25,413	$ 144,298	$ 186,592	$ (426,445)	$ 1,272	$ (68,870)
Net loss	—	—	—	(12,190)	—	161	(12,029)
Distributions to non-controlling interest holders	—	—	—	—	—	(264)	(264)
Share-based compensation expense	—	—	1,290	—	—	—	1,290
Issuance of restricted share units and restricted shares	—	—	—	(6,560)	6,560	—	—
Treasury shares withheld for the payment of tax on restricted share unit and restricted share issuances	—	—	—	(4,046)	3,032	—	(1,014)
Balance, March 31, 2022	25,413	$ 25,413	$ 145,588	$ 163,796	$ (416,853)	$ 1,169	$ (80,887)
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)

See accompanying notes to condensed consolidated financial statements.

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

	Three months ended March 31, 2023	Three months ended March 31, 2022
Cash flows from operating activities:		
Net loss	$ (12,867)	$ (12,029)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	699	958
Amortization of right-of-use assets under operating leases	472	1,144
Amortization of intangible assets	1,280	1,284
Share-based compensation expense	1,445	1,290
Bad debt expense	40	343
Amortization of debt discount	904	166
Amortization of debt issuance costs	627	276
Deferred income taxes	(155)	67
Loss on disposal of fixed assets	23	—
Change in fair value of warrant liability	(694)	—
Changes in operating assets and liabilities:		
Accounts receivable	(1,308)	(653)
Prepaid expenses and other current assets	10,506	(3,558)
Other assets	(2,044)	143
Accounts payable and accrued expenses	(478)	(4,515)
Current and non-current operating lease liabilities	(465)	(1,279)
Other current and non-current liabilities	(1,043)	(547)
Net cash used in operating activities	(3,058)	(16,910)
Cash flows from investing activities:		
Additions to premises and equipment	—	(74)
Net cash used in investing activities	—	(74)
Cash flows from financing activities:		
Proceeds from issuance of common stock, net of issuance costs	20,461	—
Debt issuance and amendment costs	(4,786)	—
Repayments of long-term debt	(20,000)	—
Distributions to non-controlling interests	(102)	(264)
Payments of tax withholding on issuance of restricted share units and restricted shares	(460)	(1,014)
Net cash used in financing activities	(4,887)	(1,278)
Net decrease in cash, cash equivalents and restricted cash	(7,945)	(18,262)
Cash, cash equivalents and restricted cash at the beginning of the period	54,273	102,149
Cash, cash equivalents and restricted cash at the end of the period	$ 46,328	$ 83,887
Supplemental cash flow information:		
Interest paid	$ 5,221	$ 3,090
Income taxes (refunded) paid, net	(4,663)	3,257
Acquisition of right-of-use assets with operating lease liabilities	258	29
Reduction of right-of-use assets from operating lease modifications or reassessments	—	(173)
Non-cash investing and financing activities:		
Net decrease in payables for purchases of premises and equipment	$ —	$ (62)
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:

	March 31, 2023	March 31, 2022
Cash and cash equivalents	$ 43,113	$ 79,952
Restricted cash	3,215	3,935
Total cash, cash equivalents and restricted cash reported in the statements of cash flows	$ 46,328	$ 83,887

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.

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 March 31, 2023, Lenders One had total assets of $1.3 million and total liabilities of $1.2 million. As of December 31, 2022, Lenders One had total assets of $1.2 million and total liabilities of $1.1 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, 2022, as filed with the SEC on March 30, 2023.

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.

NOTE 2 — CUSTOMER CONCENTRATION

Ocwen

Ocwen Financial Corporation (together with its subsidiaries, "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 months ended March 31, 2023, Ocwen was our largest customer, accounting for 45% of our total revenue. Ocwen purchases certain mortgage services from us under the terms of services agreements and amendments thereto (collectively, the "Ocwen Services Agreements") with terms extending through August 2030. Certain of the Ocwen Services Agreements contain a "most favored nation" provision and also grant the parties the right to renegotiate pricing, among other things.

Revenue from Ocwen primarily consists of revenue earned from the loan portfolios serviced and subserviced by Ocwen when Ocwen engages us as the service provider, and revenue earned directly from Ocwen, pursuant to the Ocwen Services Agreements. For the three months ended March 31, 2023 and 2022, we recognized revenue from Ocwen of $17.6 million and $13.7 million, respectively. Revenue from Ocwen as a percentage of segment and consolidated revenue was as follows:

	March 31, 2023	March 31, 2022
Servicer and Real Estate	55 %	48 %
Origination	— %	— %
Corporate and Others	— %	— %
Consolidated revenue	45 %	35 %

We earn additional revenue related to the portfolios serviced and subserviced by Ocwen when a party other than Ocwen or the MSRs owner selects Altisource as the service provider. For the three months ended March 31, 2023 and 2022, we recognized revenue of $2.9 million and $2.4 million, respectively, of such revenue. These amounts are not included in deriving revenue from Ocwen and revenue from Ocwen as a percentage of revenue discussed above.

As of March 31, 2023, accounts receivable from Ocwen totaled $4.2 million, $3.5 million of which was billed and $0.7 million of which was unbilled. As of December 31, 2022, accounts receivable from Ocwen totaled $4.0 million, $3.2 million of which was billed and $0.8 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") (formerly New Residential Investment Corp., or "NRZ") is a real estate investment trust that invests in and manages investments primarily related to residential real estate, including MSRs and excess MSRs.

Ocwen has disclosed that Rithm is a significant client of Ocwen's. As of December 31, 2022, approximately 17% of loans serviced and subserviced by Ocwen (measured in unpaid principal balance ("UPB")) and approximately 68% of all delinquent loans that Ocwen 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 three months ended March 31, 2023 and 2022, we recognized revenue from Rithm of $0.8 million and $0.9 million, respectively, under the Brokerage Agreement. For the three months ended March 31, 2023 and 2022, we recognized additional revenue of $3.3 million and $3.7 million, 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)	March 31, 2023	December 31, 2022
Billed	$ 11,702	$ 11,993
Unbilled	6,760	5,359
	18,462	17,352
Less: Allowance for credit losses	(4,205)	(4,363)
Total	$ 14,257	$ 12,989

Unbilled accounts receivable consist primarily of certain real estate asset management, REO sales, title and closing services for which we generally recognize revenue when the service is provided but collect upon closing of the sale, and foreclosure trustee 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 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:

		Additions		
(in thousands)	Balance at Beginning of Period	Charged to Expenses	Deductions Note[1]	Balance at End of Period
Allowance for expected credit losses:				
Three months ended March 31, 2023	$ 4,363	$ 40	$ 198	$ 4,205
Three months ended March 31, 2022	5,297	343	829	4,811

[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)	March 31, 2023	December 31, 2022
Prepaid expenses	$ 4,455	$ 5,165
Income taxes receivable	1,432	7,031
Maintenance agreements, current portion	1,304	1,498
Indemnity escrow receivable from Pointillist sale	3,223	3,223
Restricted cash	23	—
Surety bond collateral	—	4,000
Other current assets	2,624	2,627
Total	$ 13,061	$ 23,544

NOTE 5 — PREMISES AND EQUIPMENT, NET

Premises and equipment, net consists of the following:

(in thousands)	March 31, 2023	December 31, 2022
Computer hardware and software	$ 46,859	$ 49,339
Leasehold improvements	2,457	5,794
Furniture and fixtures	1,346	3,832
Office equipment and other	262	346
	50,924	59,311
Less: Accumulated depreciation and amortization	(47,424)	(55,089)
Total	$ 3,500	$ 4,222

Depreciation and amortization expense amounted to $0.7 million and $1.0 million for the three months ended March 31, 2023 and 2022, 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.

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

(in thousands)	March 31, 2023	December 31, 2022
Luxembourg	$ 2,117	$ 2,455
India	960	1,129
United States	376	586
Uruguay	47	52
Total	$ 3,500	$ 4,222

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

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

(in thousands)	March 31, 2023	December 31, 2022
Right-of-use assets under operating leases	$ 12,063	$ 11,808
Less: Accumulated amortization	(6,956)	(6,487)
Total	$ 5,107	$ 5,321

Amortization of operating leases was $0.5 million and $1.1 million for the three months ended March 31, 2023 and 2022, 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:

(in thousands)	Servicer and Real Estate	Origination	Corporate and Others	Total
Balance as of March 31, 2023 and December 31, 2022	$ 30,681	$ 25,279	$ —	$ 55,960

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	
		March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Definite lived intangible assets:							
Customer related intangible assets	9	$ 214,307	$ 214,307	$ (198,343)	$ (197,594)	$ 15,964	$ 16,713
Operating agreement	20	35,000	35,000	(23,042)	(22,604)	11,958	12,396
Trademarks and trade names	16	9,709	9,709	(7,181)	(7,088)	2,528	2,621
Total		$ 259,016	$ 259,016	$ (228,566)	$ (227,286)	$ 30,450	$ 31,730

Amortization expense for definite lived intangible assets was $1.3 million and $1.3 million for the three months ended March 31, 2023 and 2022, respectively. Forecasted annual definite lived intangible asset amortization expense for 2023 through 2027 is $5.1 million, $5.1 million, $5.1 million, $4.9 million and $4.7 million, respectively.

NOTE 8 — OTHER ASSETS

Other assets consist of the following:

(in thousands)	March 31, 2023	December 31, 2022
Restricted cash	$ 3,192	$ 3,248
Security deposits	600	596
Other	3,312	1,322
Total	$ 7,104	$ 5,166

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

Accounts payable and accrued expenses consist of the following:

(in thousands)	March 31, 2023	December 31, 2022
Accounts payable	$ 14,147	$ 14,981
Accrued expenses - general	11,766	11,858
Accrued salaries and benefits	5,116	5,501
Income taxes payable	2,000	1,167
Total	$ 33,029	$ 33,507

Other current liabilities consist of the following:

(in thousands)	March 31, 2023	December 31, 2022
Operating lease liabilities	$ 2,157	$ 2,097
Other	523	770
Total	$ 2,680	$ 2,867

NOTE 10 — WARRANT LIABILITY

On February 14, 2023, the lenders under the Amended Credit Agreement (See Note 11 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 is subject to reduction based on the amount of par paydowns on the senior secured term loans ("SSTL") in the aggregate using proceeds from issuances of equity interests or from junior indebtedness made prior to February 14, 2024 ("Aggregate Paydowns") as set forth in the table below.

Aggregate Paydowns	Warrant Shares
Less than $20 million	3,223,851
$20 million+ but less than below	2,578,743
$30 million+	1,612,705

During the three months ended March 31, 2023, the Company made payments toward the determination of Aggregate Paydowns of $20 million. As a result, the number of Warrant Shares as of March 31, 2023 is 2,578,743.

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, ending two business days after the Paydown Measurement Date.

The Company determined that the Warrants are free standing financial instruments that are legally detachable and separately exercisable from term loans under the Amended Credit Agreement. The Company also determined that the Warrants are not considered to be indexed to the Company's stock because the number of Warrant Shares varies based on Aggregate Paydowns and as such required classification as a liability pursuant to ASC 815-40, *Derivatives and Hedging–Contracts in Entity's Own Equity*. The outstanding Warrants are recognized as a warrant liability on the balance sheet and are measured at their inception date fair value and subsequently re-measured at each reporting period with changes being recorded as a component of other income (expense) in the statement of operations.

The fair value of the warrant liability is based on the number of Warrant Shares that are 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

During the three months ended March 31, 2023, the Company recorded a gain on changes in fair value of warrant liability of $0.7 million. During the three months ended March 31, 2022, there were no warrant liabilities outstanding.

NOTE 11 — LONG-TERM DEBT

Long-term debt consists of the following:

(in thousands)	March 31, 2023	December 31, 2022
Senior Secured Term Loans	$ 227,204	$ 247,204
Less: Debt issuance and amendment costs, net	(5,070)	(878)
Less: Unamortized discount, net	(8,025)	(833)
Net Senior secured term loans	214,109	245,493
Revolver	—	—
Less: Debt issuance costs, net	(230)	(263)
Net Revolver	(230)	(263)
Total Long-term debt	$ 213,879	$ 245,230

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 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 certain subsidiaries are guarantors of the SSTL (collectively, the "Guarantors").

The maturity date of the SSTL under the Amended Credit Agreement is April 30, 2025. If Aggregate Paydowns are equal to or greater than $30 million, then (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 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.

In February 2023, the Company made payments of $20 million toward the determination of Aggregate Paydowns.

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.

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 Ovnernight Financing Rate ("SOFR") or the Base Rate. SOFR term loans initially bear interest at a rate per annum equal to SOFR plus 5.00% payable in cash plus 5.00% payable in kind ("PIK"). Base Rate loans initially bear interest at a rate per annum equal to the Base Rate plus 4.00% payable in cash plus 5.00% PIK. Base Rate term loans bear interest at a rate per annum equal to the sum of (i) the greater of (x) the Base Rate and (y) 2.00% plus (ii) 4.00%. The interest rate as of March 31, 2023 was 14.49%. The PIK component of the interest rate is subject to adjustment based on the amount of Aggregate Paydowns as set forth in the table below. Based on Aggregate Paydowns of $20 million through March 31, 2023, the PIK component of the interest rate declined to 4.50%.

Aggregate Paydowns	PIK Component of Interest Rate
Less than $20 million	5.00%
$20 million+ but less than below	4.50%
$30 million+ but less than below	3.75%
$40 million+ but less than below	3.50%
$45 million+ but less than below	3.00%
$50 million+ but less than below	2.50%
$55 million+ but less than below	2.00%
$60 million+ but less than below	1.00%
$65 million+ but less than below	0.50%
$70 million+	0.00%

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 $5.0 million when due, (v) default on any other debt that equals or exceeds $5.0 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 $10.0 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 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 3,223,851 shares of Altisource common stock. The number of Warrant Shares is subject to reduction based on the amount of Aggregate Paydowns (See Note 10 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 $4.8 million to the lenders and to third parties on behalf of the lenders. The $4.8 million payment was recorded as an increase in debt issuance and amendment costs. In connection with Amendment No. 2, the Company paid $3.2 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 20% of Altisource's common stock and $44.7 million of Altisource debt under the Amended Credit Agreement as of March 31, 2023. Deer Park's Chief Investment Officer and managing partner was a member of Altisource's Board of Directors until his resignation on March 1, 2022. The replacement director appointed by the Board of Directors is a current employee of Deer Park. In connection with the Amended Credit Agreement, Deer Park received 583 thousand Warrants. During the three months ended March 31, 2023, Deer Park received interest of $0.9 million from the Altisource SSTL.

As of March 31, 2023, debt issuance and amendment costs were $5.1 million, net of $4.2 million of accumulated amortization. As of December 31, 2022, debt issuance costs were $0.9 million, net of $3.6 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.

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 March 31, 2023 and December 31, 2022, there was no outstanding debt under the Amended Revolver and Revolver, respectively. As of March 31, 2023 and December 31, 2022, debt issuance costs were $0.2 million, net of $0.3 million of accumulated amortization, and $0.3 million, net of $0.3 million of accumulated amortization, respectively.

NOTE 12 — OTHER NON-CURRENT LIABILITIES

Other non-current liabilities consist of the following:

(in thousands)	March 31, 2023	December 31, 2022
Income tax liabilities	$ 16,145	$ 16,079
Operating lease liabilities	3,104	3,371
Deferred revenue	56	82
Other non-current liabilities	5	4
Total	$ 19,310	$ 19,536

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 March 31, 2023 and December 31, 2022. The following fair values are estimated using market information and what the Company believes to be appropriate valuation methodologies under GAAP:

	March 31, 2023				December 31, 2022			
(in thousands)	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	$ 43,113	$ 43,113	$ —	$ —	$ 51,025	$ 51,025	$ —	$ —
Restricted cash	3,215	3,215	—	—	3,248	3,248	—	—
Short-term receivable	3,223	—	—	3,223	3,223	—	—	3,223
Liabilities:								
Warrant liability	7,402	—	—	7,402	—	—	—	—
Senior secured term loans	227,204	—	179,775	—	247,204	—	200,235	—

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 were 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.

Warrant liability is carried at fair value. The fair value of the warrant liability is based on the number of Warrant Shares that are expected to be exercisable and the Altisource share price less $0.01 at the measurement date. The Warrant liability is measured using Level 3 inputs as the determination of fair value includes various assumptions of future Aggregate Paydowns (see Note 10 for additional information).

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 45% of its revenue from Ocwen for the three months ended March 31, 2023 (see Note 2 for additional information on Ocwen 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 15, 2018, our shareholders approved the renewal and replacement of the share repurchase program previously approved by the shareholders on May 17, 2017. Under the program, we are authorized to purchase up to 4.3 million shares of our common stock, based on a limit of 25% 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 $500.00 per share, for a period of five years from the date of approval. As of March 31, 2023, approximately 2.4 million shares of common stock remain available for repurchase under the program. There were no purchases of shares of common stock during the three months ended March 31, 2023 and 2022. 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 March 31, 2023, we can repurchase up to approximately $64 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 offering 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.

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 $1.4 million and $1.3 million for the three months ended March 31, 2023 and 2022, respectively. As of March 31, 2023, estimated unrecognized compensation costs related to share-based awards amounted to $5.1 million, which we expect to recognize over a weighted average remaining requisite service period of approximately 1.58 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 188 thousand service-based options were outstanding as of March 31, 2023.

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 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 March 31, 2023.

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 March 31, 2023.

There were no stock option grants during the three months ended March 31, 2023. The Company granted 105 thousand stock options (at a weighted average exercise price of $11.86 per share) for the three months ended March 31, 2022.

The fair values of the performance-based options are determined using the Black-Scholes option pricing model. The following assumptions were used to determine the fair values as of the grant date:

	Three months ended March 31, 2022
	Black-Scholes
Risk-free interest rate (%)	1.62
Expected stock price volatility (%)	67.75 %
Expected dividend yield	—
Expected option life (in years)	6
Fair value	$ 7.27

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)	Three months ended March 31, 2023	Three months ended March 31, 2022
Weighted average grant date fair value of stock options granted per share	$ —	$ 8.19
Intrinsic value of options exercised	—	—
Grant date fair value of stock options that vested	83	1,031

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, 2022	745,277	$ 27.03	4.83	$ —
Granted	—	—		
Forfeited	(500)	32.64		
Outstanding as of March 31, 2023	744,777	27.02	4.58	—
Exercisable as of March 31, 2023	549,289	25.26	3.99	—

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 853 thousand service-based awards were outstanding as of March 31, 2023.

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 148 thousand performance-based awards were outstanding as of March 31, 2023.

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 March 31, 2023.

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 127 thousand performance-based and market-based awards were outstanding as of March 31, 2023.

The Company granted 744 thousand restricted share units (at a weighted average grant date fair value of $4.94 per share) during the three months ended March 31, 2023. These grants include 57 thousand awards that include both a performance condition and a market condition and 57 thousand performance-based awards. During the three months ended March 31, 2022 the

Company granted 46 thousand awards that include both a performance condition and a market condition and 46 thousand performance-based awards.

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, 2022	755,006
Granted	743,856
Issued	(136,293)
Forfeited/canceled	(122,267)
Outstanding as of March 31, 2023	1,240,302

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 for the three months ended March 31:

(in thousands)	2023	2022
Service revenue	$ 37,071	$ 37,763
Reimbursable expenses	2,310	1,592
Non-controlling interests	80	161
Total	$ 39,461	$ 39,516

Disaggregation of Revenue

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

	Three months ended March 31, 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	$ 26,553	$ 3,208	$ 2,184	$ 31,945
Origination	7,382	8	126	7,516
Total revenue	$ 33,935	$ 3,216	$ 2,310	$ 39,461

	Three months ended March 31, 2022			
(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	$ 24,659	$ 2,498	$ 1,379	$ 28,536
Origination	10,759	8	213	10,980
Total revenue	$ 35,418	$ 2,506	$ 1,592	$ 39,516

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 $1.9 million and $1.8 million for the three months ended March 31, 2023 and 2022, respectively.

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 for the three months ended March 31:

(in thousands)	2023	2022
Compensation and benefits	$ 9,701	$ 13,521
Outside fees and services	15,094	12,903
Technology and telecommunications	3,397	5,232
Reimbursable expenses	2,310	1,592
Depreciation and amortization	455	621
Total	$ 30,957	$ 33,869

Transactions with Related Parties

In May 2022, John G. Aldridge, Jr., the Managing Partner of Aldridge Pite LLP ("Aldridge Pite"), joined the Board of Directors of Altisource. Aldridge Pite provides eviction and other real estate related services to the Company. The Company recognized $0.2 million for the three months ended March 31, 2023 of reimbursable expenses relating to services provided to Aldridge Pite (no comparable amount for the three months ended March 31, 2022). As of March 31, 2023, 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 for the three months ended March 31:

(in thousands)	2023	2022
Compensation and benefits	$ 6,030	$ 5,409
Amortization of intangible assets	1,280	1,284
Professional services	1,571	2,749
Occupancy related costs	1,442	1,624
Marketing costs	382	887
Depreciation and amortization	244	337
Other	1,145	1,684
Total	$ 12,094	$ 13,974

NOTE 18 — OTHER INCOME (EXPENSE), NET

Other income (expense), net consists of the following for the three months ended March 31:

(in thousands)	2023	2022
Interest income (expense)	$ 434	$ 45
Other, net	1,126	695
Total	$ 1,560	$ 740

NOTE 19 — INCOME TAXES

We recognized an income tax provision of $1.5 million and $0.9 million for the three months ended March 31, 2023 and 2022, respectively. The income tax provision for the three months ended March 31, 2023 was driven by income tax expense on transfer pricing income from India and the United States, reduction in deferred tax assets related to intangible assets, 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. 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 for the three months ended March 31:

(in thousands, except per share data)	2023	2022
Net loss attributable to Altisource	$ (12,947)	$ (12,190)
Weighted average common shares outstanding, basic	18,442	15,956
Weighted average common shares outstanding, diluted	18,442	15,956
Loss per share:		
Basic	$ (0.70)	$ (0.76)
Diluted	$ (0.70)	$ (0.76)

For the three months ended March 31, 2023 and 2022, 2.9 million and 1.5 million, respectively, warrants, stock options, restricted shares and restricted share units, were excluded from the computation of loss per share, as a result of the following:

- For both the three months ended March 31, 2023 and 2022, 1.7 million and 0.3 million, respectively, warrants, 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 three months ended March 31, 2023 and 2022, 0.3 million and 0.3 million, 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 three months ended March 31, 2023 and 2022, 0.9 million and 0.9 million, 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.

Litigation

We are currently involved in legal actions in the course of our business, some of which seek monetary damages. We do not believe that the outcome of these proceedings, both individually and in the aggregate, will 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 federal, state and local 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.

Ocwen Related Matters

As discussed in Note 2, during the three months ended March 31, 2023, Ocwen was our largest customer, accounting for 45% of our total revenue. Additionally, 7% of our revenue for the three months ended March 31, 2023 was earned on the loan portfolios serviced by Ocwen, when a party other than Ocwen or the MSRs owner selected Altisource as the service provider.

Ocwen has disclosed that it is subject to a number of ongoing federal and state regulatory examinations, consent 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 Ocwen for substantial monetary damages. Previous regulatory actions against Ocwen have subjected Ocwen to independent oversight of its operations and placed certain restrictions on its ability to acquire servicing rights. Existing or future similar matters could result in adverse regulatory or other actions against Ocwen. In addition to the above, Ocwen may become subject to future adverse regulatory or other actions.

Ocwen has disclosed that Rithm is a significant client of Ocwen's. As of December 31, 2022, approximately 17% of loans serviced and subserviced by Ocwen (measured in UPB) and approximately 68% of all delinquent loans that Ocwen services were related to Rithm MSRs or rights to MSRs.

The existence or outcome of Ocwen regulatory matters or the termination of Ocwen's sub-servicing agreements with Rithm or other significant Ocwen clients may have significant adverse effects on Ocwen's business. For example, Ocwen 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 Ocwen'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 Ocwen as a customer or a reduction in the number and/or volume of services they purchase 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 Ocwen as a customer or there is a significant reduction in the volume of services they purchase from us
- Ocwen 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 Ocwen and Rithm changes significantly, including Ocwen'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
- Ocwen loses state servicing licenses in states with a significant number of loans in Ocwen's servicing portfolio
- The contractual relationship between Ocwen and Altisource changes significantly or there are significant changes to our pricing to Ocwen for services from which we generate material revenue
- Altisource otherwise fails to be retained as a service provider

Management cannot predict whether any of these 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 $0.1 million and $0.3 million for the three months ended March 31, 2023 and 2022, 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 was as follows for the three months ended March 31:

	2023	2022
Weighted average remaining lease term (in years)	2.78	3.48
Weighted average discount rate	5.84%	5.70%

Our lease activity during the period was as follows for the three months ended March 31:

(in thousands)	2023	2022
Operating lease costs:		
Selling, general and administrative expense	$ 556	$ 934
Cost of revenue	—	265
Cash used in operating activities for amounts included in the measurement of lease liabilities	$ 1,135	$ 1,182
Short-term (twelve months or less) lease costs	419	28

Maturities of our lease liabilities as of March 31, 2023 are as follows:

(in thousands)	Operating lease obligations
2023	$ 2,092
2024	1,991
2025	1,320
2026	638
2027	—
Total lease payments	6,041
Less: interest	(780)
Present value of lease liabilities	$ 5,261

Escrow Balances

We hold customers' assets in escrow accounts at various financial institutions pending completion of certain real estate activities. These amounts are held in escrow accounts for limited periods of time and are not included in the accompanying condensed consolidated balance sheets. Amounts held in escrow accounts were $15.8 million and $13.2 million as of March 31, 2023 and December 31, 2022, 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.

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, as well as eliminations between reportable segments.

Financial information for our segments is as follows:

	Three months ended March 31, 2023			
(in thousands)	Servicer and Real Estate	Origination	Corporate and Others	Consolidated Altisource
Revenue	$ 31,945	$ 7,516	$ —	$ 39,461
Cost of revenue	19,725	7,454	3,778	30,957
Gross profit (loss)	12,220	62	(3,778)	8,504
Selling, general and administrative expenses	2,301	1,726	8,067	12,094
Income (loss) from operations	9,919	(1,664)	(11,845)	(3,590)
Total other income (expense), net	—	—	(7,748)	(7,748)
Income (loss) before income taxes and non-controlling interests	$ 9,919	$ (1,664)	$ (19,593)	$ (11,338)

	Three months ended March 31, 2022			
(in thousands)	Servicer and Real Estate	Origination	Corporate and Others	Consolidated Altisource
Revenue	$ 28,536	$ 10,980	$ —	$ 39,516
Cost of revenue	19,740	9,307	4,822	33,869
Gross profit (loss)	8,796	1,673	(4,822)	5,647
Selling, general and administrative expenses	3,059	2,120	8,795	13,974
Income (loss) from operations	5,737	(447)	(13,617)	(8,327)
Total other income (expense), net	—	—	(2,816)	(2,816)
Income (loss) before income taxes and non-controlling interests	$ 5,737	$ (447)	$ (16,433)	$ (11,143)

(in thousands)	Servicer and Real Estate	Origination	Corporate and Others	Consolidated Altisource
Total assets:				
March 31, 2023	$ 61,898	$ 54,681	$ 61,004	$ 177,583
December 31, 2022	63,696	53,984	77,325	195,005

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, 2022 filed with the Securities and Exchange Commission ("SEC") on March 30, 2023.

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 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, 2022 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 Ocwen Financial Corporation (together with its subsidiaries, "Ocwen") as a customer or our ability to receive the anticipated volume of referrals from Ocwen;
- 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") (formerly New Residential Investment Corp., or "NRZ") 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 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, and residential and commercial construction inspection and risk mitigation 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 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), ADMS (a document management and data analytics delivery platform), and automated valuation technology.

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 COVID-19 pandemic and its impacts on our business, 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 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 Ocwen and Rithm. We believe we are one of only a few providers with a broad suite of servicer solutions, nationwide coverage and scalability. Further, we believe we are well positioned to gain market share from existing and new customers as 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

In response to the COVID-19 pandemic, beginning in March 2020, various governmental entities and servicers implemented unprecedented foreclosure and eviction moratoriums, forbearance programs and loss mitigation measures to help mitigate the impact to borrowers and renters. The Federal government's foreclosure moratorium expired on July 31, 2021 and the Consumer Financial Protection Bureau's ("CFPB's") temporary loss mitigation measures expired on December 31, 2021. Despite the expiration of such governmental measures, we believe servicers are proceeding slowly with foreclosure initiations for borrowers in default. Industrywide foreclosure initiations were 10% lower for the three months ended March 31, 2023 compared to the same period in 2022, and 28% lower than the same period in 2019. Industrywide foreclosure sales were 45% higher for the three months ended March 31, 2023 compared to the same period in 2022, although still 44% lower than the same pre-COVID-19 period in 2019. 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 continues to negatively impact virtually all of Altisource's default related services revenue.

We cannot predict the duration of the pandemic and future governmental and industry measures. Based on the expirations of the Federal government's foreclosure and eviction moratoriums and the CFPB's rules on temporary loss mitigation measures, 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. Due to this timing, we anticipate that our later stage foreclosure auction and REO asset management services will not fully benefit from the early 2022 higher foreclosure initiations until late 2023 or early 2024.

During 2022 and the three months ended March 2023, 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) grow Lenders One membership, launch new solutions and increase customer adoption of our solutions to accelerate the growth of our origination business.

Share Repurchase Program

On May 15, 2018, our shareholders approved the renewal and replacement of the share repurchase program previously approved by the shareholders on May 17, 2017. Under the program, we are authorized to purchase up to 4.3 million shares of our common stock, based on a limit of 25% 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 $500.00 per share, for a period of five years from the date of approval. As of March 31, 2023, approximately 2.4 million shares of common stock remain available for repurchase under the program. There were no purchases of shares of common stock during the three months ended March 31, 2023 and 2022. 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 March 31, 2023, we can repurchase up to approximately $64 million of our common stock under Luxembourg law. Under the Amended Credit Agreement, we are not permitted to repurchase shares except for limited circumstances.

Ocwen Related Matters

During the three months ended March 31, 2023, Ocwen was our largest customer, accounting for 45% of our total revenue for the three months ended March 31, 2023. Additionally, 7% of our revenue for the three months ended March 31, 2023 was earned on the loan portfolios serviced by Ocwen, when a party other than Ocwen or the mortgage servicing rights ("MSRs") owner selected Altisource as the service provider.

Ocwen has disclosed that it is subject to a number of ongoing federal and state regulatory examinations, consent 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 Ocwen for substantial monetary damages. Previous regulatory actions against Ocwen have subjected Ocwen to independent oversight of its operations and placed certain restrictions on its ability to acquire servicing rights. Existing or future similar matters could result in adverse regulatory or other actions against Ocwen. In addition to the above, Ocwen may become subject to future adverse regulatory or other actions.

Ocwen has disclosed that Rithm is a significant client of Ocwen's. As of December 31, 2022, approximately 17% of loans serviced and subserviced by Ocwen (measured in unpaid principal balance) and approximately 68% of all delinquent loans that Ocwen services were related to Rithm MSRs or rights to MSRs.

The existence or outcome of Ocwen regulatory matters or the termination of Ocwen's sub-servicing agreements with Rithm or other significant Ocwen clients may have significant adverse effects on Ocwen's business. For example, Ocwen 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 Ocwen'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 Ocwen as a customer or a reduction in the number and/or volume of services they purchase 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 Ocwen as a customer or there is a significant reduction in the volume of services they purchase from us
- Ocwen 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 Ocwen and Rithm changes significantly, including Ocwen'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
- Ocwen loses state servicing licenses in states with a significant number of loans in Ocwen's servicing portfolio
- The contractual relationship between Ocwen and Altisource changes significantly or there are significant changes to our pricing to Ocwen for services from which we generate material revenue
- Altisource otherwise fails to be retained as a service provider

Management cannot predict whether any of these 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 10% lower for the three months ended March 31, 2023 compared to the same period in 2022 (and 28% lower than the pre-COVID-19 period in 2019)
- Industrywide foreclosure sales were 45% higher for the three months ended March 31, 2023 compared to the same period in 2022 (although still 44% lower than the pre-COVID-19 period in 2019)
- The interest rate on the Company's senior secured term loans was 8.73% for the three months ended March 31, 2023 compared to 5.00% for the same period in 2022
- 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 $3.2 million to advisors and recorded these payments as other expense in the condensed consolidated statements of operations and comprehensive loss
- The Company recognized an income tax provision of $1.5 million and $0.9 million for the three months ended March 31, 2023 and 2022, respectively. The income tax provision for the three months ended March 31, 2023 was driven by income tax expense on transfer pricing income from India and the United States, reduction in deferred tax assets related to intangible assets, 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 for the three months ended March 31:

(in thousands, except per share data)	2023	2022	% Increase (decrease)
Service revenue			
Servicer and Real Estate	$ 29,761	$ 27,157	10
Origination	7,310	10,606	(31)
Total service revenue	37,071	37,763	(2)
Reimbursable expenses	2,310	1,592	45
Non-controlling interests	80	161	(50)
Total revenue	39,461	39,516	—
Cost of revenue	30,957	33,869	(9)
Gross profit	8,504	5,647	51
Selling, general and administrative expenses	12,094	13,974	(13)
Loss from operations	(3,590)	(8,327)	57
Other income (expense), net:			
Interest expense	(6,760)	(3,556)	90
Change in fair value of warrant liability	694	—	N/M
Debt amendment costs	(3,242)	—	N/M
Other income (expense), net	1,560	740	111
Total other income (expense), net	(7,748)	(2,816)	175
Loss before income taxes and non-controlling interests	(11,338)	(11,143)	(2)
Income tax provision	(1,529)	(886)	73
Net loss	(12,867)	(12,029)	(7)
Net income attributable to non-controlling interests	(80)	(161)	50
Net loss attributable to Altisource	$ (12,947)	$ (12,190)	(6)
Margins:			
Gross profit / service revenue	23 %	15 %	
Loss from operations / service revenue	(10)%	(22)%	
Loss per share:			
Basic	$ (0.70)	$ (0.76)	8
Diluted	$ (0.70)	$ (0.76)	8
Weighted average shares outstanding:			
Basic	18,442	15,956	16
Diluted	18,442	15,956	16

N/M — not meaningful.

Revenue

We recognized service revenue of $37.1 million for the three months ended March 31, 2023, a 2% decrease compared to the three months ended March 31, 2022. The decline is primarily driven by lower revenue in the Origination segment from the overall market decline in mortgage originations partially offset by growth in the Servicer and Real Estate segment from the continuing recovery of the default market.

We recognized reimbursable expense revenue of $2.3 million for the three months ended March 31, 2023, a 45% increase compared to the three months ended March 31, 2022. The increase in reimbursable expenses for the three months ended March 31, 2023 is primarily driven by an increase in property preservation, asset resolution and asset management activities.

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 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:

	Three months ended March 31,		
(in thousands)	**2023**	**2022**	**% Increase (decrease)**
Outside fees and services	$ 15,094	$ 12,903	17
Compensation and benefits	9,701	13,521	(28)
Technology and telecommunications	3,397	5,232	(35)
Reimbursable expenses	2,310	1,592	45
Depreciation and amortization	455	621	(27)
Cost of revenue	$ 30,957	$ 33,869	(9)

We recognized cost of revenue of $31.0 million for the three months ended March 31, 2023, a 9% decrease compared to the three months ended March 31, 2022. Compensation and benefits for the three months ended March 31, 2023 decreased primarily due to cost savings measures taken in 2022 and early 2023 and the alignment of compensation and benefits in the Origination segment with lower revenue. Technology and telecommunications decreased primarily due to the renegotiation of certain contracts and lower overall headcount. Outside fees and services for the three months ended March 31, 2023 increased primarily from higher Field Services revenue in the Solutions business of the Servicer and Real Estate segment. In addition, the increases in reimbursable expenses are consistent with the changes in reimbursable expense revenue discussed in the revenue section above.

Gross profit increased to $8.5 million, representing 23% of service revenue, for the three months ended March 31, 2023 compared to $5.6 million, representing 15% of service revenue, for the three months ended March 31, 2022. Gross profit as a percentage of service revenue for the three months ended March 31, 2023 increased compared to the three months ended March 31, 2022 primarily due to margin expansion in the Servicer and Real Estate segment from efficiency initiatives and cost savings measures partially offset by revenue mix and lower gross profit margin in the Origination segment from product mix and lower 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, 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:

	Three months ended March 31,		
(in thousands)	2023	2022	% Increase (decrease)
Compensation and benefits	$ 6,030	$ 5,409	11
Professional services	1,571	2,749	(43)
Occupancy related costs	1,442	1,624	(11)
Amortization of intangible assets	1,280	1,284	—
Marketing costs	382	887	(57)
Depreciation and amortization	244	337	(28)
Other	1,145	1,684	(32)
Selling, general and administrative expenses	$ 12,094	$ 13,974	(13)

SG&A expenses for the three months ended March 31, 2023 of $12.1 million decreased by 13% compared to the three months ended March 31, 2022. The decrease was primarily driven by lower professional services, marketing costs and Other expenses. Professional services for the three months ended March 31, 2023 decreased primarily due to lower legal and litigation fees. Marketing costs for the three months ended March 31, 2023 decreased from efficiency measures primarily in the Origination segment. The decreases for the three months ended March 31, 2023 were partially offset by an increase in compensation and benefits in the first quarter of 2023.

Loss from Operations

Loss from operations for the three months ended March 31, 2023 was $(3.6) million, representing (10)% of service revenue, compared to $(8.3) million, representing (22)% of service revenue, for the three months ended March 31, 2022. Loss from operations as a percentage of service revenue improved for the three months ended March 31, 2023 compared to the three months ended March 31, 2022, primarily as a result of higher gross profit margins and the percentage reduction in SG&A expenses in excess of the percentage change in revenue, discussed above.

Other Income (Expense), net

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

Other income (expense), net was $(7.7) million for the three months ended March 31, 2023 compared to $(2.8) million for the three months ended March 31, 2022. The change for the three months ended March 31, 2023 was primarily driven by an increase of $3.2 million in interest expense driven by higher interest rates on our SSTL and higher amortization of debt discount and debt issuance and amendment costs, and $3.2 million of debt amendment costs in the three months ended March 31, 2023, partially offset by higher interest and other income.

Income Tax Provision

We recognized an income tax provision of $1.5 million and $0.9 million for the three months ended March 31, 2023 and 2022, respectively. The income tax provision for the three months ended March 31, 2023 was driven by income tax expense on transfer pricing income from India and the United States, reduction in deferred tax assets related to intangible assets, 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:

	Three months ended March 31, 2023			
(in thousands)	Servicer and Real Estate	Origination	Corporate and Others	Consolidated Altisource
Revenue				
Service revenue	$ 29,761	$ 7,310	$ —	$ 37,071
Reimbursable expenses	2,184	126	—	2,310
Non-controlling interests	—	80	—	80
	31,945	7,516	—	39,461
Cost of revenue	19,725	7,454	3,778	30,957
Gross profit (loss)	12,220	62	(3,778)	8,504
Selling, general and administrative expenses	2,301	1,726	8,067	12,094
Income (loss) from operations	9,919	(1,664)	(11,845)	(3,590)
Total other income (expense), net	—	—	(7,748)	(7,748)
Income (loss) before income taxes and non-controlling interests	$ 9,919	$ (1,664)	$ (19,593)	$ (11,338)
Margins:				
Gross profit (loss) / service revenue	41 %	1 %	N/M	23 %
Income (loss) from operations / service revenue	33 %	(23)%	N/M	(10)%

N/M — not meaningful.

	Three months ended March 31, 2022			
(in thousands)	Servicer and Real Estate	Origination	Corporate and Others	Consolidated Altisource
Revenue				
Service revenue	$ 27,157	$ 10,606	$ —	$ 37,763
Reimbursable expenses	1,379	213	—	1,592
Non-controlling interests	—	161	—	161
	28,536	10,980	—	39,516
Cost of revenue	19,740	9,307	4,822	33,869
Gross profit (loss)	8,796	1,673	(4,822)	5,647
Selling, general and administrative expenses	3,059	2,120	8,795	13,974
Income (loss) from operations	5,737	(447)	(13,617)	(8,327)
Total other income (expense), net	—	—	(2,816)	(2,816)
Income (loss) before income taxes and non-controlling interests	$ 5,737	$ (447)	$ (16,433)	$ (11,143)
Margins:				
Gross profit (loss) / service revenue	32 %	16 %	N/M	15 %
Income (loss) from operations / service revenue	21 %	(4)%	N/M	(22)%

N/M — not meaningful.

Servicer and Real Estate

Revenue

Revenue by line of business was as follows for the three months ended March 31:

(in thousands)	2023	2022	% Increase (decrease)
Service revenue:			
Solutions	$ 18,534	$ 16,306	14
Marketplace	7,712	8,091	(5)
Technology and SaaS Products	3,515	2,760	27
Total service revenue	29,761	27,157	10
Reimbursable expenses:			
Solutions	1,004	568	77
Marketplace	1,180	811	45
Total reimbursable expenses	2,184	1,379	58
Total revenue	$ 31,945	$ 28,536	12

We recognized service revenue of $29.8 million for the three months ended March 31, 2023, a 10% increase compared to the three months ended March 31, 2022. We also recognized reimbursable expense revenue of $2.2 million for the three months ended March 31, 2023, a 58% increase compared to the three months ended March 31, 2022. The increase in service revenue in the Servicer and Real Estate segment for the three months ended March 31, 2023 was driven by the continuing recovery of the default market. The increase in our Solutions business is primarily driven by higher property preservation referrals in the Field Services business. The increase in the Technology and SaaS Products business was from higher professional services revenue in the Equator 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 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 for the three months ended March 31:

(in thousands)	2023	2022	% Increase (decrease)
Outside fees and services	$ 10,255	$ 8,624	19
Compensation and benefits	5,719	7,098	(19)
Reimbursable expenses	2,184	1,379	58
Technology and telecommunications	1,351	2,391	(43)
Depreciation and amortization	216	248	(13)
Cost of revenue	$ 19,725	$ 19,740	—

Cost of revenue for the three months ended March 31, 2023 of $19.7 million was relatively flat compared to the three months ended March 31, 2022. The stable cost of revenue for the three months ended March 31, 2023 is primarily driven by lower compensation and benefits primarily due to cost savings initiatives and lower technology and telecommunications due to a change in the terms of a vendor agreement for property management technologies and other cost savings initiatives. These decreases are largely offset by higher outside fees and services in the Field Services business in the Solutions business from revenue growth and an increase in reimbursable expenses largely due to revenue growth and a higher volume of asset resolution and asset management activities.

Gross profit increased to $12.2 million, representing 41% of service revenue, for the three months ended March 31, 2023 compared to $8.8 million, representing 32% of service revenue, for the three months ended March 31, 2022. Gross profit as a percentage of service revenue for the three months ended March 31, 2023 increased primarily due to efficiency initiatives and cost savings measures, partially offset by revenue mix with revenue growth in our lower margin Field Services business. Our margins can vary substantially depending upon the service revenue mix.

Selling, General and Administrative Expenses

SG&A expenses consisted of the following for the three months ended March 31:

(in thousands)	2023	2022	% Increase (decrease)
Amortization of intangible assets	$ 740	$ 744	(1)
Compensation and benefits	642	653	(2)
Professional services	281	559	(50)
Marketing costs	299	357	(16)
Occupancy related costs	174	311	(44)
Depreciation and amortization	1	3	(67)
Other	164	432	(62)
Selling, general and administrative expenses	$ 2,301	$ 3,059	(25)

SG&A for the three months ended March 31, 2023 of $2.3 million decreased by 25% compared to the three months ended March 31, 2022. The decrease in SG&A for the three months ended March 31, 2023 is primarily due to lower professional services driven by certain non-recurring expenses incurred in the first quarter of 2022, lower Other expenses, including reversal of bad debt expense from collection of aged receivables in the first quarter of 2023, and lower occupancy related costs relating to cost savings initiatives.

Income from Operations

Income from operations increased to $9.9 million, representing 33% of service revenue, for the three months ended March 31, 2023 compared to $5.7 million, representing 21% of service revenue, for the three months ended March 31, 2022. The increase in operating income as a percentage of service revenue for the three months ended March 31, 2023 is primarily the result of higher gross profit margins and a reduction in SG&A expenses with growth in revenue, discussed above.

Origination

Revenue

Revenue by business unit was as follows for the three months ended March 31:

(in thousands)	2023	2022	% Increase (decrease)
Service revenue:			
Lenders One	$ 5,624	$ 5,674	(1)
Solutions	1,510	4,746	(68)
Technology and SaaS Products	176	186	(5)
Total service revenue	7,310	10,606	(31)
Reimbursable expenses:			
Solutions	126	213	(41)
Total reimbursable expenses	126	213	(41)
Non-controlling interests	80	161	(50)
Total revenue	$ 7,516	$ 10,980	(32)

We recognized service revenue of $7.3 million for the three months ended March 31, 2023, a 31% decrease compared to the three months ended March 31, 2022. We also recognized reimbursable expense revenue of $0.1 million for the three months ended March 31, 2023, a 41% decrease compared to the three months ended March 31, 2022. The decrease in service revenue in the Origination segment for the three months ended March 31, 2023 is primarily driven by the overall market decline in mortgage originations. The 1% decline in Lenders One revenue is lower than the estimated 52% overall market decline as we onboarded sales wins with our solutions that are designed to help our members save money. The decline in the Solutions business revenue was greater than the overall market decline as a greater percentage of revenue in some of our Solutions businesses was derived from refinance transactions which declined at a greater rate than the overall market.

Cost of Revenue and Gross Profit

Cost of revenue consisted of the following for the three months ended March 31:

(in thousands)	2023	2022	% Increase (decrease)
Outside fees and services	$ 4,839	$ 4,279	13
Compensation and benefits	2,148	4,305	(50)
Technology and telecommunications	332	501	(34)
Reimbursable expenses	126	213	(41)
Depreciation and amortization	9	9	—
Cost of revenue	$ 7,454	$ 9,307	(20)

Cost of revenue for the three months ended March 31, 2023 of $7.5 million decreased by 20% compared to the three months ended March 31, 2022. The decrease in cost of revenue for the three months ended March 31, 2023 was primarily driven by the alignment of compensation and benefits with lower service revenue discussed above, partially offset by an increase in outside fees and services from growth in sales of certain Lenders One reseller solutions.

Gross profit decreased to $0.1 million, representing 1% of service revenue, for the three months ended March 31, 2023 compared to $1.7 million, representing 16% of service revenue, for the three months ended March 31, 2022. Gross profit as a percentage of service revenue decreased primarily as costs did not decline at the same rate that revenue declined.

Selling, General and Administrative Expenses

SG&A expenses consisted of the following for the three months ended March 31:

(in thousands)	2023	2022	% Increase (decrease)
Compensation and benefits	$ 665	$ 403	65
Amortization of intangible assets	540	540	—
Professional services	181	222	(18)
Marketing costs	94	530	(82)
Occupancy related costs	78	183	(57)
Other	168	242	(31)
Selling, general and administrative expenses	$ 1,726	$ 2,120	(19)

SG&A for the three months ended March 31, 2023 of $1.7 million decreased by 19% compared to the three months ended March 31, 2022. The decrease in SG&A for the three months ended March 31, 2023 is primarily due to lower marketing costs from efficiency measures and lower occupancy related costs. The decrease for the three months ended March 31, 2023 was partially offset by an increase in the number of sales employees.

Loss from Operations

Loss from operations increased to $(1.7) million, representing (23)% of service revenue, for the three months ended March 31, 2023 compared to $(0.4) million, representing (4)% of service revenue, for the three months ended March 31, 2022. The increase in operating loss as a percentage of service revenue for the three months ended March 31, 2023 is primarily the result of lower gross profit margins, as discussed above, and the percentage reduction in SG&A expenses was lower than the percentage change in revenue.

Corporate and Others

Cost of Revenue

Cost of revenue consisted of the following for the three months ended March 31:

(in thousands)	2023	2022	% Increase (decrease)
Compensation and benefits	$ 1,834	$ 2,118	(13)
Technology and telecommunications	1,714	2,340	(27)
Depreciation and amortization	230	364	(37)
Cost of revenue	$ 3,778	$ 4,822	(22)

Cost of revenue for the three months ended March 31, 2023 of $3.8 million decreased by 22% compared to the three months ended March 31, 2022. The decrease in cost of revenue for the three months ended March 31, 2023 is primarily driven by lower compensation and benefits and technology and telecommunications due to 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 for the three months ended March 31:

(in thousands)	2023	2022	% Increase (decrease)
Compensation and benefits	$ 4,723	$ 4,353	8
Occupancy related costs	1,190	1,130	5
Professional services	1,109	1,968	(44)
Marketing costs	(11)	—	N/M
Depreciation and amortization	243	334	(27)
Other	813	1,010	(20)
Selling, general and administrative expenses	$ 8,067	$ 8,795	(8)

N/M — not meaningful.

SG&A for the three months ended March 31, 2023 of $8.1 million decreased by 8% compared to the three months ended March 31, 2022. The decrease was primarily driven by lower professional services and Other expenses. Professional services for the three months ended March 31, 2023 decreased due to lower insurance, legal and audit related expenses. The decreases for the three months ended March 31, 2023 were partially offset by an increase in compensation and benefits in the first quarter of 2023.

Other Income (Expense), net

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

Other income (expense), net was $(7.7) million for the three months ended March 31, 2023 compared to $(2.8) million for the three months ended March 31, 2022. The change for the three months ended March 31, 2023 was primarily driven by an increase of $3.2 million in interest expense driven by higher interest rates on our SSTL and higher amortization of debt discount and debt issuance and amendment costs, and $3.2 million of debt amendment costs in the three months ended March 31, 2023, partially offset by higher interest and other income.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Our primary source of liquidity has historically been cash flow from operations, cash proceeds from sales of businesses and cash on hand. However, due to governmental and market responses to the COVID-19 pandemic, revenue has declined significantly. The lower revenue, partially offset by cost savings initiatives, resulted in negative operating cash flow from operations for the three months ended March 31, 2023 and 2022. 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 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 certain subsidiaries are guarantors of the SSTL (collectively, the "Guarantors").

The maturity date of the SSTL under the Amended Credit Agreement is April 30, 2025. If Aggregate Paydowns are equal to or greater than $30 million, then (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 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.

In February 2023, the Company made payments of $20 million toward the determination of Aggregate Paydowns.

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.

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. SOFR term loans initially bear interest at a rate per annum equal to SOFR plus 5.00% payable in cash plus 5.00% payable in kind ("PIK"). Base Rate loans initially bear interest at a rate per annum equal to the Base Rate plus 4.00% payable in cash plus 5.00% PIK. Base Rate term loans bear interest at a rate per annum equal to the sum of (i) the greater of (x) the Base Rate and (y) 2.00% plus (ii) 4.00%. The interest rate as of March 31, 2023 was 14.49%. The PIK component of the interest rate is subject to adjustment based on the amount of Aggregate Paydowns as set forth in the table below. Based on Aggregate Paydowns of $20 million through March 31, 2023, the PIK component of the interest rate declined to 4.50%.

Aggregate Paydowns	PIK Component of Interest Rate
Less than $20 million	5.00%
$20 million+ but less than below	4.50%
$30 million+ but less than below	3.75%
$40 million+ but less than below	3.50%
$45 million+ but less than below	3.00%
$50 million+ but less than below	2.50%
$55 million+ but less than below	2.00%
$60 million+ but less than below	1.00%
$65 million+ but less than below	0.50%
$70 million+	0.00%

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 Credit Agreement.

As of March 31, 2023, the outstanding principal balance of the SSTL was $227.2 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 20% of Altisource's common stock as of March 31, 2023 and owns Altisource debt as a lender under the Amended Credit Agreement. Deer Park's Chief Investment Officer and managing partner was a member of Altisource's Board of Directors until his resignation on March 1, 2022. The replacement director appointed by the Board of Directors is a current employee of Deer Park.

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 March 31, 2023, there was no outstanding debt under the Amended Revolver.

Cash Flows

The following table presents our cash flows for the three months ended March 31:

(in thousands)	2023	2022	% Increase (decrease)
Net cash used in operating activities	$ (3,058)	$ (16,910)	82
Net cash used in investing activities	—	(74)	100
Net cash used in financing activities	(4,887)	(1,278)	(282)
Net decrease in cash, cash equivalents and restricted cash	(7,945)	(18,262)	(56)
Cash, cash equivalents and restricted cash at the beginning of the period	54,273	102,149	(47)
Cash, cash equivalents and restricted cash at the end of the period	$ 46,328	$ 83,887	(45)

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 three months ended March 31, 2023, net cash used in operating activities was $(3.1) million compared to net cash used in operating activities of $(16.9) million for the three months ended March 31, 2022. During the three months ended March 31, 2023, the decrease in cash used in operating activities was driven by a $14.8 million decrease in cash used for working capital and a $1.1 million increase in non-cash interest expense (amortization of debt discount and amortization of debt issuance and amendment costs), partially offset by a $0.8 million increase in net loss and a $0.3 million decrease in non-cash depreciation, amortization of intangibles, stock based compensation expenses and deferred income tax expenses. The increase in net loss was primarily due to higher interest expense driven by higher interest rates on our SSTL, debt amendment costs and lower gross profit in the Origination segment from lower revenue, partially offset by higher gross profit in the Servicer and Real Estate segment from revenue growth, our cash cost savings measures, and lower SG&A expenses. The decrease in cash used for changes in working capital was primarily driven by the $4.7 million net collection of taxes receivable in the first quarter of 2023 compared to a net payment of taxes of $3.3 million in the first quarter of 2022, a $2.0 million return of surety bonds, and no cash bonuses paid in the three months ended March 31, 2023. Non-cash interest expense increased as a result of the February 2023 Amended Credit Agreement. 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 Investing Activities

Cash flows from investing activities for the three months ended March 31, 2022 consisted of additions to premises and equipment and proceeds from the sale of a business. Net cash used in investing activities was $(0.1) million for the three months ended March 31, 2022 (no comparable amount for the three months ended March 31, 2023). In addition, we used $(0.1) million for the three months ended March 31, 2022 for additions to premises and equipment primarily related to investments in the development of certain software applications and facility improvements (no comparable amount for the three months ended March 31, 2023).

Cash Flows from Financing Activities

Net cash used in financing activities were $(4.9) million and $(1.3) million for the three months ended March 31, 2023 and 2022, respectively. During the three months ended March 31, 2023, we received proceeds from the issuance of common stock, net of issuance costs of $20.5 million and used $(20.0) million of the proceeds for repayment of debt. Also during the three months ended March 31, 2023, we paid $(4.8) million to lenders or others on behalf of the lenders related to the debt amendment. During the three months ended March 31, 2023 and 2022, we made payments of $(0.5) million and $(1.0) 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 three months ended March 31, 2023 and 2022, we distributed $(0.1) million and $(0.3) million, respectively, to non-controlling interests.

Future Uses of Cash

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

Significant future uses of cash include the following:

		Payments Due by Period		
(in thousands)	Total	2023	2024-2025	2026-2027
Senior secured term loans [1]	$ 249,409	$ —	$ 249,409	$ —
Interest expense payments [2]	50,017	17,537	32,480	—
Lease payments	6,041	2,092	3,311	638
Total	$ 305,467	$ 19,629	$ 285,200	$ 638

(1) The outstanding balance of our SSTL as of March 31, 2023 is $227.2 million and is due on April 30, 2025. The maturity date of the SSTL may be extended to April 30, 2026 at the Company's option if Aggregate Paydowns made prior to February 14, 2024 total $30 million or more. In the first quarter of 2023, the Company made $20 million of payments toward the determination of Aggregate Paydowns. The table herein reflects a maturity of April 2025 as the Company has not made Aggregate Paydowns of $30 million or more at the time of this filing. The increase in outstanding balance is from the PIK component of our interest expense and is assumed to be paid in kind.

(2) Estimated future interest payments based on the SOFR interest rate as of March 31, 2023 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 to fund 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 11 and Note 21 to the condensed consolidated financial statements.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements consist of escrow arrangements.

We hold customers' assets in escrow accounts at various financial institutions pending completion of certain real estate activities. These amounts are held in escrow accounts for limited periods of time and are not included in the condensed consolidated balance sheets. Amounts held in escrow accounts were $15.8 million and $13.2 million as of March 31, 2023 and December 31, 2022, respectively.

Contractual Obligations, Commitments and Contingencies

For the three months ended March 31, 2023, there were no significant changes to our contractual obligations from those identified in our Form 10-K for the fiscal year ended December 31, 2022 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 accounting principles generally accepted in the United States of America. 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, 2022 filed with the SEC on March 30, 2023. There have been no material changes to our critical accounting policies during the three months ended March 31, 2023.

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 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 the first quarter 2023 par paydown of $20 million, the PIK component was reduced to 4.50% and may be further reduced on a prospective basis based on the Aggregate Paydowns made prior to February 14, 2024.

Based on the principal amount outstanding and SOFR as of March 31, 2023, 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 first quarter of 2023, 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 $0.1 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 March 31, 2023, 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 March 31, 2023.

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 March 31, 2023, 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, some of which seek monetary damages. We do not believe that the outcome of these proceedings, both individually and in the aggregate, will 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 federal, state and local 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, 2022 filed with the SEC on March 30, 2023.

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 March 31, 2023. On May 15, 2018, our shareholders approved the renewal and replacement of the share repurchase program previously approved by the shareholders on May 17, 2017. Under the program, we are authorized to purchase up to 4.3 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 March 31, 2023, the maximum number of shares that may be purchased under the repurchase program is 2.4 million shares of the Company's common stock. In addition to the share repurchase program, during the three months ended March 31, 2023, 83,250 common shares were withheld from employees to satisfy tax withholding obligations that arose from the vesting of restricted shares.

On February 14, 2023, the lenders under the Amended Credit Agreement received warrants to purchase 3,223,851 shares of Altisource common stock (the "Warrant Shares"). The exercise price per share of common stock under each Warrant is equal to $0.01. The number of Warrant Shares is subject to reduction based on the amount of par paydowns on the SSTL in the aggregate using proceeds from issuances of equity interests or from junior indebtedness made prior to February 14, 2024 ("Aggregate Paydowns") as set forth in the table below.

Aggregate Paydowns	Warrant Shares
Less than $20 million	3,223,851
$20 million+ but less than below	2,578,743
$30 million+	1,612,705

During the three months ended March 31, 2023, the Company made payments toward the determination of Aggregate Paydowns of $20 million. As a result, the number of Warrant Shares as of March 31, 2023 is 2,578,743.

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 March 31, 2023 is formatted in Inline XBRL interactive data files: (i) Condensed Consolidated Balance Sheets as of March 31, 2023 and December 31, 2022; (ii) Condensed Consolidated Statements of Operations and Comprehensive Loss for the three months ended March 31, 2023 and 2022; (iii) Condensed Consolidated Statements of Equity for the three months ended March 31, 2023 and 2022; (iv) Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2023 and 2022; 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: April 27, 2023

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)

Exhibit 31.1

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 March 31, 2023 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: April 27, 2023

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

Exhibit 31.2

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 March 31, 2023 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: April 27, 2023

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

Exhibit 32.1

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
MARCH 31, 2023

In connection with the Quarterly Report on Form 10-Q of Altisource Portfolio Solutions S.A. (the "Company") for the quarterly period ended March 31, 2023, 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)

April 27, 2023

By: /s/ Michelle D. Esterman
Michelle D. Esterman
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)
April 27, 2023