

POINTS INTERNATIONAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our Management's Discussion and Analysis ("MD&A") of financial condition and results of operations contains references to Points International Ltd. and its subsidiaries using words "we," "our," and "us."

This MD&A should be read in conjunction with our unaudited condensed consolidated interim financial statements (including the notes thereto) as at and for the three and nine months ended September 30, 2021, the 2020 annual MD&A and the 2020 audited annual consolidated financial statements and notes thereto and other recent filings with the Canadian and US securities regulatory agencies, which may be accessed at www.sedar.com or www.sec.gov.

The financial information presented in this MD&A is derived from our unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2021, which has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and all dollar amounts herein are in thousands of United States dollars unless otherwise specified. This MD&A is dated as of November 10, 2021 and was reviewed by our Audit Committee and approved by our Board of Directors.

NON-GAAP MEASURES

Our financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). We use certain non-GAAP measures, which are defined below, to better assess our underlying performance. This MD&A makes reference to certain non-GAAP measures such as "Adjusted EBITDA" and "Effective Margin." These measures are reviewed regularly by management and the Board of Directors in assessing our performance and in making decisions about ongoing operations. We believe that these measures are also used by investors, analysts and other interested parties as an indicator of our operating performance. Readers are cautioned that these terms are not recognized GAAP measures and do not have a standardized GAAP meaning under IFRS and should not be construed as alternatives to IFRS terms, such as net income. Our definition of Adjusted EBITDA and Effective Margin will likely differ from that used by other companies and therefore comparability may be limited. Where applicable, we provide a reconciliation for these non-GAAP measures to the closest GAAP measure in the "Non-GAAP financial measures" section of this MD&A.

FORWARD-LOOKING STATEMENTS

This MD&A contains or incorporates forward-looking statements within the meaning of United States securities legislation and forward-looking information within the meaning of Canadian securities legislation (collectively, "forward-looking statements"). These forward-looking statements include or relate to, among other things, plans we have implemented in response to the COVID-19 pandemic and its expected impact on us (including with respect to: cost saving measures that have been implemented, our liquidity and efforts to strengthen our balance sheet, expected impacts on transaction volumes, revenue,

POINTS INTERNATIONAL LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

gross profit and profitability, the impact on our annual revenue guarantees, and our ability to deliver on our long-term goals), our growth strategies (including our ability to grow the number of loyalty program partners, cross-selling services to existing partners, grow in-market services and regional and vertical expansion), and our beliefs on the long-term sustainability of the loyalty industry and the recovery of the loyalty industry as the global economy recovers from the impacts of the COVID-19 pandemic, and may also include other statements that are predictive in nature, or that depend upon or refer to future events or conditions, and can generally be identified by words such as “may,” “will,” “expects,” “anticipates,” “continue,” “intends,” “plans,” “believes,” “estimates” or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts but instead represent only our expectations, estimates and projections regarding future events.

Although we believe the expectations reflected in such forward-looking statements are reasonable, such statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. Undue reliance should not be placed on such statements. Certain material assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Known and unknown factors could cause actual results to differ materially from those expressed or implied in the forward-looking statements. In particular, uncertainty around the duration and scope of the COVID-19 pandemic and the impact of the pandemic and actions taken in response on global and regional economies, economic activity, and all elements of the travel and hospitality industry may have a significant and materially adverse impact on our business. In addition, these statements are based on current expectations and are subject to numerous risks and uncertainties, including but not limited to the “Risks and Uncertainties” section included in our MD&A for the year ended December 31, 2020. Other important assumptions, factors, risks and uncertainties are included in the press release announcing our third quarter 2021 financial results, and those described in our other filings with applicable securities regulators, including our AIF, Form 40-F, annual and interim MD&A, and annual consolidated financial statements and condensed consolidated interim financial statements and the notes thereto. These documents are available at www.sedar.com and www.sec.gov.

The forward-looking statements contained in this MD&A are made as at the date of this MD&A and, accordingly, are subject to change after such date. Except as required by law, we do not undertake any obligation to update or revise any forward-looking statements made or incorporated in this MD&A, whether as a result of new information, future events or otherwise.

BUSINESS OVERVIEW

Points is a global leader in providing technology solutions to the loyalty industry on one unified operating platform. We operate a portfolio of white-labelled services that facilitate the accrual or redemption of loyalty program currency (points or miles) for loyalty programs worldwide. Accrual transactions are typically focused on generating revenue for our loyalty program partners while redemption transactions

POINTS INTERNATIONAL LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

are focused on offering additional engagement options for program members that are cost effective for the loyalty program.

At its simplest, our services benefit loyalty programs in the following ways: (1) driving high margin ancillary revenues through the sale of loyalty program currency, such as frequent flyer miles or hotel points, to end consumers or third parties; (2) providing efficient liability management to loyalty program operators by offering a wide range of non-core redemption options; and (3) enhancing loyalty program member engagement.

All of our services are operated off a single unified operating platform called the Loyalty Commerce Platform ("LCP"). The LCP provides broad access to loyalty transaction capabilities, program integration, offers and automated marketing, reporting and analytics, enterprise-grade security, and real-time fraud services. We have direct, real-time integrations into our partners' loyalty program databases that allow for member validation, information sharing, as well as the debit and/or credit of miles/points.

We engineered the LCP to be scalable and to grow beyond its current service offerings. The flexibility of the LCP enhances our ability to aggregate and anonymize the consolidated data flowing across the platform to facilitate and inform our automated marketing and merchandising efforts. In addition, this flexibility enables us to quickly launch new partners and services, expand service offerings or launch in new geographies in a cost-effective manner.

We are a trusted partner to the world's leading loyalty programs, with approximately 60 commercial agreements or integrations with loyalty programs globally, including Southwest Airlines' Rapid Rewards, Marriott Bonvoy, Chase Ultimate Rewards, and the Emirates Skywards program. Most of our commercial contracts enable us to transact directly or indirectly with the loyalty programs' member base to facilitate the sale, redemption or earning of loyalty currency online. Approximately 99% of our revenue is transaction based, which consists of a margin, commission or transaction fee that we earn on the loyalty currency transactions we process.

Our organization integrates extensive knowledge and expertise in the loyalty and travel sectors with the agility and innovation of a technology start up, allowing us to better serve our loyalty program partners while maintaining our technical and marketing leadership. During the first quarter of 2021, we realigned our organizational, operational and internal reporting structures. As a result, we combined our Loyalty Currency Retailing, Platform Partners, and Points Travel operations, previously considered as three distinct operating units, into one segment. Our decision to change to a single operating unit resulted from various factors, including changes to our management structure and an increased focus on our platform to drive greater efficiencies in our business.

Our head office is in Toronto, Canada and we maintain offices in San Francisco, United States, London, England, Singapore and Dubai, United Arab Emirates. Points International Ltd.'s shares are listed on both

the Toronto Stock Exchange ("TSX") under the trading symbol PTS and on the NASDAQ Capital Market under the trading symbol PCOM.

The Loyalty Industry

Since their inception, loyalty programs have changed the way consumers interact with their associated brands and how they purchase products and services. Overall loyalty program membership continues to grow. While the airline, hotel, specialty retail, and financial services industries continue to be dominant in loyalty programs in the US, smaller verticals, including the restaurant and drug store industries are beginning to see larger growth in their membership base. Businesses have leveraged loyalty programs to strengthen their brand, enrich relationships with existing customers, attract and engage new customers, and to deliver high margin revenue. We believe loyalty programs are seen both as strategic marketing assets and as highly profitable cash-generating businesses, particularly in the travel and financial services sectors.

As the prominence of loyalty program co-branded credit cards increased over time, the size and profitability of the loyalty industry has grown significantly. Many loyalty programs, particularly in the airline and hospitality verticals, have long-term contracts with banks in which they sell significant volumes of points and miles to credit card companies to award to customers. Similar commercial arrangements now exist with loyalty programs and retailers who are looking to add loyalty as a consumer incentive. These types of commercial arrangements have established a large global loyalty industry fueled by the sale and redemption of loyalty currency.

For the last several years, the majority of loyalty currency issued by airlines and hotels in North America is first sold to third parties at a high margin. For many North American airlines, their loyalty programs have generated significant revenues which can account for a significant proportion of overall airline profits. While loyalty programs must account for the issuance of this currency as a future obligation on their balance sheet to account for its eventual redemption, the cost of each mile or point is significantly lower than what they are sold for. At the same time, there is a need for loyalty programs to actively manage the resulting loyalty liability with cost-effective redemption options.

In past economic downturns, we have seen travel companies leverage their loyalty programs and related assets for additional liquidity. Within the current COVID-19 environment, the value of loyalty programs has remained resilient and we believe they are proving to be a crucial source of liquidity for many travel operators. In the first few months of the COVID-19 pandemic, we saw hospitality and airline operators pre-sell their points and miles to their co-branded credit card partners to generate incremental cash. In 2020, four major US airlines pledged their frequent flier programs as collateral to secure long-term debt financing. We believe these financings are indicative of the long-term sustainability and belief in the travel and loyalty industry, as the debt is secured by the current and future value of these loyalty programs.

Broadly, we believe the health of the loyalty industry will continue to recover as the global economy recovers from the impacts of COVID-19.

HOW WE GROW OUR BUSINESS

Growing the Number of Loyalty Program Partners

Throughout most of our history, adding new loyalty program partners has been an important source of growth. Continuing to grow the number of Loyalty Program partners connected to our platform remains a key growth factor and important part of our strategy. As of September 30, 2021, we had commercial agreements with approximately 60 loyalty programs. Collectively, our network of loyalty program partners represents over 1 billion loyalty program accounts.

The majority of our loyalty program partners are global, with end consumers and transactions originating from around the world. For that reason, the LCP was designed and operates as a global e-commerce platform, providing multiple currency and payment options as well as language-specific end user experiences. We believe the investments we have made on our platform and services position us well to add new loyalty program partners in other geographic markets.

Typically, we find our solutions competing with the internal technology departments of loyalty programs, leading to a “buy vs. build” decision. We have had success in displacing previously insourced solutions. Given this dynamic, the length of our sales cycle for these solutions can be difficult to predict.

Currently, the duration and impact of the COVID-19 pandemic remains uncertain. Through the period that the broader travel industry recovers from COVID-19, it is likely that the value of new partners, products, and services that we bring to market will be lower than our expectations before the outbreak of COVID-19.

Cross-sell Existing Partners

We believe our existing network of loyalty program partners represents a significant opportunity to cross-sell additional products and services. At the beginning of a new loyalty program partnership, most programs will typically deploy a small subset of our portfolio of services. As we demonstrate the benefits of our platform, we focus sales efforts with these partners on additional services that best fit their program, typically with limited incremental marketing and sales resources required. As we launch new functionality and expand service offerings, we expect that our opportunity to cross-sell additional services to existing partners that do not currently leverage our full platform will increase.

Growing In-Market Services

Our ability to grow our in-market services by increasing the volume of transactions and transaction size remains an important growth driver for us. Our revenue and gross profit are highly sensitive to marketing activity, which can drive substantial increases in transactions during promotional periods. We believe our

POINTS INTERNATIONAL LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

continued investment and focus in our technology, data analytics, and automated marketing has been and will continue to be a key driver of future growth. The LCP has positioned us to continually improve our ability to consume loyalty data and personalize member offers, increasing the effectiveness of our marketing campaigns and our partners' profitability while minimizing member communications.

We also believe there is significant opportunity to increase the market awareness for our products and services among loyalty program members. In addition, we indirectly benefit from the growth in our loyalty program partners member bases over time as well as the growth in the loyalty market in general.

We have experienced significantly lower transaction volumes during the COVID-19 pandemic relative to the transaction levels we experienced before the pandemic. With that said, we believe our loyalty program partners view our services and our marketing campaigns as an important source of cash flow and ancillary revenues during the pandemic, with an even greater proportion of our total revenue in the pandemic generated by our marketing campaigns compared to pre-COVID levels.

Regional and Vertical Expansion

Approximately 80% of our loyalty program partners are frequent flyer or hospitality loyalty programs, with the remaining partners in the financial services, retail and coalition verticals. We believe there is significant opportunity to grow by expanding the number of loyalty program partners we have in other verticals, specifically financial services.

In addition, approximately 85% of our loyalty program partners are based out of either North America, Europe or the Middle East. While we currently have a broad set of relationships with travel-based programs in these regions, we believe there are substantial growth opportunities to add additional loyalty program partners, particularly in the Asia Pacific and South American loyalty markets.

HOW WE ANALYZE AND REPORT OUR RESULTS

Revenue and Direct Cost of Revenue

We principally generate transaction based revenue, with approximately 99% of our revenue resulting from a margin, commission, or fee earned by transacting loyalty currency across our platform. We categorize our revenue in two ways, Principal revenue and Other partner revenue.

Principal Revenue

Principal revenue groups together several streams of revenue that we earn from providing services to various loyalty programs and their customers.

Principal revenue is primarily earned from reseller transactions, where we sell loyalty program currency directly to program members at a retail rate while purchasing loyalty currency at a wholesale rate from the loyalty program partner. Our role as principal in the transaction is determined by the contractual

POINTS INTERNATIONAL LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

arrangement in place with the loyalty program partner and their members. Under a principal arrangement, we obtain control of the loyalty currency prior to transferring it to the customer, and we typically provide the loyalty program partner an annual revenue guarantee for the term of the commercial agreement. In addition, we pay for all credit card related fees and assume all credit risk by providing real-time fraud detection and risk mitigation services. We also have a substantial level of responsibility with respect to marketing, analytics, pricing and commercial transaction support. Revenue earned under a principal arrangement is included in Principal revenue in our condensed consolidated interim financial statements and represents the gross amount of the retail transaction collected from loyalty program members.

Also included in Principal revenue are service revenues earned for other transaction based services we provide to loyalty programs or their members, including the ability to transfer miles to other program members and certain services to improve customer experience. Lastly, Principal revenue includes recurring monthly hosting fees charged to loyalty program partners and other third parties on certain services. These fees are generally recognized evenly over the term of the commercial arrangement.

Other Partner Revenue

Other partner revenue is primarily transaction based revenue earned for facilitating the sale of loyalty currencies or other services to loyalty program members for which we take an agency role. We typically earn a commission on the gross amount of the retail transaction for loyalty currency sold to end consumers. In these arrangements, we typically take less risk in the relationship and have less control as it relates to the sale of loyalty currency to end consumers relative to our principal arrangements.

Transaction revenues also includes commissions or transaction fees earned on certain accrual and redemption based transactions that we facilitate through our platform on behalf of loyalty program partners and other third parties, including loyalty incented hotel bookings and car rentals, exchange transactions between two programs, and other online shopping activity.

Direct Cost of Revenue

Direct cost of revenue primarily consists of the wholesale cost we pay to loyalty program partners for loyalty currency that we purchase as part of our principal arrangements. In addition, direct cost of revenue includes transaction processing costs, including credit card fees and certain fraud management expenses under our principal arrangements and certain agency partnerships. Lastly, direct cost of revenue includes certain sales commissions for business development staff, commissions paid to third parties, and certain marketing expenses that are variable with revenue.

Since our direct costs of revenue are transaction based, they will generally increase or decrease in line with the growth in principal revenue. Our wholesale pricing for loyalty currency is negotiated on a partner by partner basis and is typically locked in for the duration of the contract term with the loyalty program.

POINTS INTERNATIONAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS

Direct costs of revenue can also fluctuate with marketing activity based on the amount and level of promotional campaigns we put into market.

Operating Expenses

During the first quarter of 2021, we updated our expense classification to align the presentation with how we view our business internally and to make our reporting more relevant and comparable to other technology enabled platform companies. Under the current presentation, Employment costs, Marketing and communications, Technology services and Other operating expenses are now reclassified as Sales and marketing, Research and development and General and administrative. As part of this reclassification, Foreign exchange gain/loss is no longer included in Total operating expenses. The prior period comparatives have been reclassified to conform to the current period presentation. The reclassification did not result in a change in Income (Loss) before income taxes.

Sales and Marketing

Sales and marketing expenses consist primarily of employment costs, including share-based compensation expense and other personnel related expenses, for business development, marketing, account management, data analytics, partner delivery and other partner and customer facing functions. Other costs within sales and marketing include travel-related expenses, marketing agency and brand management costs, certain corporate overhead allocations and other general marketing expenses.

Research and Development

Research and development expenses consist primarily of employment costs, including share-based compensation expense and other personnel related expenses, for product-related functions including product management, engineering, web design and development and product delivery resources. These costs also include certain corporate overhead allocations.

General and Administrative

General and administrative expenses consist of employment costs, including share-based compensation expense and other personnel related expenses, for finance, accounting and treasury, legal, human resources, and the majority of our executive team. These costs also include corporate insurance, certain professional fees and software license costs, and other general corporate expenses.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")

Adjusted EBITDA is a non-GAAP financial measure, which is defined as earnings before income tax expense, finance costs, depreciation and amortization, share-based compensation expense, foreign exchange and impairment charges. We exclude these items because they affect the comparability of our financial results and could potentially distort the analysis of trends in our business performance. Adjusted EBITDA is used by management to assess our operating performance and is used to determine components of management compensation. We believe the presentation of Adjusted EBITDA is useful to investors and analysts as a supplemental measure to evaluate our operating performance. This measure

does not have any standardized meaning under IFRS, and other issuers may calculate Adjusted EBITDA differently and should not be considered a substitute for Net Income, which we believe to be the most directly comparable IFRS measure.

Effective Margin

Effective margin is a non-GAAP ratio, which is calculated by dividing Adjusted EBITDA by Gross profit. We use Effective margin as a key internal measure of operating efficiency. This measure demonstrates our ability to generate profitability after we have funded operating expenses. Other issuers may calculate Effective Margin differently or use a different measure to assess operating efficiency.

IMPACTS OF COVID-19

Over a year since the onset of the COVID-19 pandemic, there continues to be uncertainty regarding the duration and severity of the pandemic and the ability to control resurgences worldwide. The longer-term impacts on our business, our loyalty program partners' operations, and the broader travel industry is still difficult to assess.

The vast majority of our loyalty program partners operate in the travel industry and have seen their core operations materially impacted by the COVID-19 pandemic. The impact of continuing travel restrictions, bans and quarantine advisories globally have forced many of our partners, including airlines, hotels, online travel agencies, and other travel related partners, to curtail their operations and layoff or furlough employees, and to seek government support or raise capital through other means, in order to continue operations.

The COVID-19 pandemic had a significant adverse impact on our financial performance in 2020 and has continued to negatively impact our business in 2021. Since the middle of March 2020, our transaction levels and corresponding revenue and gross profit have been down significantly and are less predictable.

Before the COVID-19 pandemic, a significant portion of our transactional activity and resulting revenue and gross profit was generated from marketing campaigns where the purchase of loyalty currency by program members was not tied to an immediate redemption. The proportion of our transaction activity resulting from marketing campaigns has increased even further since the onset of the pandemic and has been the primary driver of our financial performance during this time. While our overall transaction levels have decreased since the beginning of the pandemic, our average transaction size has increased relative to before the pandemic due to the higher proportion of marketing activity.

POINTS INTERNATIONAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS

We implemented several measures at the onset of the pandemic to mitigate its impact on our business, preserve cash, and strengthen our overall liquidity. These initiatives included:

- Expense mitigation measures including pausing most hiring activity and significantly reducing discretionary spend and capital expenditures;
- Actively pursuing and participating in government subsidy programs where able, most notably the Canada Emergency Wage Subsidy program (“CEWS”); and
- Suspending future share buyback activity under our Normal Course Issuer Bid (“NCIB”) and significantly reducing the funding of our restricted share unit (“RSU”) plan.

In addition to the above measures, we amended our credit facility in the fourth quarter of 2020 to adapt it to better address the impact of COVID-19. See “Liquidity and Capital Resources” below for more details.

Our priority continues to be the safety and well-being of our employees while ensuring business continuity for our partners. The actions we have taken to manage our business during the pandemic were intended to strike a balance between dealing with the challenges of the pandemic while establishing as much capacity to accelerate growth when travel restrictions are lifted and the economic environment improves. For this reason, we kept our resource levels relatively flat with pre-pandemic levels during 2020 to maintain capacity to deploy to loyalty program partners and service to market.

Since March 2021, our business performance and associated transaction metrics have started to experience sustained levels of improvement relative to the low point of the pandemic experience from Q2 2020 to Q4 2020. Gross profit generated in the quarter ended September 30, 2021 increased for the fourth consecutive quarter and represented our highest quarterly gross profit over the last six quarters. This improved performance coincided with the rollout of vaccines globally and curtailing of travel restrictions, particularly in the United States. As we have gained more confidence in our performance and generated stronger financial results to date in 2021, we started to ease some of the spending restrictions we put in place at the onset of the pandemic, including restarting hiring for roles that are focused on growth.

It is still challenging to assess whether we will continue to grow or reliably estimate the impact of COVID-19 on our business performance in the future. While some governments have started to relax COVID-19 restrictions and vaccine distributions have progressed throughout the year, there remains uncertainty around when remaining government restrictions may be lifted, if additional restrictions may be put in place, the impacts of potential new variants, and if there are any lasting changes in consumer spending and travel behaviour. At this time, based on our available liquidity and internal scenario planning, we believe we have sufficient liquidity to operate under multiple recovery scenarios. We continue to monitor the impact of COVID-19 on our business, financial condition and operations, and on the broader travel industry. Refer to the “Risks and Uncertainties” section of our December 31, 2020 year end MD&A.

Q3 2021 AND RECENT BUSINESS HIGHLIGHTS

New Partners Added

- Announced a new multi-service and multi-year partnership with Eva Air's Infinity MileageLands program, representing our most comprehensive partnership with an APAC carrier to date. The initial services are expected to be launched in the fourth quarter of 2021.

Expanded Partnerships:

- We launched three additional deployments of our Accelerate Anything service, which allows members to accelerate their current miles balance – regardless of how these miles were earned. We now have 6 loyalty program partners taking advantage of this new capability, including the following recent launches:
 - In July, we deployed this service with the Etihad Guest program, the third loyalty program partner in the growing Middle East region to take advantage of this new capability;
 - In September, we further expanded our partnership with Air Canada's Aeroplan program with the Accelerate Anything service; and
 - Just after the quarter end, we launched this new service with the Copa Airlines' ConnectMiles program in October.
- During the third quarter, we expanded the number of exchange opportunities across the platform:
 - In the third quarter, we added Air Canada's Aeroplan program as additional exchange options with the Choice Privileges and Chase Ultimate Rewards programs.
 - We added Air France-KLM's Flying Blue program, IHG Rewards and the World of Hyatt loyalty program as exchange options with Bilt Rewards, a new partnership launched in the second quarter of 2021.
 - Lastly, we enabled the Choice Privileges program as an exchange option for Citi Thankyou Rewards program members.
- In October, expanded the reach of the Buy service with the Marriott Bonvoy program. Points now powers Marriott's buy activity in the redemption flow, moving the existing top up channel onto Points' loyalty commerce platform.

Corporate Amalgamation

In order to optimize our corporate tax structure and minimize future income tax in Canada, we will be completing an amalgamation with our wholly-owned subsidiary, Points.com Inc., which will be effective January 1, 2022. As part of this amalgamation process, the name of the public company legal entity will change from Points International Ltd. to Points.com Inc. in 2022.

RESULTS OF OPERATIONS

The following information is provided to give context for the broader comments elsewhere in this MD&A.

	For the three months ended			
<i>(In thousands of US dollars, except share and per share amounts) (Unaudited)</i>	Sept 30, 2021	Sept 30, 2020	\$ Variance	% Variance
Principal revenue	\$ 79,885	\$ 33,977	\$ 45,908	135%
Other partner revenue	6,981	3,472	3,509	101%
Total revenue	86,866	37,449	49,417	132%
Gross profit	12,388	5,704	6,684	117%
Total operating expenses	13,523	9,016	4,507	50%
Finance and other income	55	27	28	104%
Net loss	(1,236)	(2,467)	1,231	(50%)
Adjusted EBITDA ¹	\$ 2,041	\$ (1,125)	\$ 3,166	(281%)
Effective margin ¹	16%	(20%)		
Loss per share				
Basic	\$ (0.08)	\$ (0.19)	\$ 0.11	(58%)
Diluted	\$ (0.08)	\$ (0.19)	\$ 0.11	(58%)
Weighted average shares outstanding				
Basic	14,941,248	13,225,803	1,715,445	13%
Diluted	14,941,248	13,225,803	1,715,445	13%
Total assets	\$ 133,118	\$ 104,731	\$ 28,387	27%
Total liabilities	77,973	69,930	8,043	12%
Total shareholders' equity	\$ 55,145	\$ 34,801	\$ 20,344	58%

¹ Refer to the "Non-GAAP financial measures" section for explanation and reconciliation to closest GAAP figure.

	For the nine months ended			
<i>(In thousands of US dollars, except share and per share amounts) (Unaudited)</i>	Sept 30, 2021	Sept 30, 2020	\$ Variance	% Variance
Principal revenue	\$ 237,073	\$ 145,648	\$ 91,425	63%
Other partner revenue	17,827	15,381	2,446	16%
Total revenue	254,900	161,029	93,871	58%
Gross profit	33,697	26,519	7,178	27%
Total operating expenses	35,343	32,145	3,198	10%
Finance and other income	174	273	(99)	(36%)
Net loss	(1,876)	(4,674)	2,798	(60%)
Adjusted EBITDA ¹	\$ 6,622	\$ 2,779	\$ 3,843	138%
Effective margin ¹	20%	10%		
Loss per share				
Basic	\$ (0.13)	\$ (0.35)	\$ 0.22	(63%)
Diluted	\$ (0.13)	\$ (0.35)	\$ 0.22	(63%)
Weighted average shares outstanding				
Basic	14,383,659	13,221,129	1,162,530	9%
Diluted	14,383,659	13,221,129	1,162,530	9%
Total assets	\$ 133,118	\$ 104,731	\$ 28,387	27%
Total liabilities	77,973	69,930	8,043	12%
Total shareholders' equity	\$ 55,145	\$ 34,801	\$ 20,344	58%

¹ Refer to the "Non-GAAP financial measures" section for explanation and reconciliation to closest GAAP figure.

POINTS INTERNATIONAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenue, Direct Cost of Revenue, and Gross Profit

<i>(In thousands of US dollars)</i> <i>(unaudited)</i>	For the three months ended			
	Sept 30, 2021	Sept 30, 2020	\$ Variance	% Variance
Principal revenue	\$ 79,885	\$ 33,977	\$ 45,908	135%
Other partner revenue	6,981	3,472	3,509	101%
Total revenue	86,866	37,449	49,417	132%
Less:				
Direct cost of revenue	74,478	31,745	42,733	135%
Gross profit	\$ 12,388	\$ 5,704	\$ 6,684	117%
Percentage of total revenues	14%	15%		

<i>(In thousands of US dollars)</i> <i>(unaudited)</i>	For the nine months ended			
	Sept 30, 2021	Sept 30, 2020	\$ Variance	% Variance
Principal revenue	\$ 237,073	\$ 145,648	\$ 91,425	63%
Other partner revenue	17,827	15,381	2,446	16%
Total revenue	254,900	161,029	93,871	58%
Less:				
Direct cost of revenue	221,203	134,510	86,693	64%
Gross profit	\$ 33,697	\$ 26,519	\$ 7,178	27%
Percentage of total revenues	13%	16%		

Our Total revenue, Direct cost of revenue, and Gross profit continue to be impacted by the COVID-19 pandemic. While our financial results in the third quarter of 2021 remained below pre-COVID levels, Total revenue and Gross profit generated in the third quarter represented significant year-over-year improvements relative to the prior year quarter.

Total revenue for the three months ended September 30, 2021 was \$86,866, an increase of 132% over the comparable period in 2020. For the nine months ended September 30, 2021, Total revenue was \$254,900, an increase of 58% over the comparable prior year period, primarily due to increase in Principal revenue. The year-over-year increases in revenue were primarily driven by improved transaction metrics across most of our partnerships, with the largest year-over-year performance improvements coming from US airline and hotel loyalty program partners. Generally, our performance has benefitted from the gradual easing of travel restrictions in some of our core geographic markets throughout 2021. This improvement was reflected in both the performance of our marketing campaigns and in our non-promotional activity which is more closely associated with near term travel activity.

Direct cost of revenue in the three and nine months ended September 30, 2021 increased 135% and 64% respectively, relatively in line with the increase in Principal revenue. Gross profit was \$12,388 in the third quarter of 2021, an increase of 117% over the comparable prior year period of \$5,704. Gross profit for the nine months ended September 30, 2021 increased 27% on a year-over-year basis. The year-over-year

POINTS INTERNATIONAL LTD.**MANAGEMENT'S DISCUSSION AND ANALYSIS**

increase in Gross profit in the third quarter of 2021 was due to improved transaction metrics across most partnerships. This improvement resulted from the easing of some travel restrictions in our core markets which positively impacted our transaction metrics, and to a lesser extent, the contribution of new partner and product launches over the last twelve months.

Gross profit as a percentage of revenues was 14% and 13% for the three and nine months ended September 30, 2021, respectively, compared to 15% and 16% in the comparable prior year periods. The year-over-year decreases were largely due to the relative mix of principal and agency revenues relative to the prior year period.

Operating Expenses

<i>(In thousands of US dollars)</i> <i>(unaudited)</i>	For the three months ended			
	Sept 30, 2021	Sept 30, 2020	\$ Variance	% Variance
Sales and marketing	\$ 4,559	\$ 2,969	\$ 1,590	54%
Research and development	3,577	2,255	1,322	59%
General and administrative	3,906	2,619	1,287	49%
Depreciation and amortization	1,053	1,173	(120)	(10%)
Impairment charges	428	-	428	N/A
Total operating expenses	\$ 13,523	\$ 9,016	\$ 4,507	50%

<i>(In thousands of US dollars)</i> <i>(unaudited)</i>	For the nine months ended			
	Sept 30, 2021	Sept 30, 2020	\$ Variance	% Variance
Sales and marketing	\$ 12,389	\$ 10,300	\$ 2,089	20%
Research and development	9,039	8,217	822	10%
General and administrative	9,980	8,149	1,831	22%
Depreciation and amortization	3,507	3,681	(174)	(5%)
Impairment charges	428	1,798	(1,370)	(76%)
Total operating expenses	\$ 35,343	\$ 32,145	\$ 3,198	10%

At the beginning of the COVID-19 pandemic, we participated in wage subsidy programs, most notably the CEWS program, which provides additional payroll funding for businesses that have been impacted by COVID-19. Our participation in the CEWS program ended in the second quarter of 2021 and we did not collect any subsidies during the third quarter of 2021. At this time, we do not anticipate collecting any further wage subsidies based on our financial performance. As we have gained more confidence in our financial performance and underlying transaction metrics to date in 2021, we have started to gradually ease some of the spending restrictions on discretionary spend we put in place at the outset of the pandemic. We continue to monitor expenses against our performance and continue to realize cost savings as a result of decreased travel and other expenses that we would have typically incurred at higher levels before the COVID-19 pandemic.

POINTS INTERNATIONAL LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended September 30, 2021, we incurred total operating expenses of \$13,523, an increase of \$4,507 or 50% over the prior year period. The year-over-year increase was primarily driven by wage subsidies collected in the prior year quarter and the aforementioned easing of some spending restrictions. In the third quarter of 2020, we recorded a benefit from wage subsidies that reduced operating expenses by \$1,835 versus nil in the current quarter.

For the nine months ended September 30, 2021, we incurred total operating expenses of \$35,343, an increase of \$3,198 or 10% over the comparable prior year period. The year-over-year increase was largely the result of lower wage subsidies recorded in the current year period relative to the comparable prior year period and the gradual easing of some spending restrictions. For the nine months ended September 30, 2021, we recorded a benefit from wage subsidies that reduced operating expenses by \$1,918 compared to a benefit of \$4,108 in the comparable prior period, a reduction of \$2,190. This was partially offset by an impairment charge of \$1,798 related to the legacy Points Travel operating segment we recorded in the second quarter of 2020.

Sales and Marketing

Sales and marketing expenses for the three months ended September 30, 2021 increased \$1,590 or 54% compared to the prior year quarter. The increase from the prior year period was largely the result of wage subsidies of \$809 recorded during the prior year quarter and the impact of new resources added over the last three quarters. In 2021, we added incremental resources to our marketing department focused on increasing organic growth with in-market partnerships. In addition, we hired incremental roles focused on delivering new services and partnerships to keep pace with our business development pipeline. Included in Sales and marketing expenses in the third quarter of 2021 was share-based compensation expenses of \$370 compared to \$233 in the prior year quarter.

For the nine months ended September 30, 2021, Sales and marketing expenses were \$12,389, an increase of \$2,089 or 20% over the comparable prior year period. The increase from the prior year period was largely the result of the higher employment costs due to the easing of certain spending restrictions, and lower wage subsidies recorded. During the nine months ended September 30, 2021, we recorded a benefit related to wage subsidies of \$708 that was recorded as an offset to Sales and marketing expenses compared to \$1,790 recorded in the prior year quarter. Included in Sales and marketing expenses in the nine month period ended September 30, 2021 was share-based compensation expenses of \$1,008 compared to \$661 in the comparable prior year period.

Research and Development

Research and development expenses for the three months ended September 30, 2021 increased \$1,322 or 59% compared to the prior year quarter. The increase from the prior year period was largely the result of wage subsidies recorded in the prior year quarter, and to a lesser extent, the aforementioned easing of certain spending restrictions. During the third quarter of 2020, we recorded a benefit related to wage subsidies of \$667 that was recorded as an offset to Research and Development expenses versus nil in the

POINTS INTERNATIONAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS

current quarter. Included in Research and development expenses in the third quarter of 2021 was share-based compensation expenses of \$255 compared to \$154 in the prior year quarter.

Research and development expenses for the nine months ended September 30, 2021 increased \$822 or 10% compared to the prior year period. The increase from the prior year period was largely the result of lower wage subsidies recorded and the aforementioned easing of some of the spending restrictions, including a temporary pause on hiring in 2020 and lower office related expense compared to the prior year period. During the nine months ended September 30, 2021, we recorded a benefit related to wage subsidies of \$822 that was recorded as an offset to Research and Development expenses compared to \$1,519 recorded in the comparable prior year period. Included in Research and development expenses for the nine months ended September 30, 2021 was share-based compensation expenses of \$581 compared to \$562 in the comparable prior year period.

General and Administrative

General and administrative expenses for the three months ended September 30, 2021 increased \$1,287 or 49% compared to the prior year quarter. The increase from the prior year period was largely due to increased share-based compensation, the wage subsidies collected during the prior year quarter, and the gradual easing of certain spending restrictions. During the third quarter of 2020, we recorded a benefit related to wage subsidies of \$359 that was recorded as an offset to General and Administrative expenses versus nil in the current year quarter. Included in General and administrative expenses in the third quarter of 2021 was share-based compensation expenses of \$1,015, compared to \$600 in the prior year quarter.

General and administrative expenses for the nine months ended September 30, 2021 increased \$1,831 or 22% compared to the prior year period. The increase from the prior year period was largely due to increased share-based compensation expenses, higher employment costs due to incremental resources added during 2021, and lower wage subsidies. During the nine month period ended September 30, 2021, we recorded a benefit related to wage subsidies of \$324 that was recorded as an offset to General and Administrative expenses compared to \$799 recorded in the prior year period. Included in General and administrative expenses for the nine months ended September 30, 2021 was share-based compensation expenses of \$2,570, compared to \$1,430 in the comparable prior year period.

Depreciation and Amortization

During the third quarter of 2021, Depreciation and amortization expense was \$1,053, a decrease of \$120 or 10% compared to the third quarter of 2020. For the nine month period ended September 30, 2021, Depreciation and amortization expense was relatively flat with the comparable prior year period, decreasing slightly by 5% to \$3,507.

Impairment Charges

Intangible Asset Impairment

During the third quarter of 2021, we identified impairment indicators for a finite-life intangible asset under development and concluded that the specific asset was impaired. The cause of the impairment was due to COVID-19 considerations resulting in a shift in product priorities with certain loyalty program partners during the pandemic. As at September 30, 2021, we assessed the recoverability of this asset to be nil and recorded an impairment charge of \$428. The conditions that gave rise to the impairment were specific to the impaired intangible asset and not present for our other assets. Based on the facts and circumstances present as at September 30, 2021 and our qualitative assessment, we concluded that there was no impairment to our other assets nor goodwill.

Goodwill and CGU Impairment

The outbreak of COVID-19 had a significant negative impact on our transactional volumes and revenue in the second quarter of 2020. In particular, our legacy Points Travel segment experienced the largest negative impact. As at June 30, 2020, it was determined that the recoverable amount of the legacy Points Travel CGU was lower than the carrying amount. As a result, we recorded an impairment charge of \$1,798 in the second quarter of 2020, including the write-down of goodwill of \$1,449, right-of-use assets of \$150, prepaid expenses and other assets of \$172 and intangible assets of \$27. The primary cause for the impairment was the severe downturn in the travel industry as a result of the COVID-19 pandemic, operating results during the second quarter of 2020 was lower than expectations and the updated travel industry forecasts were projecting a longer recovery period than what was originally expected at the beginning of the pandemic.

Other Income and Expenses

<i>(In thousands of US dollars)</i> <i>(unaudited)</i>	For the three months ended			
	Sept 30, 2021	Sept 30, 2020	\$ Variance	% Variance
Foreign exchange loss (gain)	\$ 174	\$ (178)	\$ 352	(198%)
Finance and other income	(55)	(27)	(28)	104%
Finance costs	77	223	(146)	(65%)
Income tax recovery	\$ (95)	\$ (863)	\$ 768	(89%)

<i>(In thousands of US dollars)</i> <i>(unaudited)</i>	For the nine months ended			
	Sept 30, 2021	Sept 30, 2020	\$ Variance	% Variance
Foreign exchange loss (gain)	\$ 485	\$ (296)	\$ 781	(264%)
Finance and other income	(174)	(273)	99	(36%)
Finance costs	284	591	(307)	(52%)
Income tax recovery	\$ (365)	\$ (974)	\$ 609	(63%)

Foreign exchange gain/loss

We are exposed to Foreign Exchange (“FX”) risk as a result of transactions in currencies other than our main functional currency, the US dollar. Unrealized FX gains and losses arise from the revaluation of our balance sheet at the period end rate and realized FX gains and losses arise from the settlement of non-US dollar transactions, which are recorded in the condensed consolidated interim statements of comprehensive loss for the period. We hold balances in foreign currencies (e.g., non-US dollar denominated cash, funds receivable from payment processors, accounts receivable, accounts payable and accrued liabilities and deposits) that give rise to exposure to FX risk.

The majority of our revenues in the third quarter of 2021 were transacted in US dollars. We also generate revenues in EUROS, British Pounds, and other currencies. The direct cost of revenue is primarily denominated in the same currency as the revenue earned, minimizing the FX exposure related to these currencies. Operating expenses are incurred predominantly in Canadian dollars, exposing us to FX risk. We enter into FX forward contracts to mitigate our exposure to the Canadian dollar.

For the quarter ended September 30, 2021, we recorded a foreign exchange loss of \$174 compared to a foreign exchange gain of \$178 in the comparable prior year period. For the nine month period ended September 30, 2021, we recorded a foreign exchange loss of \$485 compared to a foreign exchange gain of \$296 in the comparable prior year period. Foreign exchange gains and losses fluctuate from period to period due to movements in foreign currency rates and non-USD balances held.

Finance and other income

Finance and other income mainly consist of interest earned on cash and cash equivalents and rent subsidies. Finance and other income for the third quarter of 2021 was \$55 compared to \$27 in the prior year quarter. For the nine months ended September 30, 2021, Finance and other income was \$174, a decrease of \$99 or 36%, from the comparable prior year period. The year-over-year decrease was primarily due to a decline in short term interest rates which started at the beginning of the COVID-19 pandemic in March 2020.

Finance costs

Finance costs mainly consist of interest expense related to lease liabilities, standby fees and interest expense on the credit facility. Finance costs for the third quarter of 2021 was \$77, a decrease of \$146 or 65% over the prior year period, due largely to the repayment of remaining borrowings on our credit facility in the first quarter of 2021. Similarly, Finance costs decreased \$307 or 52% in the nine months ended September 30, 2021 relative to the comparable prior year period, due to lower interest charges related to lower borrowings during the period and the repayment of borrowings in March 2021.

Income tax recovery

We are subject to income tax in multiple jurisdictions and assess our taxable income to ensure eligible tax deductions are fully utilized. For the third quarter of 2021, we recorded an income tax recovery of \$95

POINTS INTERNATIONAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS

compared to \$863 in the comparable prior year period. For the nine months ended September 30, 2021, we recorded an income tax recovery of \$365 compared to \$974 in the comparable prior year period. The decreases in income tax recovery were primarily attributable to a decrease in loss before tax compared to prior year.

Net loss and loss per share

We incurred a Net loss of \$1,236 for the three months ended September 30, 2021 compared to Net loss of \$2,467 in the comparable prior year period. For the nine months ended September 30, 2021, we recorded a Net loss of \$1,876 compared to a Net loss of \$4,674 in the prior year period. The reduction in Net loss in the current year periods relative to the comparable prior year periods was primarily due to an increase in gross profit, partially offset by higher operating expenses.

Basic loss per share is calculated on the basis of the weighted average number of outstanding common shares for the period, which amounted to 14,941,248 common shares for the quarter ended September 30, 2021, compared with 13,225,803 common shares for the quarter ended September 30, 2020. The weighted average number of outstanding common shares for diluted loss per share was 14,941,248 common shares for the quarter ended September 30, 2021, compared with 13,225,803 common shares for the quarter ended September 30, 2020. The increase in weighted average number of outstanding common shares over the prior year quarter was mainly due to the public offering of 1,687,510 common shares in March 2021. Basic and diluted loss per share was \$0.08 for the third quarter of 2021 compared to \$0.19 for the comparable prior year period.

The weighted average number of outstanding common shares for basic and diluted loss per share for the nine month period ended September 30, 2021 was 14,383,659 common shares, compared with 13,221,129 common shares in the prior year period. The increase in weighted average number of outstanding common shares over the comparable prior year period was mainly due to the public offering of 1,687,510 common shares in March 2021. Basic and diluted loss per share was \$0.13 for the nine month period ended September 30, 2021, compared to basic and diluted loss per share of \$0.35 for the comparable prior year period.

NON-GAAP FINANCIAL MEASURES

Adjusted EBITDA and Effective Margin

We have reconciled Adjusted EBITDA to the most comparable IFRS measure as follows:

Reconciliation of Net Loss to Adjusted EBITDA

	For the three months ended			
<i>(In thousands of US dollars)</i> <i>(unaudited)</i>	Sept 30, 2021	Sept 30, 2020	\$ Variance	% Variance
Net loss	\$ (1,236)	\$ (2,467)	\$ 1,231	(50%)
Income tax recovery	(95)	(863)	768	(89%)
Finance costs	77	223	(146)	(65%)
Depreciation and amortization	1,053	1,173	(120)	(10%)
Foreign exchange loss (gain)	174	(178)	352	(198%)
Share-based compensation expense	1,640	987	653	66%
Impairment charges	428	-	428	N/A
Adjusted EBITDA	\$ 2,041	\$ (1,125)	\$ 3,166	(281%)

	For the nine months ended			
<i>(In thousands of US dollars)</i> <i>(unaudited)</i>	Sept 30, 2021	Sept 30, 2020	\$ Variance	% Variance
Net loss	\$ (1,876)	\$ (4,674)	\$ 2,798	(60%)
Income tax recovery	(365)	(974)	609	(63%)
Finance costs	284	591	(307)	(52%)
Depreciation and amortization	3,507	3,681	(174)	(5%)
Foreign exchange loss (gain)	485	(296)	781	(264%)
Share-based compensation expense	4,159	2,653	1,506	57%
Impairment charges	428	1,798	(1,370)	(76%)
Adjusted EBITDA	\$ 6,622	\$ 2,779	\$ 3,843	138%

For the three months ended September 30, 2021, Adjusted EBITDA was \$2,041, an increase of \$3,166 over the comparable prior year period, largely due to increased Gross profit generated in the current period, partially offset by operating expenses due to reduced wage subsidies and the easing of certain expense restrictions implemented at the onset of the pandemic.

For the nine months ended September 30, 2021, Adjusted EBITDA was \$6,622, an increase of \$3,843 over the comparable prior year period. The year-over-year increase in Adjusted EBITDA was primarily due to increased Gross profit generated in the current period, partially offset by higher operating expenses due to reduced wage subsidies recognized in the current period and the easing of certain expense restrictions implemented at the onset of the pandemic.

POINTS INTERNATIONAL LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The increase in Adjusted EBITDA was the primary driver in our effective margin increases relative to the prior year periods. Our Effective margin for the third quarter of 2021 was 16%, compared to (20%) for the prior year quarter. For the nine months ended September 30, 2021, effective margin was 20% compared to 10% in the prior year period.

LIQUIDITY AND CAPITAL RESOURCES

Consolidated Balance Sheet Data as at

(In thousands of US dollars)(Unaudited)

	Sept 30, 2021	Dec 31, 2020	\$ Variance	% Variance
Cash and cash equivalents	\$ 85,193	\$ 73,070	\$ 12,123	17%
Cash held in trust	2,151	280	1,871	668%
Funds receivable from payment processors	5,735	5,795	(60)	(1%)
Total funds available	\$ 93,079	\$ 79,145	\$ 13,934	18%

Our sources of liquidity are primarily our total funds available, cash provided from operating activities, and any borrowings we may make under our credit facility. Total funds available, which we calculate as cash and cash equivalents, funds receivable from payment processors and cash held in trust was \$93,079 as at September 30, 2021 compared to \$79,145 as at December 31, 2020, which included borrowings of \$15,000 on our senior secured credit facility. The increase in total funds available during the nine month period ended September 30, 2021 was primarily due to the closing of our equity offering in March for net proceeds of \$23,275, and to a lesser extent, higher gross sales activity at the end of the third quarter of 2021 relative to the end of 2020, partially offset by the repayment of \$15,000 on the senior secured credit facility. Total funds available can fluctuate period to period and are primarily impacted by the level and timing of sales activity during the quarter, the timing of partner payments, and the timing of receipts from our payment processors.

Historically, we have been able to generate sufficient cash through normal course operations to fund capital expenditure needs, current operating and working capital requirements, purchases of shares under our NCIB and purchases of shares held in trust for future settlement of RSUs. Our ability to generate sufficient cash flows and/or obtain additional sources of funding may be affected by the risks and uncertainties discussed within this and our 2020 year end MD&A.

Based on our operating experience during the COVID-19 pandemic so far and projections for the pandemic put out by various institutions, governments, agencies, and our internal scenario planning, we believe that we have sufficient liquidity to operate under various recovery scenarios.

Equity Financing

In March 2021, we completed an underwritten public offering of 1,687,510 shares at a price of CA\$18.75 per share, for aggregate gross proceeds of \$25,129, which includes the exercise in full by the underwriters

POINTS INTERNATIONAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS

of their over-allotment option. After deduction of the underwriters' fees and expenses of the offering, net proceeds were \$23,275.

Credit Facility

On December 10, 2019, we entered into a \$50,000 senior secured revolving credit facility with the Royal Bank of Canada and The Bank of Nova Scotia. This credit facility is available for general corporate purposes, including the financing of working capital, capital expenditures, and acquisitions. The credit facility has a three-year maturity with no fixed repayment dates prior to the end of the three-year term ending December 10, 2022. Borrowings under the credit facility are secured by a first charge over substantially all of our assets. Depending on the type of advance, interest rates under the credit facility are based on Canada prime rate, US base rate, Bankers' Acceptance (BA), London Interbank Offered Rate (LIBOR) or Euro Interbank Offered Rate (EURIBOR) plus an additional 0.75% to 2.00%.

On November 23, 2020, we entered into an agreement with our lenders to amend our existing senior secured credit facility (the "Amendment"). Under the terms of the Amendment, the net senior leverage ratio, the interest coverage ratio, and the fixed charge coverage ratio, were replaced through to June 30, 2021 with a Minimum Adjusted EBITDA and a Minimum Liquidity test, where we further agreed to extend the Minimum Adjusted EBITDA test two additional quarters. Under the amendment, we agreed to reduce the facility size from \$50,000 to \$40,000. We also agreed to not initiate any purchases under our NCIB and to restrict payments related to our RSU plan up to June 30, 2021. The amended credit facility also included an anti-cash hoarding clause, which required a repayment of excess cash borrowings when our unrestricted cash and cash equivalents, plus amounts receivable from payment processors less amounts owing to loyalty partners, exceeded \$25,000. Beginning in the third quarter of 2021, this amount will be increased to \$30,000. Drawdowns and advances under the amended credit facility are based on Canada prime rate, US base rate, Bankers' Acceptance (BA), London Interbank Offered Rate (LIBOR) or Euro Interbank Offered Rate (EURIBOR) plus an additional 1.75% to 2.75%. The LIBOR is set to be phased out by the end of 2021. Under the Amendment, we have negotiated with the lenders to replace LIBOR with the Secured Overnight Financing Rate ("SOFR") as the expected benchmark replacement. The benchmark replacement will be effective at the public statement release by the Benchmark Administrator, with the option for us to early adopt with the approval of the lenders.

On November 10, 2021, we entered into an agreement with our lenders to further amend our senior secured credit facility to revise the Minimum Adjusted EBITDA requirement for the fourth quarter of 2021.

As at September 30, 2021, we did not have any borrowings on the credit facility and we were compliant with all covenants.

POINTS INTERNATIONAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS

Normal Course Issuer Bid

On September 9, 2021, we renewed our NCIB program to repurchase for cancellation up to 746,992 common shares, representing approximately 5% of our issued and outstanding common shares as of August 31, 2021. In connection with this, we also renewed our Automatic Share Purchase Plan. While we have not been active with buying back shares since the onset of the pandemic and do not intend to be in the near term, the renewal positions us to initiate activity opportunistically as part of our capital allocation program.

Sources and Uses of Cash

	For the three months ended			
<i>(In thousands of US dollars)</i> <i>(Unaudited)</i>	Sept 30, 2021	Sept 30, 2020	\$ Variance	% Variance
Operating activities	\$ 2,110	\$ (27,944)	\$ 30,054	(108%)
Investing activities	(426)	(568)	142	(25%)
Financing activities	(2,663)	(5,316)	2,653	(50%)
Effects of exchange rates	317	(747)	1,064	(142%)
Change in cash and cash equivalents	\$ (662)	\$ (34,575)	\$ 33,913	(98%)

	For the nine months ended			
<i>(In thousands of US dollars)</i> <i>(Unaudited)</i>	Sept 30, 2021	Sept 30, 2020	\$ Variance	% Variance
Operating activities	\$ 10,833	\$ (30,799)	\$ 41,632	(135%)
Investing activities	(1,435)	(2,012)	577	(29%)
Financing activities	2,395	26,892	(24,497)	(91%)
Effects of exchange rates	330	(30)	360	(1,200%)
Change in cash and cash equivalents	\$ 12,123	\$ (5,949)	\$ 18,072	(304%)

Operating Activities

Cash flows from operating activities are primarily generated from funds collected from the sale of loyalty currency to program members through the services we offer and are reduced by cash payments to loyalty partners and payment of operating expenses. Cash flows from operating activities may vary significantly between periods due to changes in working capital balances, the timing of our promotional activity and partner payments, and the timing of receipts from our payment processors. Cash flows provided by operating activities were \$2,110 and \$10,833 for the three and nine month periods ended September 30, 2021, respectively, driven mostly by an increase in sales activity relative to the end of 2020.

POINTS INTERNATIONAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS

Investing Activities

Cash flows used in investing activities during the quarter ended September 30, 2021 was \$426, relatively stable with the prior year quarter. Cash flows used in investing activities for the nine month period ended September 30, 2021 was \$1,435 compared to \$2,012 in the comparable prior year period. The decrease was mainly due to higher levels of capitalization in the prior year related to an internally developed intangible asset. Investing activities in 2021 primarily related to the purchase of software and internally developed intangible assets, including development efforts focused on creating new capabilities to our existing products and services.

Financing Activities

Cash used in financing activities during the quarter ended September 30, 2021 were \$2,663, which was primarily used to purchase shares held in trust for future settlement of RSUs. In the prior year quarter, cash used in financing activities were \$5,316, which predominantly consisted of a repayment of \$5,000 on our senior secured credit facility.

For the nine months ended September 30, 2021, cash flows provided by financing activities were \$2,395, which was primarily driven by net proceeds of \$23,275 received from our public share offering which closed on March 29, 2021, partially offset by the repayment of \$15,000 of borrowings under our senior credit facility during the first quarter of 2021. In addition, we paid withholding taxes on the net settlement of RSUs of \$2,405 and purchased shares for future RSU settlements of \$2,726. In the nine months ended September 30, 2020, cash flows provided by financing activities were \$26,892, which predominantly consisted of a drawdown of \$40,000 from our senior secured credit facility in March 2020, partially offset by subsequent repayments of \$5,000 in each of the second and third quarter of 2020. Financing activities in the prior year nine month period also included the repurchase of 67,483 common shares for cancellation under our NCIB for \$1,042 and withholding taxes paid on the net settlement of RSUs of \$1,182.

Contractual Obligations and Commitments

<i>(In thousands of US dollars)</i> <i>(Unaudited)</i>	Total	Year 1	Year 2	Year 3	Year 4	Year 5+
Direct cost of revenue ⁽¹⁾⁽²⁾	\$ 317,779	\$ 21,691	\$ 123,033	\$ 127,153	\$ 45,902	\$ -

⁽¹⁾ For certain loyalty partners, we guarantee a minimum level of points/miles purchases for each contract year, over the duration of the contract term with the loyalty partner. We evaluate each guarantee at each reporting date and at the end of each contract year, to determine if the guarantee will be met for that respective contract year.

⁽²⁾ The guarantees and commitments schedule is prepared on a rolling 12-month basis. If a revenue guarantee has been met, it is removed from the disclosure above.

POINTS INTERNATIONAL LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our principal revenue obligations represent contractual commitments on the minimum value of transactions processed over the term of our agreements with certain loyalty program partners. Under this type of guarantee, in the event that the sale of loyalty program currencies is less than the guaranteed amounts, we would be obligated to purchase additional miles or points from the loyalty program partner equal to the value of the revenue commitment shortfall. We fund our principal revenue obligations through working capital.

While the COVID-19 pandemic could have a significant adverse impact on our ability to meet the minimum value of transactions we have committed to in certain contracts with our loyalty program partners, at this time, we do not believe there will be a significant impact on our liquidity in the event where revenue guarantees are not met due to certain contractual provisions in our contracts. However, this may change depending on the length, severity and potential outcomes of the COVID-19 pandemic, and we will continue to monitor business performance in the context of these commitments.

Financial Instruments

We have customers and suppliers that transact in currencies other than the US dollar which gives rise to a risk that earnings and cash flows may be adversely affected by fluctuations in FX exchange rates. We are primarily exposed to the Canadian dollar, the EURO, Japanese Yen and the British Pound. Revenues earned from our partners based in Canada are contracted in and paid in Canadian dollars. We use these funds to fund the Canadian operating expenses thereby reducing our exposure to foreign currency fluctuations.

As part of our risk management strategy, we enter into FX forward contracts extending out to approximately one year to reduce the FX risk with respect to Canadian dollar denominated disbursements. These contracts have been designated as cash flow hedges. We do not use derivative instruments for speculative purposes.

For a derivative instrument designated as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and is subsequently recognized in income when the hedged exposure affects income. Any ineffective portion of the derivative's gain or loss is recognized in net income. For the three-month period ended September 30, 2021, we reclassified a gain of \$191, net of tax, from other comprehensive loss into net loss (2020 – reclassified a loss of \$58, net of tax). On a year-to-date basis, we reclassified a gain of \$725, net of tax, from other comprehensive loss into net loss (2020 – reclassified a loss of \$322, net of tax). The cash flow hedges were effective for accounting purposes during the three and nine month period ended September 30, 2021. Realized gains from our hedging activities in the three and nine months ended September 30, 2021 were driven by the changes in the relative strength of the US dollar compared to the Canadian dollar.

As at September 30, 2021, forward contracts with a notional value of \$22,490 (December 31, 2020 - \$18,830) and in a net liability position of \$96 (December 31, 2020 – net asset position of \$827), with

POINTS INTERNATIONAL LTD.**MANAGEMENT'S DISCUSSION AND ANALYSIS**

settlement dates extending to September 2022, have been designated as cash flow hedges for hedge accounting treatment under IFRS 9, *Financial Instruments*. These contracts are intended to reduce the FX risk with respect to anticipated Canadian dollar denominated expenses.

Exercise of Share Options

We do not have any options that are due to expire within 12 months from the date of this MD&A.

BALANCE SHEET

(In thousands of US dollars) (Unaudited)

Consolidated Balance Sheet Data as at	Sept 30, 2021	Dec 31, 2020
Cash and cash equivalents	\$ 85,193	\$ 73,070
Cash held in trust	2,151	280
Funds receivable from payment processors	5,735	5,795
Accounts receivable	12,381	3,559
Prepaid taxes	190	1,760
Prepaid expenses and other assets	4,527	3,075
Total current assets	\$ 110,177	\$ 87,539
Property and equipment	1,164	1,529
Right-of-use assets	1,220	1,862
Intangible assets	10,720	12,130
Goodwill	5,681	5,681
Deferred tax assets	4,089	3,087
Other assets	67	202
Total non-current assets	\$ 22,941	\$ 24,491
Total assets	\$ 133,118	\$ 112,030
Accounts payable and accrued liabilities	\$ 9,545	\$ 5,766
Income taxes payable	1,588	489
Payable to loyalty program partners	63,318	50,629
Current portion of lease liabilities	1,142	1,156
Current portion of other liabilities	976	847
Current portion of long term debt	-	3,500
Total current liabilities	\$ 76,569	\$ 62,387
Long term debt	-	11,500
Lease liabilities	310	1,136
Other liabilities	36	57
Deferred tax liabilities	1,058	1,731
Total non-current liabilities	\$ 1,404	\$ 14,424
Total shareholders' equity	\$ 55,145	\$ 35,219
Total liabilities and shareholders' equity	\$ 133,118	\$ 112,030

POINTS INTERNATIONAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS

Cash and cash equivalents

Cash and cash equivalents balance increased \$12,123 compared to the end of 2020. The increase in cash and cash equivalents was largely due to net proceeds of \$23,275 received from our public share offering in March 2021 and an increase in sales activity relative to the end of 2020, partially offset by the repayment of \$15,000 of borrowings from our senior credit facility.

Cash held in trust

Cash held in trust represents funds received from customers, primarily Canadian, not yet remitted to service providers for the travel related products in accordance with certain geographic regulatory requirements. As at September 30, 2021, the balance for cash held in trust was \$2,151, an increase of \$1,871 compared to the end of 2020, mainly due to the increase in transaction volumes in the travel related products compared to year end 2020.

Funds receivable from payment processors

Funds receivable from payment processors represents the gross value of retail transactions, or gross sales, charged to and paid by end consumers that are held with our payment processors. On average, cash collected from end consumers is typically deposited into our bank accounts by our payment processors two days from the date of sale. In general, this balance can vary significantly depending on the timing and richness of promotional activity at the end of a given period. Generally, if the end of a period contains a high level of promotional activity, the receivable from payment processors balance will be higher relative to a period with lower promotional activity at the end of a period. As at September 30, 2021, Funds receivable from payment processors was \$5,735, flat compared to the end of 2020.

Accounts receivable

Accounts receivable increased \$8,822 compared to the end of 2020. The increase was primarily due to higher receivables from certain loyalty programs due to an increase in transactional activity with certain products compared to the end of 2020.

Prepaid taxes

Prepaid taxes decreased by \$1,570 compared to the end of 2020, mainly due to a refund received related to prior year.

POINTS INTERNATIONAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS

Prepaid expenses and other assets

Prepaid expenses and other assets increased by \$1,452 compared to the end of 2020, mainly due to an increase in deposits held with vendors and prepaid expenses due to timing, partially offset by the decrease in the carrying values of the foreign exchange forward contracts.

Right-of-use assets

Right-of-use assets decreased by \$642 compared to the end of 2020 due to depreciation, partially offset by the addition of right-of-use assets during the year.

Deferred tax assets

Deferred tax assets were \$4,089 as at September 30, 2021, an increase of \$1,002 compared to the end of 2020. We expect to recover these tax losses, against taxable income in the future.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities increased \$3,779 compared to the end of 2020. The increase was primarily due to an increase in hotel redemption activities resulting in higher payables to our hotel suppliers, driven by increased sales activities compared to year end and timing of payments.

Long term debt

Long term debt represents the outstanding balance on the senior secured revolving credit facility. As at December 31, 2020, we had an outstanding balance of \$15,000 on the senior credit facility, which was fully repaid during the first quarter of 2021. As at September 30, 2021, we did not have any borrowings on the senior secured credit facility.

Lease liabilities

As at September 30, 2021, the current and non-current portion of lease liabilities were \$1,142 and \$310, respectively, compared to \$1,156 and \$1,136, respectively, at the end of 2020. The decrease in lease liabilities from the prior year was due to lease payments made in 2021, partially offset by the addition of a new lease.

Payables to loyalty program partners

Payables to loyalty program partners increased \$12,689 compared to the end of 2020. Fluctuations in payable to loyalty program partners are generally attributable to the timing of payments made to loyalty

POINTS INTERNATIONAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS

program partners and the timing of sales activity in the previous month. On average, we remit funds to loyalty program partners for monthly sales activity approximately 30 days after the end of the month. For the quarter ended September 30, 2021, the increase in this balance was primarily driven by higher sales activity across our platform at the end of the period relative to the end of 2020.

OUTSTANDING SHARE DATA

As of November 10, 2021, there were 14,942,792 common shares outstanding.

As of November 10, 2021, there were 997,200 outstanding options. The options have exercise prices ranging from \$13.93 CAD to \$19.37 CAD with a weighted average exercise price of \$14.63 CAD. The expiration dates of the options range up to December 23, 2025.

The following table lists the common shares issued and outstanding as at November 10, 2021 and the securities that are currently convertible into or exercisable for common shares along with the maximum number of common shares issuable on conversion or exercise.

<i>(Unaudited)</i>	Common Shares	Proceeds
Common Shares Issued & Outstanding	14,942,792	
Potentially Issuable: Share options	997,200	CAD\$ 14,593,036
Common Shares Issued & Potentially Issuable	15,939,992	CAD\$ 14,593,036
Securities Excluded from Calculation:		
Options Available for grant from ESOP ⁽¹⁾	532,660	

⁽¹⁾ "ESOP" is defined as the Employee Share Option Plan. The number of options available for grant is calculated as the total share option pool less the number of outstanding share options.

SUMMARY OF QUARTERLY RESULTS

<i>(In thousands of US dollars, except share and per share amounts)</i> <i>(Unaudited)</i>	Three months ended							
	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	Sept 30, 2020	Dec 31, 2020	Mar 31, 2021	Jun 30, 2021	Sept 30, 2021
Total Revenue	\$ 107,007	\$ 82,673	\$ 40,907	\$ 37,449	\$ 56,358	\$ 65,025	\$ 103,009	\$ 86,866
Gross profit	17,589	13,827	6,988	5,704	8,484	9,000	12,309	12,388
Total operating expense ⁽¹⁾	13,496	12,539	10,590	9,016	9,882	10,208	11,612	13,523
Adjusted EBITDA	7,193	3,605	299	(1,125)	362	1,193	3,388	2,041
Net income (loss)	2,758	1,118	(3,325)	(2,467)	(683)	(1,092)	452	(1,236)
Basic earnings (loss) per share	\$ 0.21	\$ 0.08	\$ (0.25)	\$ (0.19)	\$ (0.05)	\$ (0.08)	\$ 0.03	\$ (0.08)
Diluted earnings (loss) per share	\$ 0.20	\$ 0.08	\$ (0.25)	\$ (0.19)	\$ (0.05)	\$ (0.08)	\$ 0.03	\$ (0.08)

⁽¹⁾ Prior period comparatives are reclassified to conform with current year presentation.

POINTS INTERNATIONAL LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Historically, our annual revenue and gross profit has generally increased year over year, as we have been able to execute on our growth drivers, including adding new loyalty program partnerships, cross selling services to existing partners, and growing in-market services by driving transaction growth. The performance of our in-market services can be highly sensitive to the level of marketing and promotional activity carried out during the period. As a result, our Revenues, Gross profit, Net income (loss) and Adjusted EBITDA will tend to fluctuate quarter to quarter due to the variability in our marketing calendars, but will generally grow on an annual basis.

In the fourth quarter of 2019, we generated record revenue, gross profit, and Adjusted EBITDA, driven in large part by the continued growth of our in-market services combined with the impact of new partners and services launched in both 2018 and 2019. This performance also contributed to record revenue, gross profit and Adjusted EBITDA generated for the year ended December 31, 2019.

Beginning in the second half of March 2020, the COVID-19 pandemic started to have a significant adverse impact on our financial performance. From a quarterly perspective, this adverse impact was noticeable beginning in the second quarter of 2020 and has continued through to the third quarter of 2021. Throughout this period, our Revenue and Gross profit from in-market services has been significantly below our pre-COVID levels. Fluctuations in revenue and gross profit generated by our marketing activity have been exacerbated by the COVID-19 pandemic, as transaction volumes generated by these campaigns have varied considerably. Our financial results for the second, third and fourth quarter of 2020 were largely a reflection of this variability and unpredictability. While we have had some marketing campaigns generate transaction volumes that were similar to the levels we would have experienced before the pandemic, most campaigns during this period have been significantly lower than what we would have experienced before the pandemic. At the end of the first quarter of 2021, we started to experience improved performance relative to previous quarters in the pandemic, which benefitted from the gradual easing of travel restrictions by governments in some of our core geographic markets, which started to favourably impact our operations at the end of the first quarter of 2021. Our gross profit for the third quarter of 2021 increased for the fourth consecutive quarter and represented our highest quarterly gross profit over the last six quarters. With that said, it is difficult to assess at this time if we will continue to grow on a quarterly basis due to the continued uncertainty surrounding the potential outcomes of the COVID-19 pandemic.

Our operating expenses since the onset of the pandemic through to the second quarter of 2021 had been significantly lower than our pre-COVID levels due to wage subsidies we had been collecting since the second quarter of 2020 combined with expense mitigation initiatives we started at the onset of the pandemic. In the third quarter of 2021, Operating expenses increased and returned to pre-COVID levels as we stopped collecting wage subsidies and partially eased some of the previously mentioned spending restrictions due to our improved performance.

Dependence on loyalty program partners

We depend on a limited number of large partners for a significant portion of our total revenue. For the three and nine month periods ended September 30, 2021, there were three loyalty program partners and two loyalty program partners, respectively, (2020 – four and three), for which sales to their members individually represented more than 10% of our total revenue. In aggregate, sales to these partners' program members represented 69% and 60% (2020 – 75% and 66%), respectively, of our total revenue for the three and nine month periods ended September 30, 2021. A decrease in revenue or gross profit from these partner relationships for any reason, including a fundamental change in their loyalty program, a change in contractual pricing, a significant shift in their redemption chart, or a decision to no longer outsource some or all of the products and services we provide, could have a material adverse effect on our revenue. As it relates to the reseller transactions we process for these partners, we act as principal where revenues are recognized on a gross basis. We believe gross profit is a more relevant metric to assess our partner concentration, as it represents the amount of revenues that are available to fund expenses and the economics we earn from our commercial arrangements with our loyalty program partners. For the third quarter of 2021 and year-to-date, gross profit generated through commercial arrangements with 12 loyalty program partners (2020 – 12) represented approximately 80% of our gross profit.

CONTROLS AND PROCEDURES

There have been no changes in our internal controls over financial reporting this quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

For our accounting policies and critical accounting estimates and judgments, refer to our MD&A and audited annual consolidated financial statements for the year ended December 31, 2020. The preparation of the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Significant changes in these assumptions, including those related to our future business plans and cash flows, could materially change the amounts we record. Actual results may differ from these estimates.

Cash Generating Units

For purposes of assessing impairment under IFRS, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units or “CGUs”). We test CGUs or groups of CGUs with indefinite life intangible assets and/or allocated goodwill for impairment as at December 31 of each calendar year or when an indicator of impairment is considered to exist. We had previously determined that we had three CGUs, being Loyalty Currency Retailing, Platform Partners and Points Travel. Commencing January 1, 2021, we have determined that we have a single CGU.

In recent years, we have significantly invested in the functionality and scalability of the LCP, with the intention to migrate and centralize the technology enabling our revenue generation. The technologies that previously operated separately, are now fundamentally integrated into the LCP, which is the core asset and backbone for facilitating substantially all of our transactions. This centralization and migration of products to the LCP, coupled with the change in our organizational structure, and how Management monitors operations and makes business decisions, resulted in the change to a single CGU.

Due to the change in our CGU composition, we assessed qualitatively and quantitatively the recoverable amount of the CGU as at March 31, 2021. Based on the facts and circumstances present as at March 31, 2021, we concluded that there was no impairment.

NEW STANDARDS ADOPTED IN 2021

The following amendments to IFRS are effective from January 1, 2021, but they did not have a material impact on our condensed consolidated interim financial statements:

Interest Rate Benchmark Reform – Phase 2

In August 2020, the IASB issued additional amendments to IFRS 9, Financial Instruments, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts, and IFRS 16, Leases - The objective of these amendments is to address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IFRS 7, IFRS 4 and IFRS 16.

As at January 1, 2021, we had \$15,000 borrowings on our LIBOR secured credit facility, which were fully repaid by March 31, 2021. As at September 30, 2021, we continue to have access to this facility and expect the interest rate benchmark to be changed to SOFR in the fourth quarter of 2021. We do not expect any material impact on our condensed consolidated interim financial statements as a result of applying the amendments.