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

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of **May, 2020**

Commission File Number: **001-35078**

POINTS INTERNATIONAL LTD.
(Translation of registrant's name into English)

111 Richmond St., W. Suite 700, Toronto, ON, M5H 2G4, Canada
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F [ ]   Form 40-F [X]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): [ ]

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): [ ]

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes [ ]   No [X]

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-________________.

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.

Points International Ltd.
(Registrant)

Date: May 13, 2020

By: /s/ Erick Georgiou
Name: Erick Georgiou
Title: Chief Financial Officer

* Print the name and title under the signature of the signing officer.

NYC#: 108692.1

SEC1815(04-09)

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EXHIBIT INDEX

Exhibit	Description
99.1	Condensed Consolidated Interim Financial Statements
99.2	Management's Discussion and Analysis
99.3	Certification of Interim Filings - CEO
99.4	Certification of Interim Filings - CFO
99.5	News Release dated March 13, 2020

Condensed Consolidated Interim Financial Statements

Points International Ltd.
March 31, 2020

Contents

Points International Ltd.
Condensed Consolidated Interim Statements of Financial Position
Expressed in thousands of United States dollars
(Unaudited)

As at	Note		March 31, 2020		December 31, 2019
ASSETS					
Current assets					
Cash and cash equivalents		$	**104,517**	$	69,965
Cash held in trust			**1,154**		2,534
Funds receivable from payment processors			**1,559**		14,302
Accounts receivable	13		**14,512**		21,864
Prepaid taxes			**195**		194
Prepaid expenses and other assets	12		**1,866**		2,153
Total current assets		$	**123,803**	$	111,012
Non-current assets					
Property and equipment			**2,335**		2,371
Right-of-use assets			**2,761**		3,060
Intangible assets			**12,799**		12,806
Goodwill	4		**7,130**		7,130
Deferred tax assets			**2,444**		2,105
Other assets			**216**		216
Total non-current assets		$	**27,685**	$	27,688
Total assets		$	**151,488**	$	138,700
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	13	$	**9,255**	$	13,766
Income taxes payable			**598**		2,326
Payable to loyalty program partners			**57,691**		78,270
Current portion of lease liabilities			**1,210**		1,323
Current portion of other liabilities	12		**2,006**		797
Total current liabilities		$	**70,760**	$	96,482
Non-current liabilities					
Long term debt	8		**40,000**		-
Lease liabilities			**1,745**		2,209
Other liabilities			**86**		95
Deferred tax liabilities			**864**		722
Total non-current liabilities		$	**42,695**	$	3,026
Total liabilities		$	**113,455**	$	99,508
SHAREHOLDERS' EQUITY					
Share capital			**48,826**		45,799
Contributed surplus			**-**		-
Accumulated other comprehensive (loss) income			**(818)**		184
Accumulated deficit			**(9,975)**		(6,791)
Total shareholders' equity		$	**38,033**	$	39,192
Total liabilities and shareholders' equity		$	**151,488**	$	138,700
Guarantees and Commitments	10				
Subsequent Events	14				

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Points International Ltd.
Condensed Consolidated Interim Statements of Comprehensive Income
Expressed in thousands of United States dollars, except per share amounts
(Unaudited)

For the three months ended March 31	**Note**		**2020**		2019
REVENUE					
Principal		**$**	**75,870**	$	90,006
Other partner revenue			**6,803**		5,937
Total Revenue	5	**$**	**82,673**		95,943
Direct cost of revenue			**68,846**		82,577
Gross Profit		**$**	**13,827**	$	13,366
OPERATING EXPENSES					
Employment costs			**7,708**		7,636
Marketing and communications			**422**		379
Technology services			**752**		617
Depreciation and amortization			**1,249**		1,142
Foreign exchange gain			**(38)**		(244)
Other operating expenses			**2,408**		1,580
Total Operating Expenses		**$**	**12,501**	$	11,110
Finance income			**(189)**		(262)
Finance costs			**88**		76
INCOME BEFORE INCOME TAXES		**$**	**1,427**	$	2,442
Income tax expense			**309**		685
NET INCOME		**$**	**1,118**	$	1,757
OTHER COMPREHENSIVE (LOSS) INCOME					
Items that will subsequently be reclassified to profit or loss:					
Unrealized (loss) gain on foreign exchange derivatives designated as cash flow hedges			**(1,485)**		238
Income tax effect			**393**		(63)
Reclassification to net income of loss on foreign exchange derivatives designated as cash flow hedges			**99**		249
Income tax effect			**(26)**		(66)
Foreign currency translation adjustment			**17**		24
Other comprehensive (loss) income for the period, net of income tax		**$**	**(1,002)**	$	382
TOTAL COMPREHENSIVE INCOME		**$**	**116**	$	2,139
EARNINGS PER SHARE					
Basic earnings per share	7	**$**	**0.08**	$	0.13
Diluted earnings per share	7	**$**	**0.08**	$	0.12

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Expressed in thousands of United States dollars except number of shares (Unaudited)		**Attributable to equity holders of the Company**						
		Share Capital		**Contributed surplus**	**Accumulated other comprehensive income (loss)**	**Accumulated deficit**	**Total shareholders' equity**
	Note	**Number of Shares**	**Amount**				
Balance at December 31, 2019		**13,241,516**	**$ 45,799**	**$ -**	**$ 184**	**$ (6,791)**	**$ 39,192**
Net income		**-**	**-**	**-**	**-**	**1,118**	**1,118**
Other comprehensive loss, net of tax		**-**	**-**	**-**	**(1,002)**	**-**	**(1,002)**
Total comprehensive income		**-**	**-**	**-**	**(1,002)**	**1,118**	**116**
Effect of equity-settled share-based payment	9	**-**	**-**	**879**	**-**	**-**	**879**
Share issuances - options exercised		**50,299**	**506**	**(439)**	**-**	**-**	**67**
Settlement of RSUs	9	**-**	**2,759**	**(3,938)**	**-**	**-**	**(1,179)**
Shares repurchased and cancelled	6	**(67,483)**	**(238)**	**(804)**	**-**	**-**	**(1,042)**
Reclassification within equity(1)		**-**	**-**	**4,302**	**-**	**(4,302)**	**-**
Balance at March 31, 2020		**13,224,332**	**$ 48,826**	**$ -**	**$ (818)**	**$ (9,975)**	**$ 38,033**
Balance at December 31, 2018		14,111,864	$ 53,886	$ 4,446	$ (646)	$ (16,676)	$ 41,010
Net income		-	-	-	-	1,757	1,757
Other comprehensive income, net of tax		-	-	-	382	-	382
Total comprehensive income		-	-	-	382	1,757	2,139
Effect of equity-settled share-based payment	9	-	-	1,217	-	-	1,217
Share issuances - options exercised		2,338	28	(7)	-	-	21
Settlement of RSUs	9	-	1,277	(4,242)	-	-	(2,965)
Shares purchased and held in trust	9	-	(599)	-	-	-	(599)
Shares repurchased and cancelled	6	(219,641)	(845)	(1,414)	-	(197)	(2,456)
Balance at March 31, 2019		13,894,561	$ 53,747	$ -	$ (264)	$ (15,116)	$ 38,367

The accompanying notes are an integral part of these condensed consolidated interim financial statements.
(1) The Corporation has adopted a policy that when contributed surplus is in debit balance, the amount is reclassified to accumulated deficit for financial statement presentation purposes.

Points International Ltd.
Condensed Consolidated Interim Statements of Cash Flows
Expressed in thousands of United States dollars
(Unaudited)

For the three months ended March 31	***Note***		**2020**		2019
Cash flows from operating activities					
Net income for the period		**$**	**1,118**	$	1,757
Adjustments for:					
Depreciation of property and equipment			**339**		288
Depreciation of right-of-use assets			**299**		283
Amortization of intangible assets			**611**		571
Unrealized foreign exchange gain			**(1,087)**		(123)
Equity-settled share-based payment transactions	9		**879**		1,217
Finance costs			**88**		76
Deferred income tax expense			**170**		110
Derivative contracts designated as cash flow hedges			**(1,386)**		487
Changes in cash held in trust			**1,380**		-
Changes in non-cash balances related to operations	11		**(5,282)**		1,471
Interest paid			**(43)**		(76)
Net cash (used in) provided by operating activities		**$**	**(2,914)**	$	6,061
Cash flows from investing activities					
Acquisition of property and equipment			**(303)**		(520)
Additions to intangible assets			**(604)**		(287)
Net cash used in investing activities		**$**	**(907)**	$	(807)
Cash flows from financing activities					
Proceeds from long term debt	8		**40,000**		-
Payment of lease liabilities			**(326)**		(212)
Proceeds from exercise of share options			**67**		21
Shares repurchased and cancelled	6		**(1,042)**		(2,456)
Purchase of share capital held in trust	9		**-**		(599)
Taxes paid on net settlement of RSUs			**(1,179)**		(2,965)
Net cash provided by (used in) financing activities		**$**	**37,520**	$	(6,211)
Effect of exchange rate fluctuations on cash held			**853**		147
Net increase (decrease) in cash and cash equivalents		**$**	**34,552**	$	(810)
Cash and cash equivalents at beginning of the period		**$**	**69,965**	$	69,131
Cash and cash equivalents at end of the period		**$**	**104,517**	$	68,321
Interest received		**$**	**213**	$	262
Taxes paid		**$**	**(1,842)**	$	(614)

Amounts received in interest and paid in taxes were reflected as operating cash flows in the condensed consolidated interim statements of cash flows.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. REPORTING ENTITY

Points International Ltd. (the "Corporation") is a company domiciled in Canada. The address of the Corporation's registered office is 111 Richmond Street West, Suite 700, Toronto, ON, Canada M5H 2G4. The condensed consolidated interim financial statements of the Corporation as at and for the three months ended March 31, 2020 comprise the Corporation and its wholly-owned subsidiaries: Points International (US) Ltd., Points International (UK) Ltd., Points.com Inc., Points Travel Inc., Points Development (US) Ltd., Points Holdings Ltd. and its wholly-owned subsidiaries, Points International (Singapore) Private Limited and Points International FZ-LLC. The Corporation's shares are publicly traded on the Toronto Stock Exchange ("TSX") as PTS and on the NASDAQ Capital Market ("NASDAQ") as PCOM.

The Corporation operates in three reportable segments (see Note 5 below.)

Segment	**Principal Activities**
Loyalty Currency Retailing	Consists primarily of products and services that facilitate the sale or transfer of loyalty currency direct to loyalty program members.
Platform Partners	A portfolio of technology solutions that enables the broad distribution of loyalty currencies across loyalty program and third party channels.
Points Travel	White-label travel booking solution for the loyalty industry that allows consumers to earn and redeem their loyalty currency while making hotel bookings and car rentals online.

The Corporation's operations can be moderately influenced by seasonality. Historically gross profit is highest in the fourth quarter in each year as certain product offerings and promotional activity in the Loyalty Currency Retailing segment peak during this time.

The consolidated financial statements of the Corporation as at and for the year ended December 31, 2019 are available at www.sedar.com or www.sec.gov.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the three months ended March 31, 2020 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB").

The notes presented in these first quarter 2020 condensed consolidated interim financial statements include only significant changes and transactions occurring since December 31, 2019 and are not fully inclusive of all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with the Corporation's annual audited consolidated financial statements for the year ended December 31, 2019. All amounts are expressed in thousands of United States dollars ("USD"), except per share amounts, or as otherwise indicated.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 13, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the condensed consolidated interim financial statements follow the same accounting policies and methods of application as those disclosed in the Corporation's annual audited consolidated financial statements for the year ended December 31, 2019.

(a) New standards adopted in 2020

The following amendments are effective from January 1, 2020, but they do not have a material impact on the Corporation's condensed consolidated interim financial statements:

- IAS 1, Presentation of Financial Statements; and
- IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors**.**

(b) Long term debt

Long term debt represents the outstanding balance that the Corporation has drawn on its $50.0 million senior secured revolving credit facility; refer to Note 8. Long term debt is measured at amortized cost under IFRS 9, Financial Instruments.

4. COVID-19

In December 2019, a novel strain of coronavirus, COVID-19, was first detected in Wuhan, China. Throughout the first three months of 2020, COVID-19 spread to other regions around the world, with the World Health Organization declaring the outbreak as a global pandemic on March 11, 2020. Many governments around the world responded to the pandemic by implementing a variety of measures to reduce the spread of COVID-19, including travel restrictions and bans, social distancing measures, quarantine advisories, and the closure of non-essential businesses. As a result of these measures, there has been an unprecedented decline in travel, which has had a significant impact on the Corporation's business.

As travel restrictions were more broadly implemented by governments around the world in mid-March 2020, the Corporation started to experience a significant decline in transaction volumes and resulting revenue and gross profit. While each of the operating segments experienced significant transaction declines starting in mid-March 2020, the degree of the decline varied by line of business and product.

The Corporation considered whether the declines in revenue and gross profit, and reduced cash flow projections as a result of COVID-19 were indicators that the goodwill and indefinite life intangible assets may be impaired. The Corporation assessed qualitatively and quantitively the recoverable amount of its cash generating units as at March 31, 2020. Based on facts and circumstances present as at March 31, 2020, it was concluded that there was no impairment.

The duration and impact of the COVID-19 pandemic remains unknown. Some of the key assumptions used in the impairment assessment, including cash flow projections, discount rates, and terminal growth rates may change in future periods. Given the high degree of uncertainty with the impact of COVID-19, management used multiple, probability weighted cash flow projections in determining the recoverable amount.

The COVID-19 pandemic, the measures taken by governments of countries affected and the resulting economic impact may continue to adversely affect the Corporation's financial performance, cash flows and financial position as well as that of its partners in future periods.

In response to the COVID-19 pandemic, starting in the second half of March 2020, the Corporation took the following measures to mitigate the impact of the pandemic on the business, preserve cash, and improve the Corporation's overall liquidity:

- Paused all hiring activity and, where able, reallocated internal resources to focus on in-year revenue opportunities.
- Reduced or suspended most discretionary spending, including marketing spend, office expenses, travel related expenditures, and employer contributions to retirement savings plans.

All amounts in thousands of U.S. dollars, except per share figures, unless otherwise noted (Unaudited)

- Pursued government assistance programs available to the Corporation in the jurisdictions in which the Corporation operates; refer to Note 14.
- Suspended future share buyback activity under the Normal Course Issuer Bid ("NCIB").
- Paused funding of the restricted share unit ("RSU") plan.
- Drew down $40,000 from the previously undrawn senior secured credit facility; refer to Note 8.
- Reduced or suspended capital expenditures.
- Took advantage of tax relief packages in the jurisdictions in which the Corporation operates, including the deferral of monthly tax instalments in Canada and Singapore.

5. OPERATING SEGMENTS

The Corporation's reportable segments are Loyalty Currency Retailing, Platform Partners and Points Travel. These operating segments are organized around differences in products and services.

The Corporation's measure of segment profit or loss is represented by Contribution, which is used by the Chief Operating Decision Maker ("CODM") in reviewing segment results and making resource allocation decisions. Contribution is defined as gross profit (total revenue less direct cost of revenue) for the relevant operating segment less direct adjusted operating expenses. Direct adjusted operating expenses are expenses which are directly attributable to each operating segment. Assets and liabilities are not provided to the CODM at the operating segment level and are therefore not allocated to the operating segments for reporting purposes. There have been no changes in the Corporation's determination of its reportable segments.

For the three months ended March 31, 2020:	Loyalty Currency Retailing	Platform Partners	Points Travel	Total
Total revenue	$ 80,193	$ 1,877	$ 603	$ 82,673
Direct cost of revenue	68,597	237	12	68,846
Gross profit	11,596	1,640	591	13,827
Direct adjusted operating expenses	3,800	923	1,647	6,370
Contribution	$ 7,796	$ 717	$ (1,056)	$ 7,457
Indirect adjusted operating expenses[1]				4,041
Finance income				(189)
Finance costs				88
Equity-settled share-based payment expense				879
Income tax expense				309
Depreciation and amortization				1,249
Foreign exchange gain				(38)
Net income				$ 1,118

All amounts in thousands of U.S. dollars, except per share figures, unless otherwise noted (Unaudited)

For the three months ended March 31, 2019:	Loyalty Currency Retailing	Platform Partners	Points Travel	Total
Total revenue	$ 93,618	$ 1,891	$ 434	$ 95,943
Direct cost of revenue	82,433	140	4	82,577
Gross profit	11,185	1,751	430	13,366
Direct adjusted operating expenses	3,185	947	1,563	5,695
Contribution	$ 8,000	$ 804	$ (1,133)	$ 7,671
Indirect adjusted operating expenses[1]				3,300
Finance income				(262)
Finance costs				76
Equity-settled share-based payment expense				1,217
Income tax expense				685
Depreciation and amortization				1,142
Foreign exchange gain				(244)
Net income				$ 1,757

[1] Indirect adjusted operating expenses comprise costs that are shared among the Loyalty Currency Retailing, Platform Partners and Points Travel operating segments, including costs associated with various corporate functions, such as Finance, Human Resources, Legal and certain expenses associated with information technology infrastructure.

Enterprise-wide disclosures - Geographic information

For the three months ended March 31	**2020**		2019	
Revenue				
United States	**$ 72,025**	**87%**	$ 85,153	89%
Europe	**5,867**	**7%**	5,589	6%
Other	**4,781**	**6%**	5,201	5%
	$ 82,673	**100%**	$ 95,943	100%

Revenue earned by the Corporation is generated from sales to loyalty program partners directly or from sales directly to members of loyalty programs with which the Corporation partners. Revenues by geographic region are shown above and are based on the country of residence of each of the Corporation's loyalty partners. As at March 31, 2020, substantially all of the Corporation's assets were in Canada.

Dependence on loyalty program partners

For the three month period ended March 31, 2020, there were two (2019 - three) loyalty program partners for which sales to their members individually represented more than 10% of the Corporation's total revenue. In aggregate, sales to the members of these partners represented 57% (2019 - 70%) of the Corporation's total revenue.

6. CAPITAL AND OTHER COMPONENTS OF EQUITY

Normal Course Issuer Bid

On March 8, 2017, the Board of Directors of the Corporation approved a plan to repurchase the Corporation's common shares. On August 14, 2018, the NCIB program was renewed with a total of 710,893 shares to be repurchased under this 2018 plan (the "2018 Repurchase"), representing 5% of the Corporation's 14,217,860 shares issued and outstanding as of July 31, 2018. The Corporation has entered into an automatic share purchase plan with a broker in order to facilitate the 2018 Repurchase.

All amounts in thousands of U.S. dollars, except per share figures, unless otherwise noted (Unaudited)

On August 14, 2019, the NCIB program was renewed with a total of 679,034 shares to be repurchased under this 2019 plan (the "2019 Repurchase"), representing 5% of the Corporation's 13,580,692 shares issued and outstanding as of July 31, 2019. The Corporation has entered into an automatic share purchase plan with a broker in order to facilitate the 2019 Repurchase.

The primary purpose of the NCIB repurchases is for cancellation. Under the automatic share purchase plan, the Corporation may repurchase shares at times when the Corporation would ordinarily not be permitted to due to regulatory restrictions or self-imposed blackout periods. Repurchases will be made from time to time at the brokers' discretion, based upon parameters prescribed by the Corporation's written agreement. Repurchases may be effected through the facilities of the TSX, the NASDAQ or other alternative trading systems in the United States and Canada. The actual number of common shares purchased and the timing of such purchases will be determined by the broker considering market conditions, stock prices, the Corporation's cash position, and other factors.

During the three months ended March 31, 2020, the Corporation repurchased and cancelled 67,483 common shares (2019 - 219,641) at an aggregate purchase price of $1,042 (2019 - $2,456), resulting in a reduction of share capital of $238 (2019 - $845), a reduction of contributed surplus of $804 (2019 - $1,414), and an increase in accumulated deficit of nil (2019 - $197).

7. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	For the three months ended March 31			
		2020		2019
Net income available to common shareholders for basic and diluted earnings per share	**$**	**1,118**	$	1,757
Weighted average number of common shares outstanding - basic		**13,213,200**		14,003,876
Effect of dilutive securities		**340,270**		106,647
Weighted average number of common shares outstanding - diluted		**13,553,470**		14,110,523
Earnings per share - reported				
Basic	**$**	**0.08**	$	0.13
Diluted	**$**	**0.08**	$	0.12

a) Diluted earnings per share

For the three months ended March 31, 2020, there were no options (2019 - 109,169) excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive. The average market value of the Corporation's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

8. LONG TERM DEBT

The outstanding long term debt balance relates to the Corporation's draw down on its $50.0 million senior secured revolving credit facility with Royal Bank of Canada and The Bank of Nova Scotia. With the approval of the lenders, the credit facility can be expanded to a total of $65.0 million. The credit facility is available for general corporate purposes, including the financing of working capital, capital expenditures and acquisitions. This credit facility matures in December 2022 and has no fixed repayment dates prior to maturity. Drawdowns and advances under the credit facility are based on Canada prime rate, US base rate, Bankers Acceptance (BS), London Interbank Offered Rate (LIBOR) or Euro Interbank Offered Rate (EURIBOR) plus an additional 0.75% to 2.00%. As at March 31, 2020, the Corporation had drawn a $20.0 million USD US Base Rate Advance, at an interest rate of 4.50% and a $20.0 million USD one month LIBOR Advance, at an interest rate of 1.75%. The credit facility contains customary representations and warranties, events of default, and certain non-financial and financial covenants, including ratios based on net senior leverage, interest coverage and fixed charge coverage (if applicable). The Corporation is in compliance with all applicable covenants under this agreement as at March 31, 2020 and expects that it will maintain compliance with these covenants for the next year based on current forecasts. However, the duration and the impact of the COVID-19 pandemic remains unknown. If the Corporation expects to be unable to maintain compliance with such covenants in future periods, the Corporation would seek to obtain an amendment or waiver from the Corporation's lenders, refinance the credit facility, or take other mitigating actions prior to a potential breach.

All amounts in thousands of U.S. dollars, except per share figures, unless otherwise noted (Unaudited)

On May 31, 2019, the Corporation's previous credit facilities with Royal Bank of Canada expired. The two facilities available to the Corporation prior to the expiration were as follows:

- Revolving operating facility of $8,500 at an interest rate range of 0.35% to 0.75% per annum over the bank base rate.
- Term loan facility of $5,000 to be utilized solely for the purposes of financing the cash consideration relating to acquisitions made by the Corporation, at an interest rate range of 0.40% to 0.80% per annum over the bank base rate.

The Corporation was in compliance with all applicable financial and non-financial covenants under these agreements as at March 31, 2019. The Corporation had no borrowing under these previous credit facilities as at or during the three months ended March 31, 2019.

9. SHARE-BASED PAYMENTS

As at March 31, 2020, the Corporation had two share-based compensation plans for its employees: a share option plan and a share unit plan.

Share option plan

Under the share option plan, employees are periodically granted share options to purchase common shares at prices not less than the market price of the common shares on the day prior to the date of grant. In the three month period ended March 31, 2020, the Corporation did not grant any options (2019 - 108,000 performance options granted).

As the impact of COVID-19 deferred the expected achievement of performance thresholds for the performance options, during the first quarter of 2020, the Corporation reassessed the probability of achieving the specified performance metrics for the performance options. During the three months ended March 31, 2020, the Corporation recognized employment costs of $6 (2019 - $146) related to its share option plan.
The share option plan authorized the number of options for grant to be determined based on 10% of the larger of the outstanding shares as at March 2, 2016 or any time thereafter. The options available for grant as at March 31, 2020 and 2019 are shown in the table below:

	March 31, 2020	March 31, 2019
Shares outstanding as at March 2, 2016	**15,298,602**	15,298,602
Percentage of shares outstanding	**10%**	10%
Net options authorized	**1,529,860**	1,529,860
Less: options issued & outstanding	**(1,159,411)**	(1,234,857)
Options available for grant	**370,449**	295,003

All amounts in thousands of U.S. dollars, except per share figures, unless otherwise noted (Unaudited)

The fair value of each option grant is estimated at the date of grant using the Black-Scholes option pricing model. Expected volatility is determined by the amount the Corporation's daily share price fluctuated over a period commensurate with the expected life of the options. The fair value of options granted during the three months ended March 31, 2019 were calculated using the following assumptions.

	2019
Dividend yield	NIL
Risk free rate	1.60% - 1.64%
Expected volatility	40.79% - 43.76%
Expected life of options in years	3.10 - 6.00
Weighted average fair value of options granted (CAD)	$5.23 - $7.54

A summary of the status of the Corporation's share option plan as of March 31, 2020 and 2019, and changes during the three months ended on those dates is presented below.

	2020			2019		
	Number of Options		**Weighted Average Exercise Price (in CAD$)**	Number of Options		Weighted Average Exercise Price (in CAD$)
Beginning of period	**1,321,288**	**$**	**14.26**	1,229,040	$	15.00
Granted	-		-	108,000	$	17.05
Exercised	**(158,975)**	**$**	**12.34**	(2,338)	$	12.34
Expired and forfeited	**(2,902)**	**$**	**12.34**	(99,845)	$	30.84
End of period	**1,159,411**	**$**	**14.53**	1,234,857	$	13.90
Exercisable at end of period	**47,311**	**$**	**12.27**	196,857	$	12.05

As at March 31, 2020:

	Options outstanding				**Options exercisable**		
Range of Exercise Prices (in CAD$)	**Number of options**	**Weighted average remaining contractual life (years)**		**Weighted average exercise price (in CAD$)**	**Number of options**		**Weighted average exercise price (in CAD$)**
$5.00 to $9.99	**22,280**	**0.94**	**$**	**9.89**	**22,280**	**$**	**9.89**
$10.00 to $14.99	**849,131**	**4.66**	**$**	**13.89**	**11,531**	**$**	**11.28**
$15.00 to $19.99	**288,000**	**5.33**	**$**	**16.76**	**13,500**	**$**	**17.05**
	1,159,411				**47,311**		

As at March 31, 2019:

	Options outstanding				Options exercisable		
Range of Exercise Prices (in CAD$)	Number of options	Weighted average remaining contractual life (years)		Weighted average exercise price (in CAD$)	Number of options		Weighted average exercise price (in CAD$)
$5.00 to $9.99	22,280	1.95	$	9.89	22,280	$	9.89
$10.00 to $14.99	1,103,408	4.97	$	13.67	173,408	$	12.27
$15.00 to $19.99	109,169	4.92	$	17.08	1,169	$	19.82
	1,234,857				196,857		

All amounts in thousands of U.S. dollars, except per share figures, unless otherwise noted (Unaudited)

Share unit plan

The Corporation's share unit plan includes RSUs and performance share units ("PSUs"). RSUs vest on grant date, over a period of up to three years after the grant date or in full on the third anniversary of the grant date. PSUs vest on the third anniversary of the grant date. The number of PSUs that vest is based on the achievement of specified non-market performance conditions. The fair value of each share unit is determined at grant date using the volume weighted average trading price per share on the TSX during the immediately preceding five trading days, is recognized over the share unit's vesting period and charged to profit or loss with a corresponding increase in contributed surplus.

During the three months ended March 31, 2020, 421,048 share units were granted (2019 - 334,534 share units). As at March 31, 2020, 556,244 share units were outstanding (2019 - 536,533 share units).

During the three months ended March 31, 2020, the Corporation recognized employment costs of $873 (2019 - $1,071) related to its share unit plan.

	Number of Share units		**Weighted Average Fair Value (in CAD$)**
Balance at January 1, 2020	**496,942**	**$**	**14.63**
Granted	**421,048**	**$**	**16.41**
Vested	**(359,723)**	**$**	**14.92**
Forfeited	**(2,023)**	**$**	**16.72**
Balance at March 31, 2020	**556,244**	**$**	**15.79**

	Number of Share units		Weighted Average Fair Value (in CAD$)
Balance at January 1, 2019	657,727	$	11.50
Granted	334,534	$	17.05
Vested	(452,164)	$	12.53
Forfeited	(3,564)	$	11.30
Balance at March 31, 2019	536,533	$	14.09

Under the share unit plan, share units can be settled in cash or shares at the Corporation's discretion. The Corporation intends to settle all share units in equity at the end of the vesting period. To fulfill this obligation, the Corporation has appointed a trustee to administer the program and purchase shares from the open market through a share purchase trust on a periodic basis. During the three months ended March 31, 2020, the Corporation did not purchase any shares for the trust (2019 - purchased 60,000 share units at a cost of $599). The Corporation paid certain withholding taxes in cash rather than reselling shares held in trust into the market. During the first quarter of 2020, 359,723 share units (2019 - 452,164) vested, for which the Corporation settled 253,104 share units (2019 - 220,538) through the issuance of shares held in trust and paid $1,179 (2019 - $2,965) of withholding taxes.

10. GUARANTEES AND COMMITMENTS

		Total		Year 1(2)		Year 2		Year 3		Year 4		Year 5+
Direct cost of revenue(1)	$	592,428	$	121,118	$	161,126	$	130,679	$	130,116	$	49,389

(1) For certain loyalty partners, the Corporation guarantees a minimum level of purchase of points/miles, for each contract year, over the duration of the contract term between the Corporation and loyalty program partner. Management evaluates each guarantee at each reporting date and at the end of each contract year, to determine if the guarantee was 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.

All amounts in thousands of U.S. dollars, except per share figures, unless otherwise noted (Unaudited)

11. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash balances related to operations are as follows:

For the three months ended March 31		**2020**		2019
Decrease in funds receivable from payment processors	**$**	**12,743**	$	5,934
Decrease in accounts receivable		**7,352**		2,228
(Increase) Decrease in prepaid taxes		**(1)**		9
Decrease (Increase) in prepaid expenses and other assets		**287**		(108)
Decrease in accounts payable and accrued liabilities		**(4,556)**		(899)
Decrease in income taxes payable		**(1,728)**		(70)
Increase (Decrease) in other liabilities		**1,200**		(510)
Decrease in payable to loyalty program partners		**(20,579)**		(5,113)
	$	**(5,282)**	$	1,471

12. FINANCIAL INSTRUMENTS

Determination of fair value

For financial assets and liabilities that are valued at other than fair value on the condensed consolidated interim statement of financial position (funds receivable from payment processors, accounts receivable, accounts payable and accrued liabilities and payable to loyalty program partners), fair value approximates the carrying value at March 31, 2020 and December 31, 2019 due to their short-term maturities. The fair value of long term debt approximates the carrying value at March 31, 2020.

Fair value hierarchy

The Corporation has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies, as disclosed below. However, considerable judgment is required to develop certain of these estimates. Accordingly, these estimated values are not necessarily indicative of the amounts the Corporation could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of each class of financial instruments are discussed below.

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Quoted market prices for an identical asset or liability represent a Level 1 valuation. When quoted market prices are not available, the Corporation maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the use of significant unobservable inputs are considered Level 3. The carrying value of financial assets and financial liabilities measured at fair value in the condensed consolidated interim statements of financial position as at March 31, 2020 and December 31, 2019 are as follows:

All amounts in thousands of U.S. dollars, except per share figures, unless otherwise noted (Unaudited)

As at March 31, 2020		**Carrying Value**		**Level 2**
Liabilities:				
Foreign exchange forward contracts designated as cash flow hedges(i)	**$**	**(1,157)**	**$**	**(1,157)**
	$	**(1,157)**	**$**	**(1,157)**

As at December 31, 2019		Carrying Value		Level 2
Assets:				
Foreign exchange forward contracts designated as cash flow hedges(i)	$	229	$	229
Liabilities:				
Foreign exchange forward contracts designated as cash flow hedges(i)		(1)		(1)
	$	228	$	228

(i) The carrying values of the Corporation's foreign exchange forward contracts are included in prepaid and other assets and current portion of other liabilities in the condensed consolidated interim statements of financial position.

There were no material financial instruments categorized in Level 1 or Level 3 as at March 31, 2020 and December 31, 2019 and there were no transfers of fair value measurement between Levels 2 and 3 of the fair value hierarchy in the respective periods.

13. TAX REBATE RELATED TO PRIOR YEARS

The Corporation filed for a tax rebate of $6,027, net of fees, related to prior years and was accepted by the tax authorities during the second quarter of 2019. As at December 31, 2019, the related receivable and associated fees payable are recorded in accounts receivable and accounts payable and accrued liabilities in the condensed consolidated interim statements of financial position, respectively. The Corporation received the tax rebate from the tax authorities in the first quarter of 2020.

14. SUBSEQUENT EVENTS

Subsequent to March 31, 2020, the Government of Canada provided details of the Canada Emergency Wage Subsidy ("CEWS"), which provides eligible employers with subsidies on employee renumeration for twelve weeks, retroactively from March 15, 2020 to June 6, 2020. Subsequent to the end of the first quarter of 2020, the Corporation has filed its first claim for the subsidy covering the period from March 15 to April 11, 2020.

Subsequent to March 31, 2020, the Corporation also filed and received its claim under the US Small Business Association Payment Protection Program ("PPP") as provided in the Coronavirus Aid, Relief and Economic Security Act ("CARES"), which was passed into law by the US government on March 27, 2020. The PPP provides funds to pay up to eight weeks of payroll and other expenses including rent and utilities. The Corporation expects to meet the criteria required for the loan to be fully forgiven.

Financial results for the quarter ended March 31, 2020 do not include the benefit of the CEWS claim or the PPP.

POINTS INTERNATIONAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

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 months ended March 31, 2020, the 2019 annual MD&A and the 2019 audited annual consolidated financial statements and notes thereto and other recent filings with Canadian and US securities regulatory agencies, which may be accessed at www.sedar.com or www.sec.gov.

All financial data herein 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 May 13, 2020 and was reviewed by the Audit Committee and approved by the Corporation's Board of Directors.

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, gross profit and profitability, the impact of our annual revenue guarantees, and our ability to deliver on our long-term goals), and our growth strategies (including our ability to grow the number of loyalty program partners, cross-sell existing partners, and retain and grow existing loyalty program partner deployments), 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, the risks, uncertainties and other factors that may impact the results expressed or implied in such forward-looking statements include, but are not limited to: airline or travel industry disruptions, such as an airline insolvency and continued airline consolidation; our dependence on a limited number of large clients for a significant portion of our consolidated revenue; our reliance on contractual relationships with loyalty program partners that are subject to termination and renegotiation; our exposure to significant liquidity risk if we fail to meet contractual performance commitments; the risk of an event of default under our senior secured credit facility; our ability to convert our pipeline of prospective partners or launch new products with new or existing partners as expected or planned; our dependence on various third-parties that provide certain solutions in our Platform Partners segment that we market to loyalty program partners; and the fact that our operations are conducted in multiple jurisdictions and in multiple currencies and as such dramatic fluctuations in exchange rates of the foreign currencies can have a dramatic effect on our financial results. In particular, refer to "Updates to Risks and Uncertainties" below. These and other important assumptions, factors, risks and uncertainties are included in the press release announcing our first quarter 2020 financial results, and those described in our other filings with applicable securities regulators, including our AIF, Form 40-F, annual and interim MD&A, 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

We are the global leader in providing loyalty e-commerce and technology solutions to the loyalty industry, connecting loyalty programs, third party brands and end consumers across a global transaction platform. We partner with leading loyalty brands by providing solutions that help make their programs more valuable and engaging, while driving revenue and increasing profitability to the program. We do not manage our own loyalty program, nor do we offer the core technology that operates a loyalty program. Our business is focused on becoming an important strategic partner to the world's most successful loyalty programs by cooperating with them on valuable, private label, ancillary services.

At its simplest, our products and services are designed to benefit loyalty programs by: (1) increasing loyalty program revenues and profitability through the sale of loyalty program currency (such as frequent flyer miles or hotel points) or related travel and loyalty services direct to end consumers or third parties; (2) driving efficient cost management to loyalty program operators by offering non-core redemption options; and (3) enhancing loyalty program member engagement. We now have approximately 75 commercial agreements or integrations with loyalty programs or third parties globally. 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. Our commercial agreements with loyalty program partners are typically for fixed terms of three to five years. Contracts will generally renew with either an annual evergreen clause or a new contract extension for a set term.

Our Loyalty Commerce Platform ("LCP") is the backbone of our product and service offerings. The LCP offers a consistent interface for loyalty programs and third parties, providing broad access to loyalty transaction capabilities, program integration, analytics, reporting, security and real-time fraud services. We have direct integrations with approximately 75 loyalty programs and third parties, including merchants and other technology companies in the loyalty and travel space.

Collectively, our network of loyalty program partners represents over 1 billion loyalty program accounts. Our platform and integrations typically provide us with full debit and credit functionality, enabling us to deposit or withdraw loyalty currency from each of these accounts. We view these integrations as a strategic asset that uniquely positions us to connect third party channels with highly engaged loyalty program members and the broader loyalty market. In addition, our platform is positioned to collect transaction related insights that we can leverage to increase online conversion percentages, transactions, and ultimately revenues for us and our partners.

Our loyalty partner network includes the following leading loyalty brands:

- AF-KLM Flying Blue
- Alaska Airlines Mileage Plan
- American Airlines AAdvantage
- ANA Mileage Club
- British Airways Executive Club
- Delta Air Lines SkyMiles
- JetBlue TrueBlue
- LATAM Pass
- Lufthansa's Miles & More
- Marriott Bonvoy
- Etihad Guest
- Southwest Airlines Rapid Rewards
- United Airlines MileagePlus
- Virgin Atlantic Flying Club
- Hilton Honors
- World of Hyatt
- InterContinental Hotels Group
- Wyndham Rewards
- Emirates Skywards
- Chase Ultimate Rewards
- Citi ThankYou
- Velocity Frequent Flyer

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. We are headquartered in Toronto, Canada with regional offices in San Francisco, London, Singapore and Dubai.

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. Businesses have leveraged loyalty programs to strengthen their brand, enrich relationships with existing customers, and attract and engage new customers. Loyalty programs are seen both as strategic marketing assets of an organization, 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 has increased, 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 for credit cards on an annual basis to award to customers. Similar commercial arrangements now exist with loyalty programs and retailers who are looking to add loyalty as a consumer incentive to their brand.

These types of commercial arrangements have established a massive global loyalty industry fueled by the sale and redemption of loyalty currency. Today, it is estimated that the majority of loyalty currency issued in North America is now sold by loyalty programs to third parties, including credit card companies and other merchants. 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. Many North American airlines have generated significant revenues from their loyalty programs which can account for a significant proportion of overall airline profits. At the same time, there is a need for loyalty programs to actively manage the resulting loyalty liability with cost-effective redemption options.

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. Further, newer loyalty concepts, such as large e-commerce programs, daily deals, and online travel agencies, are becoming more prevalent. As a result of this changing landscape, loyalty programs must continue to innovate in order to drive customer activities.

As the loyalty market continues to change, we are uniquely positioned to meet our loyalty program partners' needs. We believe that our continued focus on innovation will maintain our leading market position in technology and marketing services, enabling us to enhance existing products and services while delivering new loyalty solutions to market that meet the needs of our partners and their members.

OUR OPERATING STRUCTURE

Our business combines attributes of both an e-commerce platform and a marketing services business to offer a portfolio of consumer or business facing products and services that facilitate the accrual or redemption of loyalty currency (points or miles). Accrual transactions are typically focused on generating revenue for our loyalty program partners while redemption transactions are focused on offering additional engagement options for program members.

Core to our operations is the LCP, an open, Application Program Interface ("API") based transaction processing platform that we leverage for all aspects of the business. The key functions of the LCP include direct, real time integrations into our partners' loyalty program databases that allow for customer validation and information sharing as well as debit and/or credit of loyalty program currency. Of growing importance to our business is the marketing automation capability that we continue to develop as part of the LCP's functionality. Lastly, security, fraud mitigation, auditing and reporting functions are also centralized via the LCP.

All of the products and services we offer benefit from this unified operating infrastructure in two key ways. First, they allow us to launch and manage multiple products and services with increased efficiency. Second, our ability to aggregate and anonymize the consolidated data flowing across the platform from many programs, regions and transaction types facilitates our automated marketing and merchandising efforts.

Leveraging the LCP, we operate in three segments, each of which contain multiple loyalty products and services.

Loyalty Currency Retailing

The Loyalty Currency Retailing segment provides products and services designed to help loyalty program members unlock the value of their loyalty currency and accelerate the time to a reward. Included in this segment are the buy, gift, transfer, reinstate, accelerator and elite services. These offerings provide loyalty program members the ability to buy loyalty program currency for themselves, as gifts for others, perform a transfer of loyalty currency to another loyalty program member, reinstate previously expired loyalty currency, accelerate earning of loyalty currency in conjunction with other transactions, or to access a higher tier status.

Loyalty Currency Retailing services provide high margin revenue to our loyalty program partners while increasing member engagement by unlocking the value of loyalty currency in the members' accounts. We have direct partnerships with over 30 loyalty program partners who leverage at least one of our Loyalty Currency Retailing solutions. All loyalty program partners who leverage our Loyalty Currency Retailing services are within the airline or hospitality verticals. 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 becoming an outsourcing solution to loyalty programs that previously provided these same services in-house. Given this dynamic, the length of our sales cycle for these solutions can be difficult to predict.

We take a principal role in the retailing of loyalty currencies in approximately two thirds of our loyalty program partnerships in this segment. As principal, we will sell loyalty program currency directly to the program members at a retail rate while purchasing points and miles at a wholesale rate from the loyalty program partner. Under a principal arrangement, we obtain control of the loyalty currency prior to transferring it to the customer and will typically provide the loyalty program partner an annual revenue guarantee for the term of the commercial agreement. In addition, we will 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. Wholesale costs paid to loyalty programs for loyalty currency are included in Direct cost of revenue in our condensed consolidated interim financial statements.

Alternatively, we may assume an agency role in the retailing and wholesaling of loyalty currencies, which is determined by the contractual arrangement in place with the loyalty program partner and their members. In these arrangements, we typically take a less active role in the retailing of loyalty currency and earn a commission on each transaction. Revenue earned under an agency arrangement is included in Other partner revenue in our condensed consolidated interim financial statements and represents the amount of the commission earned. 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.

Platform Partners

The Platform Partners segment is comprised of a broad range of applications that are connected to and enabled by the functionality of the LCP. The LCP provides third parties transaction level access to loyalty program members and the ability to access the loyalty currencies of our program partners. Loyalty programs, merchants, and other consumer service applications leverage the LCP to broadly distribute loyalty currency and loyalty commerce transactions through multiple channels.

Included in Platform Partners are multiple third-party managed applications that are enabled by the LCP, many of which are redemption-based services that offer efficient cost management solutions to loyalty programs. Also included in this segment are earn-based services, where merchants who partner with us can purchase loyalty currency to offer to their customers as an award for everyday shopping. The majority of revenue in this segment is earned on a commission or transaction fee basis, which is included in Other partner revenue in our condensed consolidated interim financial statements. In addition, we generate revenue from recurring monthly hosting fees on certain services, which are recorded in Principal revenue in our condensed consolidated interim financial statements.

Points Travel

The Points Travel segment connects the world of online travel bookings with the broader loyalty industry. To facilitate this, we developed the Points Travel product, the first white-label online travel service specifically designed for loyalty programs. The Points Travel product allows us to partner with loyalty programs in order to provide a seamless travel booking experience for loyalty program members, enabling members to earn and redeem their loyalty currency while making hotel bookings and car rentals online.

We currently have commercial arrangements with 11 loyalty programs who leverage at least one of our white-label Points Travel services. Our external competition for winning loyalty programs' business for these services is high, as we typically compete against the major online travel agencies ("OTAs"). When we win new business and deploy these services to market, the sales ramp is typically slower than that experienced with our other loyalty solutions, mainly due to increased online competition for booking hotels or car rentals from OTAs or direct with hotels and car rental companies. While the duration and impact of the COVID-19 pandemic on the travel industry is unknown at this time, given the continued growth and overall size of the online travel market, we believe the opportunity for growth within this segment remains high.

Revenue in this segment is primarily generated from commissions, which are typically the gross amount charged to end consumers for hotel bookings or car rentals, less the wholesale cost to acquire the hotel room or car rental, cost of loyalty currencies delivered to the consumers and paid to the loyalty program, and other direct costs for online hotel bookings and car rentals. This revenue is included in Other partner revenue in our condensed consolidated interim financial statements.

KEY GROWTH DRIVERS

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 March 31, 2020, we have a network of nearly 60 global loyalty programs integrated into the LCP. Approximately 85% of our current loyalty program partners are frequent flyer or hospitality loyalty programs. In addition, approximately 75% of our loyalty program partners are based out of either North America or Europe.

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 feel the investments we have made on our platform and products position us well to acquire new loyalty program partners in other geographic markets.

While we currently have a broad set of relationships with travel-based programs in North America and Europe, we believe there are substantial growth opportunities to add additional loyalty program partners, particularly in the Asia Pacific, Middle Eastern and South American loyalty markets. We also believe there is significant opportunity to partner with loyalty programs in other verticals, specifically financial services. Currently, the duration and impact of the COVID-19 pandemic is 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 total products and services. As we demonstrate the benefits of our platform, we focus sales efforts with these partners on additional products and services that best fit their program, typically with limited incremental marketing and sales expense. As we launch new functionality and products across our three operating segments, we expect that our opportunity to cross-sell additional services to existing partners that do not currently leverage our full platform will increase.

Retaining and Growing Existing Loyalty Program Partner Deployments
The ability to retain and grow our in-market products and services with existing loyalty program partners remains an important growth driver for us and underlines many of the investments we make in our product and data capabilities. We believe our continued focus on product, technology and data analytics has been and will continue to be a critical driver of growth. With integrations into nearly 60 leading loyalty programs, the LCP has positioned us to continually improve our ability to consume loyalty data and personalize offers, increasing the effectiveness of our marketing campaigns and our partners' profitability while minimizing member communications. We believe the market awareness for our products and services among loyalty program members is generally low and that increasing this awareness through effective marketing and product innovation can increase the penetration of our products and services. Lastly, we indirectly benefit from the growth in our loyalty program partners membership bases as well as the growth in the loyalty market in general. At this time, the duration and impact of the COVID-19 pandemic is uncertain. We believe our loyalty program partners will view our products and services as an important source of cash flow and ancillary revenues as the travel industry recovers from the impacts of the pandemic. With that said, it is likely that the amount of growth we can generate in loyalty partner deployments will be lower than our original expectations before the outbreak of COVID-19 during this recovery period.

SELECTED FINANCIAL INFORMATION

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

(In thousands of US dollars, except share and per share amounts) *(Unaudited)*	For the three months ended **Mar 31, 2020**	Mar 31, 2019	$ Variance	% Variance
Consolidated				
Principal revenue	**$ 75,870**	$ 90,006	$ (14,136)	(16%)
Other partner revenue	**6,803**	5,937	866	15%
Total revenue	**82,673**	95,943	(13,270)	(14%)
Gross profit	**13,827**	13,366	461	3%
Gross margin[1]	**17%**	14%		
Adjusted operating expenses[1]	**10,411**	8,995	1,416	16%
Finance income	**189**	262	(73)	(28%)
Adjusted EBITDA[1]	**3,605**	4,633	(1,028)	(22%)
Effective margin[1]	**26%**	35%		
Total operating expenses	**12,501**	11,110	1,391	13%
Net income	**$ 1,118**	$ 1,757	$ (639)	(36%)
Earnings per share				
Basic	**$ 0.08**	$ 0.13	$ (0.05)	(38%)
Diluted	**$ 0.08**	$ 0.12	$ (0.04)	(33%)
Weighted average shares outstanding				
Basic	**13,213,200**	14,003,876	(790,676)	(6%)
Diluted	**13,553,470**	14,110,523	(557,053)	(4%)
Total assets	**$ 151,488**	$ 117,172	$ 34,316	29%
Total liabilities	**113,455**	78,805	34,650	44%
Total shareholders' equity	**$ 38,033**	$ 38,367	$ (334)	(1%)

[1] Refer to the "Performance indicators and Non-GAAP financial measures" section for definition and explanation.

FINANCIAL INFORMATION BY SEGMENT

	For the three months ended			
(In thousands of US dollars) (Unaudited)	**Mar 31, 2020**	Mar 31, 2019	$ Variance	% Variance
Loyalty Currency Retailing				
Principal revenue	**$ 75,222**	$ 89,480	$ (14,258)	(16%)
Other partner revenue	**4,971**	4,138	833	20%
Total revenue	**80,193**	93,618	(13,425)	(14%)
Gross profit	**11,596**	11,185	411	4%
Direct adjusted operating expenses[1]	**3,800**	3,185	615	19%
Contribution[1]	**7,796**	8,000	(204)	(3%)
Platform Partners				
Principal revenue	**648**	509	139	27%
Other partner revenue	**1,229**	1,382	(153)	(11%)
Total revenue	**1,877**	1,891	(14)	(1%)
Gross profit	**1,640**	1,751	(111)	(6%)
Direct adjusted operating expenses[1]	**923**	947	(24)	(3%)
Contribution[1]	**717**	804	(87)	(11%)
Points Travel				
Principal revenue	**-**	17	(17)	(100%)
Other partner revenue	**603**	417	186	45%
Total revenue	**603**	434	169	39%
Gross profit	**591**	430	161	37%
Direct adjusted operating expenses[1]	**1,647**	1,563	84	5%
Contribution[1]	**$ (1,056)**	$ (1,133)	$ 77	(7%)

[1] Refer to the "Performance indicators and Non-GAAP financial measures" section for definition and explanation.

OPERATING HIGHLIGHTS AND SEGMENTED RESULTS

Impacts of the COVID-19 pandemic on Business Performance, Operations, and the Loyalty Industry

In December 2019, a novel strain of coronavirus, COVID-19, was first detected in Wuhan, China. Throughout the first three months of 2020, COVID-19 spread to other regions around the world, with the World Health Organization declaring the outbreak as a global pandemic on March 11, 2020. Many governments around the world responded to the pandemic by implementing a variety of measures to reduce the spread of COVID-19, including travel restrictions and bans, social distancing measures, quarantine advisories, and the closure of non-essential businesses. As a result of these measures, there has been an unprecedented decline in travel, which has had a significant impact on our business.

From a business performance perspective, we started the first quarter of 2020 with strong transaction volumes, generally in line with our expectations for January, February, and early March across our three operating segments. As travel restrictions were more broadly implemented by governments around the world in mid-March 2020, we started to experience a significant decline in transaction volumes and resulting revenue and gross profit. While each of our operating segments experienced significant transaction declines starting in mid-March 2020, the degree of the decline varied by line of business and product.

As COVID-19 continued to spread globally, our immediate priority was the safety and well-being of our employees around the world, while ensuring business continuity for our partners. In early March, we mandated all our employees around the world to work from home and banned all employee travel indefinitely. Since mid-March 2020, we have been operating our business remotely with minimal impact on our operations.

In addition, we took several measures starting in the second half of March 2020 to mitigate the impact of the pandemic on our business, preserve cash, and improve our overall liquidity: These measures include the following:

Expense Management: We have implemented several cost saving measures that are in place indefinitely until we gain greater visibility on future performance.

- Paused all hiring activity and, where able, reallocated internal resources to focus on in-year revenue opportunities.
- Reduced or suspended most discretionary spending, including marketing spend, office expenses, travel related expenditures, and employer contributions to retirement savings plans.
- Pursued government assistance programs that may be available to us in the jurisdictions in which we operate. Most significantly, we have applied for the Canadian Emergency Wage Subsidy ("CEWS") program, which was formally passed by the Canadian federal government on April 11, 2020, and the US Small Business Association Payment Protection Program ("PPP") as provided in the Coronavirus Aid, Relief and Economic Security Act ("CARES") which was passed into law on March 27, 2020.
    - The CEWS provides additional payroll funding over a twelve-week period to businesses in Canada that have been impacted by COVID-19 and meet eligibility requirements.
    - We believe we will meet the eligibility requirements for the entire twelve-week period, which will provide us with estimated funding of approximately $1,700 over this time frame.
    - The PPP provides funds to pay up to eight weeks of payroll and other expenses including rent and utilities. We have secured and received $301 in funding which is provided in the form of a loan. We expect to meet the criteria required for the loan to be fully forgiven.
    - Financial results for the quarter ended March 31, 2020 do not include the benefit of the CEWS claim or the PPP.

Balance Sheet, Cash Flow and Liquidity: To strengthen our balance sheet and increase our overall liquidity, we have taken the following actions:

- Suspended future share buyback activity under our Normal Course Issuer Bid ("NCIB").
- Paused funding of our restricted share unit ("RSU") plan. As at March 31, 2020, we currently have sufficient RSU's in trust to satisfy future settlements of outstanding RSUs that are scheduled to vest during the remainder of 2020 and the full year 2021.
- Drew down $40,000 from our previously undrawn senior secured credit facility.

- Reduced or suspended capital expenditures.
- Took advantage of tax relief packages in the jurisdictions in which we operate, including the deferral of monthly tax instalments in Canada and Singapore.

The measures we have taken so far are intended to strike a balance between the challenges of current circumstances, while establishing as much capacity to accelerate growth when travel restrictions are lifted and the economic environment improves. Depending on the length and severity of the pandemic, we may take additional expense mitigation measures in the future.

Due to the uncertainty surrounding the length, severity, and potential outcomes of the COVID-19 pandemic, it is challenging to reliably estimate the impact of the pandemic on our business for the remainder of 2020. Based on what we have experienced to date, we expect the adverse impact on our transaction volumes, revenue, gross profit and profitability will be more significant in the quarter ending June 30, 2020 than what we experienced in the quarter ended March 31, 2020. Since the middle of March 2020, our transaction levels have been down significantly and less predictable. Since the start of April, we have seen daily transaction volumes average between 20-25% of pre-COVID levels, with certain promotional activity in Loyalty Currency Retailing increasing daily transaction volumes as high as approximately 50% of our pre-COVID levels. While we cannot accurately assess our performance for the quarter ending June 30, 2020, most scenarios would see us generating negative Adjusted EBITDA during that period.

Based on our present understanding of the COVID-19 pandemic, projections for the pandemic put out by various institutions, governments, and agencies, and our internal scenario planning, at this time we believe that we have sufficient liquidity to operate under various recovery scenarios.

The vast majority of our loyalty programs partners operate in the travel industry and have seen their core operations materially impacted by the COVID-19 pandemic. The impact of travel restrictions and bans 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. Many of our loyalty program partners are actively participating in government relief programs or raising additional capital from other sources, and we believe the health of the loyalty industry will recover as the global economy recovers from the impacts of COVID-19.

We believe that loyalty programs and related assets will continue to be significant cash generators for airlines and hotels, and we have seen loyalty operators lean on these assets during economic downturns for additional liquidity. While the COVID-19 pandemic has significantly impacted our business, we believe the products and services we offer can be leveraged by our loyalty program partners in advance of an economic recovery to drive additional revenues and cash flow.

Outlook and Long-Term Goals

On April 6, 2020, we announced that we were suspending our previously issued full year 2020 outlook. Our 2020 guidance, when issued on March 4, 2020, was based on a number of assumptions, including expected transaction volumes and corresponding revenues and gross profit, as well as the in-year value of new partner and product deployments. Although our assumptions in respect of these measures for 2020 showed meaningful increases from 2019, we believed these were achievable when we issued our guidance on March 4, 2020 based on the strong performance of our business to that date, and our pipeline of opportunities at that time. As a result of the rapid development of the COVID-19 pandemic and its impact on the travel and hospitality industries, it became apparent that our business would not perform to the level of our prior expectations and, accordingly, we believed it was prudent to suspend our 2020 guidance.

Given the uncertainty surrounding the pandemic, we are also suspending our previously disclosed longer-term goals of exiting 2022 with gross profit in the high-$90,000 range and adjusted EBITDA in the mid-$40,000 range. While they remain our clear goals, the delayed timing of achieving them is dependent not only upon the continued execution of our growth strategies but also on the broader global recovery from the COVID-19 pandemic.

For additional information on the impacts of the COVID-19 pandemic, see "Updates to Risks and Uncertainties."

Loyalty Currency Retailing

Total revenue for Loyalty Currency Retailing was $80,193 for the quarter ended March 31, 2020, a decrease of 14% compared to the prior year quarter. Gross profit for the first quarter of 2020 was $11,596, an increase of $411 or 4% over the prior year period. The decline in revenue combined with an increase in gross profit was largely the result of the relative mix of partner and product sales during the quarter.

In line with our consolidated performance, revenue and gross profit in the Loyalty Currency Retailing Segment were adversely impacted by the COVID-19 pandemic. We started to experience declines in transaction volumes in mid-March 2020 as global travel restrictions resulting from COVID-19 became more widespread. Transactional declines were most significant with our principal partners, as we experienced a year-over-year decrease in principal revenue of $14,258 or 16%. Other partner revenue increased $833 or 20% on a year-over-year basis, reflecting stronger activity from our agency partnerships compared to the prior year period. The increase in other partner revenue was the primary driver of the increase in gross profit on a year-over-year basis.

To date, we have continued to experience a significant decline in transaction volumes across all of our partners within the Loyalty Currency Retailing segment, and we expect this to continue into the second quarter. Before the COVID-19 pandemic, approximately 35% of revenues in Loyalty Currency Retailing were tied to an immediate redemption. This type of transaction volume has experienced a significant decline due to the impact of COVID-19 and the broader travel restrictions that resulted. Approximately 65% of transactional activity in Loyalty Currency Retailing is generated from marketing activity and promotional offers not tied to an immediate redemption. While this component has also experienced a significant decline in transaction volumes due to COVID-19, we have continued to work with several partners to drive additional revenues through marketing and promotional offers. Beginning in the second half of March 2020, transaction volumes generated by these campaigns have varied considerably. While we have experienced some promotional campaigns that have generated transaction volumes near the levels we would have experienced before the pandemic, most have been significantly lower than what we would have experienced before the pandemic. We expect this variability to continue throughout the second quarter of 2020 as partner communications and consumer behaviour evolves.

Direct adjusted operating expenses in the first quarter of 2020 increased 19% to $3,800 compared to the same period in 2019, primarily due to increased personnel related expenses attributable to the increased resources we have added over the last 12 months. Contribution for the first quarter of 2020 was $7,796, a decrease of 3% over the prior year period, reflecting increased direct adjusted operating expenses combined with muted gross profit growth that was impacted by COVID-19 in the second half of March 2020.

At the end of the first quarter of 2020, we launched our core Buy and Gift services with Air Canada's Aeroplan program, with the intention of further services to be launched later in the year. Air Canada was already an existing partner within the loyalty currency retailing segment, leveraging our seasonal tier status product.

Platform Partners
Total revenue for the platform partners segment was $1,877 for the quarter ended March 31, 2020, down 1% with the comparable prior year period. Similarly, gross profit in the first quarter of 2020 was $1,640, a decrease of 6% from the prior year period. Gross profit in the first quarter of 2020 was adversely impacted by the COVID-19 pandemic, as we experienced declining transaction volumes beginning in mid-March 2020.

Direct adjusted operating expenses attributable to the segment were $923 in the first quarter of 2020, a decrease of 3% compared to the prior year quarter. The Platform Partners segment generated contribution of $717 in the first quarter of 2020, a decrease of 11% on a year-over-year basis, largely a reflection of lower gross profit generated during the quarter.

In the first quarter of 2020, we launched an exchange service in the middle east, with Aimia and HSBC's MyRewards program now being able to transfer loyalty currency into both the Emirates Skywards and Etihad Guest frequent flyer miles.

Points Travel

Total revenue in the Points Travel segment in the first quarter of 2020 increased 39% to $603. Similarly, gross profit in the first quarter of 2020 was $591, an increase of 37% over the first quarter of 2019. The increases in revenue and gross profit were largely due to the contribution added from the AIRMILES hotel redemption product, which launched in late September 2019. Overall growth in the segment in the first quarter of 2020 was adversely impacted by the COVID-19 pandemic. When travel restrictions were generally limited to the Asia Pacific region in February 2020, the impact on the performance of Points Travel was limited and we continued to experience year-over-year growth. As COVID-19 spread to other geographies and travel restrictions around the world tightened more broadly, we experienced a significant decline in booking volumes combined with increasing cancellation rates in the second half of March. To date, this trend has continued into the second quarter, with daily cancellations often exceeding new bookings. Of our three operating segments, Points Travel has been the most significantly impacted by the COVID-19 pandemic.

Direct adjusted operating expenses for the quarter ended March 31, 2020 were $1,647, an increase of 5% over the comparable prior year quarter. The primary driver of the increase was higher customer service costs, which resulted from the significant increase in hotel cancellations we experienced at the end of the quarter. This increase offset expense savings incurred from a reduction in discretionary spending at the end of the quarter. Points Travel generated a contribution loss of $1,056 in the first quarter of 2020, a 7% improvement over the prior year quarter resulting from the increase in gross profit year-over-year.

In the first quarter of 2020, we launched a multi-year partnership with Quidco, a cashback site based in the United Kingdom. Quidco's 10 million members can now earn up to 15% cashback when booking hotels through the white label hotel booking site. Quidco represents our first non-travel based partner in Europe and the first cash back program to leverage our Points Travel services.

REVIEW OF CONSOLIDATED PERFORMANCE

Revenue, Gross Profit, and Gross Margin

Consolidated revenue for the three months ended March 31, 2020 was $82,673, a decrease of $13,270 or 14% over the comparable prior year period. The year-over-year decrease in consolidated revenue was primarily driven by a decline in principal revenue of $14,136, which reflected reduced transaction volumes from principal partners in the Loyalty Currency Retailing segment that were adversely impacted by the affects of the COVID-19 pandemic. Other partner revenue in the first quarter of 2020 increased $866 or 15% on a year-over-year basis, despite the impacts of COVID-19 in the second half of March. The increase was primarily due to increase transactional volumes from agency partners in the Loyalty Currency Retailing segment.

For the first quarter of 2020, consolidated gross profit was $13,827, an increase of 3% over the comparable prior year period. The increase was primarily driven by organic growth from agency partnerships in the Loyalty Currency Retailing segment, and to a lesser extent, growth in the Points Travel segment due to the impact of the AIRMILES hotel redemption product which launched in the third quarter of 2019.

Gross margin for the first quarter of 2020 increased to 17% compared to 14% in the same period in 2019. The increase was largely due to the relative mix of partner and product sales during the period in Loyalty Currency Retailing, which generated a decrease in principal revenue combined with an increase in other partner revenue.

Total Operating Expenses and Adjusted Operating Expenses

For the first quarter of 2020, we incurred consolidated total operating expenses of $12,501, an increase of $1,391 or 13% over the comparable prior year period. The increase was primarily due to a year-over-year increase in other operating expenses of $828 in the first quarter of 2020, which was largely driven by higher professional fees incurred in the quarter and increased call centre costs in our Points Travel segment due to the launch of the AIRMILES hotel redemption product in September 2019 and increased level of hotel booking cancellations at the end of this quarter.

For the first quarter of 2020, consolidated adjusted operating expenses were $10,411, an increase of $1,416 or 16% over the comparable prior year period. The increase over the prior year period was primarily due to the aforementioned increase in other operating expenses combined with a $410 increase in employment expenses, excluding share-based compensation, largely due to the additional resources we have hired over the last 12 months.

In response to the impacts of COVID-19, we implemented several cost saving measures in mid-March 2020, including a pause on all hiring activity and reducing or suspending most discretionary spending. The impacts of these measures will be more significant in the quarter ended June 30, 2020, as it is likely they will be in place for the duration of that period.

Finance income

Finance income is derived from interest earned on cash and cash equivalents. Finance income for the first quarter of 2020 was $189, a decrease of 28% over the prior year quarter. The year-over-year decrease was primarily due to a general decline in short-term interest rates on USD deposits over the last few months.

Adjusted EBITDA and Effective Margin

Adjusted EBITDA in the first quarter of 2020 was $3,605, a decrease of $1,028 or 22% over the first quarter of 2019. The decrease in Adjusted EBITDA was primarily the result of increased adjusted operating expenses. The reduction in Adjusted EBITDA adversely impacted effective margin in the first quarter of 2020, which was 26% compared to 35% in the prior year quarter.

Equity-settled share-based payment expense

We incur certain employment related expenses that are settled in equity-based instruments. During the first quarter of 2020, equity-settled share-based payment expenses was $879, decreased $338 or 28%, compared to the prior year quarter. The decline was due to reduced expenses related to performance based stock options during the quarter, as the impact of COVID-19 deferred the expected achievement of performance thresholds which impact vesting and ultimate expense recognition. RSU expenses also declined compared to the prior year quarter due to the lower employee incentive accrual.

Depreciation and amortization

For the first quarter of 2020, depreciation and amortization expense was $1,249, an increase of 9% or $107 compared to the prior year period, mainly due to the addition of assets over the last 12 months.

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. We hold balances in foreign currencies (e.g. non-US dollar denominated cash, accounts payable and accrued liabilities and deposits) that give rise to exposure to FX risk.

The majority of our revenues in the first quarter of 2020 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 March 31, 2020, we recorded a foreign exchange gain of $38 compared with a foreign exchange gain of $244 in the comparable prior year period. Foreign exchange gains and losses fluctuate from period to period due to movements in foreign currency rates.

Income tax expense

We are subject to income tax in multiple jurisdictions and assess our taxable income to ensure eligible tax deductions are fully utilized. For the first quarter of 2020, we incurred income tax expense of $309, compared to $685 in the prior year quarter. The decrease was primarily attributable to a decline in net income before tax.

Finance costs

Finance costs consist of interest expense related to lease liabilities and borrowing costs on the drawn portion of our credit facility. Finance costs for the three months ended March 31, 2020 was $88 compared to $76 for the quarter ended March 31, 2019. The slight increase was due to interest charges related to the drawdown on our credit facility in March 2020.

Net Income and earnings per share

(In thousands of US dollars, except per share amounts) (Unaudited)	For the three months ended **Mar 31, 2020**	Mar 31, 2019	$ Variance	% Variance
Net income	**$ 1,118**	$ 1,757	$ (639)	(36%)
Earnings per share				
Basic	**$ 0.08**	$ 0.13	$ (0.05)	(38%)
Diluted	**$ 0.08**	$ 0.12	$ (0.04)	(33%)

Net income for the three month period ended March 31, 2020 was $1,118, a decrease of $639 or 36% compared to the prior year period. The decline in net income was primarily due to increased total operating expenses relative to the prior year period, partially offset by the increase in gross profit.

Basic and diluted earnings per share was $0.08 for the three month period ended March 31, 2020 compared to $0.13 basic and $0.12 diluted earnings per share for the same period ended 2019.

LIQUIDITY AND CAPITAL RESOURCES

Consolidated Balance Sheet Data as at *(In thousands of US dollars) (unaudited)*	**Mar 31, 2020**	Dec 31, 2019	$ Variance	% Variance
Cash and cash equivalents	**$ 104,517**	$ 69,965	$ 34,552	49%
Cash held in trust	**1,154**	2,534	(1,380)	(54%)
Funds receivable from payment processors	**1,559**	14,302	(12,743)	(89%)
Total funds available	**$ 107,230**	$ 86,801	$ 20,429	24%

Our sources of liquidity are primarily our total funds available, cash provided from operating activities, and any borrowings we may have 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 $107,230 as at March 31, 2020. Total funds available can fluctuate between periods due to changes in working capital balances, the timing of promotional activity and partner payments, and the timing of receipts from our payment processors. On March 18, 2020 and March 20, 2020, we drew down a total of $40.0 million from our $50.0 million senior secured credit facility. With the approval of the lenders, the credit facility can be expanded to a total of $65.0 million.

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 share units. 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 MD&A.

As a result of the COVID-19 pandemic, we have taken certain actions to strengthen our balance sheet and increase our overall liquidity. These actions include, but are not limited to the following:

- Suspended future share buyback activity under our NCIB.
- Paused funding of our RSU plan. As at March 31, 2020, we currently have sufficient RSUs in trust to satisfy future settlements of outstanding RSUs that are scheduled to vest during the remainder of 2020 and the full year 2021.
- Drew down $40.0 million from our previously undrawn senior secured credit facility.
- Reduced or suspended capital expenditures.
- Took advantage of tax relief packages in the jurisdictions in which we operate, including the deferral of monthly tax instalments in Canada and Singapore.

Based on our present understanding of the COVID-19 pandemic, projections for the pandemic put out by various institutions, governments, and agencies, and our internal scenario planning, we believe that we have sufficient liquidity to operate under various recovery scenarios. Under our credit facility, we have various financial and other covenants that we are required to maintain, including a maximum debt to Adjusted EBITDA ratio and a minimum fixed charge coverage ratio. We were compliant with all covenants as at March 31, 2020 and expect that we will maintain compliance with these covenants for the next year based on current forecasts. However, the duration and the impact of the COVID-19 pandemic remains unknown. If we expect to be unable to maintain compliance with such covenants in future periods, we would seek to obtain an amendment or waiver from our lenders, refinance our credit facility, or take other mitigating actions prior to a potential breach.

Sources and Uses of Cash

(In thousands of US dollars) (Unaudited)	For the three months ended			
	Mar 31, 2020	Mar 31, 2019	$ Variance	% Variance
Operating activities	**$ (2,914)**	$ 6,061	$ (8,975)	(148%)
Investing activities	**(907)**	(807)	(100)	12%
Financing activities	**37,520**	(6,211)	43,731	(704%)
Effects of exchange rates	**853**	147	706	480%
Change in cash and cash equivalents	**$ 34,552**	$ (810)	$ 35,362	(4,366%)

Operating Activities

Cash flows used in operating activities were $2,914 for the first quarter of 2020, compared to cash flows provided by operating activities of $6,061 in the comparable prior year period. Cash flows from operating activities are primarily generated from funds collected from miles and points transacted from the various products and 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 and the timing of our promotional activity. The Corporation experienced a $8,975 decrease in cash flows from operating activities compared to the prior year quarter, primarily due to a reduction in gross sales activity in loyalty currency retailing at the end of the quarter due to the impact of COVID-19. This was partially offset by the receipt of funds in the first quarter of 2020 related to a tax rebate that was accepted by the relevant tax authorities in the second quarter of 2019 in the amount of $6,027, net of payment of related fees.

Investing Activities

Cash used in investing activities during the quarter ended March 31, 2020 was $907. Cash was primarily used for the purchase of equipment and internally developed intangible assets, including development efforts focused on creating new capabilities to our existing products and services.

Financing Activities

Cash flows provided by financing activities during the quarter ended March 31, 2020 was $37,520, an increase of $43,731 compared to the prior year quarter, mainly due to the draw down of $40,000 from our previously undrawn senior secured credit facility in March 2020. Financing activities for the first quarter of 2020 also reflect the repurchase of 67,483 common shares for cancellation under our NCIB for $1,042 and $1,179 of withholding taxes paid on the net settlement of RSUs. Financing activities also reflect the payment of lease obligations of $326.

Contractual Obligations and Commitments

(unaudited)	Total	Year 1	Year 2	Year 3	Year 4	Year 5+
Direct cost of revenue(1)	$ 592,428	$ 121,118	$ 161,126	$ 130,679	$ 130,116	$ 49,389

(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.

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 in our Loyalty Currency Retailing segment. 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. As at March 31, 2020, loyalty currency held for future resale of $216 was recorded as prepaid expenses and other assets on the condensed consolidated interim statement of financial position. We fund our principal revenue obligations through working capital.

While the COVID-19 pandemic is likely to have a significant adverse impact on our ability to meet the minimum value of transactions we have committed to in certain contracts in the Loyalty Currency Retailing segment, 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. 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 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 current income. For the first quarter of 2020, we reclassified a loss of $73, net of tax, from other comprehensive income into net income (2019 - a loss of $183 net of tax). The cash flow hedges were effective for accounting purposes during the quarter ended March 31, 2020. Realized losses from our hedging activities in the three months ended March 31, 2020 were driven by the changes in the relative strength of the US dollar compared to the Canadian dollar.

As at March 31, 2020, forward contracts with a notional value of $18,870, and in a net liability position of $1,157 (December 31, 2019 - $228 in a net asset position), with settlement dates extending to February 2021, 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 Options

Certain options are due to expire within 12 months from the date of this MD&A. If exercised in full, issued and outstanding common shares will increase by 27,613 shares.

Securities with Near-Term Expiry Dates **-** Outstanding Amounts as at the date of this MD&A:

Security Type	Date of Expiry	Number		Exercise Price (CAD$)
Option	March 10, 2021	22,280	$	9.89
Option	May 12, 2021	5,333	$	12.14
Total		27,613		

BALANCE SHEET

(In thousands of US dollars) (unaudited)

Consolidated Balance Sheet Data as at		**Mar 31, 2020**		Dec 31, 2019
Cash and cash equivalents	**$**	**104,517**	$	69,965
Cash held in trust		**1,154**		2,534
Funds receivable from payment processors		**1,559**		14,302
Accounts receivable		**14,512**		21,864
Prepaid taxes		**195**		194
Prepaid expenses and other assets		**1,866**		2,153
Total current assets	**$**	**123,803**	$	111,012
Property and equipment		**2,335**		2,371
Right-of-use assets		**2,761**		3,060
Intangible assets		**12,799**		12,806
Goodwill		**7,130**		7,130
Deferred tax assets		**2,444**		2,105
Other assets		**216**		216
Total non-current assets	**$**	**27,685**	$	27,688
Total assets	**$**	**151,488**	$	138,700
Accounts payable and accrued liabilities	**$**	**9,255**	$	13,766
Income taxes payable		**598**		2,326
Payable to loyalty program partners		**57,691**		78,270
Current portion of lease liabilities		**1,210**		1,323
Current portion of other liabilities		**2,006**		797
Total current liabilities	**$**	**70,760**	$	96,482
Long term debt		**40,000**		-
Lease liabilities		**1,745**		2,209
Other liabilities		**86**		95
Deferred tax liabilities		**864**		722
Total non-current liabilities	**$**	**42,695**	$	3,026
Total shareholders' equity	**$**	**38,033**	$	39,192
Total liabilities and shareholders' equity	**$**	**151,488**	$	138,700

Cash and cash equivalents

Cash and cash equivalents balance increased $34,552 as at March 31, 2020 compared to the end of 2019. The increase in cash and cash equivalents was largely due to the draw down of $40,000 of funds from our senior secured credit facility.

Cash held in trust

Cash held in trust as at March 31, 2020 was $1,154, a decrease of $1,380 compared to the end of 2019, mainly due to the decline in transactional volumes in the Points Travel segment impacted by the COVID-19 pandemic.

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. This balance decreased $12,743 compared to the end of 2019, which is largely attributable to the volume of sales activity at the end of the period relative to the end of 2019 and the timing of receipts from our payment processors. 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. For the period ended March 31, 2020, the decrease in this balance was primarily driven by the adverse impact of the COVID-19 pandemic on sales activity.

Accounts receivable

Accounts receivable decreased $7,352 compared to the end of 2019, primarily due to the receipt of funds related to a tax rebate that was accepted by the relevant tax authorities in the second quarter of 2019.

Right-of-use assets

Right-of-use assets decreased by $299 compared to the end of 2019 due to depreciation.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities decreased $4,511 compared to the end of 2019. The decrease was primarily due to for payment of consulting fees related to the prior years' tax rebate and payment of our annual employee incentive in the first quarter of 2020.

Long term debt

Long term debt represents the outstanding balance on the senior secured revolving credit facility. As at March 31, 2020, $40,000 was drawn on the senior secured credit facility (2019 - nil).

Lease liabilities

The current and non-current portion of lease liabilities decreased by $113 and $464, respectively, compared to the end of 2019. The decline was mainly due to lease payments made in the past 12 months.

Income taxes payable

Income taxes payable decreased by $1,728 compared to the end of 2019, due to the timing of corporate income tax instalments made to tax authorities, offset by the Q1 2020 tax provision.

Payable to loyalty program partners

Payable to loyalty program partners decreased $20,579 compared to the end of 2019. Fluctuations in payable to loyalty program partners is generally attributable to the timing of payments made to loyalty 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 period ended March 31, 2020, the decrease in this balance was primarily driven by the impact of COVID-19 and its adverse impact on sales activity.

OUTSTANDING SHARE DATA

As of May 13, 2020, there were 13,224,332 common shares outstanding.

As of May 13, 2020, there were 1,159,411 outstanding options. The options have exercise prices ranging from $9.89 CAD to $19.37 CAD with a weighted average exercise price of $14.53 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 May 13, 2020 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.

(Unaudited)	**Common Shares**	**Proceeds**
Common Shares Issued & Outstanding	13,224,332	
Convertible Securities: Share options	1,159,411	CAD$ 16,844,387
Common Shares Issued & Potentially Issuable	14,383,743	CAD$ 16,844,387
Securities Excluded from Calculation:		
Options Available for grant from ESOP[1]	370,449	

(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.

THREE YEAR SUMMARY OF QUARTERLY RESULTS

(in thousands of US dollars, except per share amounts) (Unaudited)

Three month period ended	Total Revenue	Net income	Basic earnings per share	Diluted earnings per share
March 31, 2020	$ 82,673	$ 1,118	$ 0.08	$ 0.08
December 31, 2019	107,007	2,758	0.21	0.20
September 30, 2019	97,997	1,098	0.08	0.08
June 30, 2019	100,230	6,276	0.46	0.45
March 31, 2019	95,943	1,757	0.13	0.12
December 31, 2018	94,918	2,246	0.16	0.16
September 30, 2018	94,358	1,476	0.10	0.10
June 30, 2018	97,859	1,812	0.12	0.12
March 31, 2018	89,110	2,258	0.16	0.16
December 31, 2017	88,133	1,191	0.08	0.08
September 30, 2017	91,589	605	0.04	0.04
June 30, 2017	85,807	732	0.05	0.05

Generally, increases in transaction levels, revenues and gross profit will drive higher overall profitability. Our revenues are primarily impacted by retaining loyalty program partners and growing the performance of products deployed with these partners, adding new loyalty program partners, and cross-selling new products to existing loyalty program partners during the year. In the absence of launching any new loyalty program partners or new products, quarterly revenues will be impacted by the level of marketing and promotional activity carried out, which will vary quarter to quarter.

Historically, we have been able to consistently grow revenue by adding new loyalty program partnerships year after year. In addition, we have been able to grow revenues with existing partnerships year over year by improving our ability to consume loyalty data across the LCP to drive and inform our marketing efforts. Revenue growth has also come from our ability to sell additional loyalty products and services to existing partners.

Dependence on loyalty program partners

We depend on a limited number of large clients for a significant portion of our consolidated revenue. There were two loyalty program partners for which sales to their members individually represented more than 10% of our total revenue. In aggregate, sales to these partners represented 57% of our consolidated revenues for the three month period ended March 31, 2020 respectively (2019 - three partners represented 70%). 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 consolidated revenue. As it relates to the LCR services we operate 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 first quarter of 2020, gross profit generated through commercial arrangements with 12 loyalty program partners represented approximately 80% of our consolidated 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, 2019. The preparation of the consolidated financial statements in accordance with 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.

During the first quarter of 2020, we considered whether the declines in revenue and gross profit, and reduced cash flow projections as a result of COVID-19 were indicators that the goodwill and indefinite life intangible assets may be impaired. We assessed qualitatively and quantitively the recoverable amount of our cash generating units as at March 31, 2020. Based on facts and circumstances present as at March 31, 2020, it was concluded that there was no impairment.

The duration and impact of the COVID-19 pandemic remains unknown. Some of the key assumptions used in the impairment assessment, including cash flow projections, discount rates, and terminal growth rates may change in future periods. Given the high degree of uncertainty with the impact of COVID-19, management used multiple, probability weighted cash flow projections in determining the recoverable amount.

The following amendments are effective from January 1, 2020, but they do not have a material impact on our condensed consolidated interim financial statements:

- IAS 1, Presentation of Financial Statements; and
- IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

UPDATES TO RISKS AND UNCERTAINTIES

Our results of operations and financial condition are subject to a number of risks and uncertainties and are affected by a number of factors outside of the control of management. In particular, reference should be made to the risk factors and information disclosed in our most recent annual MD&A which are expressly incorporated by reference.

In addition, we have provided below certain updates to the risk factors disclosed in our most recent annual MD&A. Although our annual MD&A provides a description of the major risks and uncertainties that could materially affect our business, in light of the rapid development of the COVID-19 pandemic, we believe it is prudent to provide an update on how certain previously disclosed risks and uncertainties that face our business have been crystallized (or could potentially be crystallized) as a result the COVID-19 pandemic. The discussion below should be read in conjunction with the risk factors and information disclosed in our most recent annual MD&A.

The COVID-19 pandemic and related measures to mitigate it are likely to continue having a significant adverse impact on our business. The length, severity and potential outcomes of the pandemic are currently uncertain. The longer the pandemic persists and continues to result in a decline in travel activity or demand for travel, the more material the effects of the pandemic are likely to be on our business.

Our financial results and prospects are predominantly dependent on the sale or redemption of loyalty currency associated with travel related loyalty programs. The rapid spread of COVID-19 has had a significant adverse impact on the demand and availability of air travel and hospitality services. The ability of our loyalty program partners to continue to drive commercial activity to their businesses has been materially impacted, and the value and overall popularity of their loyalty programs may decline significantly or suffer long-term, which could materially impact our ability to generate ongoing revenue from related loyalty transactions.

At this time, we are unable to predict whether the COVID-19 pandemic will result in permanent changes to our customers' and our loyalty program partners' customers behavior. Such changes could include, but are not limited to, a permanent reduction in business travel due to the increased use of teleconferencing services, and more broadly a general reluctance by consumers to travel for leisure purposes. It is also difficult to predict how loyalty programs will change in the future in response to the COVID-19 pandemic and its impacts on the global travel industry. Such changes could include, but are not limited to, a change in loyalty program structures, changes in earn rates and redemption tables, and changes to tier status requirements. There can also be no assurance that the popularity of loyalty programs will remain when and if the travel industry recovers from the COVID-19 pandemic. A change in consumer tastes towards travel and loyalty programs may have a material adverse impact on our ability to generate ongoing revenue from transactions.

Many of our loyalty program partners have significant amounts of fixed obligations and have or are seeking significant new capital, debt or government assistance in the short term to sustain operations throughout the COVID-19 pandemic. There can be no assurance our partners will have sufficient liquidity to sustain operations throughout the duration of the COVID-19 pandemic.

The impact of the COVID-19 pandemic has caused many of our loyalty program partners in the travel industry to seek significant amounts of additional liquidity in the short-term, including the issuance of debt and equity. Depending on the length and severity of the COVID-19 pandemic, our loyalty program partners' cash flow from operations and available capital may be insufficient to meet their obligations and commitments, which could cause them to cease operations or become insolvent. There can be no assurance that our loyalty program partners will be able to sustain operations in the future, which could lead to the loss of loyalty program partnerships, revenue and gross profit, which could have a material adverse impact on our financial performance and financial condition.

We depend on a limited number of partners for a significant portion of our consolidated revenue. Depending on the impact of the COVID-19 pandemic on these loyalty program partners, in the event that these partners cease operations or become insolvent, it could have a material adverse effect on our financial performance and financial condition.

We rely on contractual relationships with loyalty program partners that are subject to termination and renegotiation.

We generally enter into multi-year contracts with our loyalty program partners. Our contracts also generally include a force majeure clause. If such clauses are invoked by us or our loyalty program partners as a result of the COVID-19 pandemic, and the force majeure event extends for a significant amount of time, the invocation of such clauses may give rise to a termination right under the contract. The exercise of such termination rights by certain loyalty program partners could have a material adverse impact on our business.

We may not be able to convert our pipeline of prospective partners or launch new products with new or existing partners as expected or planned.

As the COVID-19 pandemic continues to unfold, uncertainty may arise with respect to our ability to launch new loyalty program partnerships with existing products or launch new products within existing partnerships. In addition, the value of prospective partner or new products may be significantly lower than our original expectations before the COVID-19 outbreak.

We could face significant liquidity risk if we fail to meet contractual performance commitments

We have made contractual guarantees on the minimum value of points and miles that will be processed over the term of our agreements with certain loyalty program partners, which, for the most part, have historically been met. The impact of COVID-19 has had a significant impact on our transaction volumes and overall sales activity, which could materially impact our ability to meet our contractual commitments.

Our senior secured credit facility includes financial and other covenants. Failure to comply with these covenants could result in events of default.

Our credit facility has various financial and other covenants that require us to maintain a minimum fixed charge coverage ratio and a maximum net debt to Adjusted EBITDA ratio. Based on the reduction in sales activity that we are currently experiencing as a result of the COVID-19 pandemic and given the limited visibility to the future recovery of demand, there is a range of possible outcomes where our earnings could be reduced enough to result in a breach of the minimum fixed charge coverage ratio within the next year.

If we believe we are unable to maintain compliance with such covenants in future periods, we would seek to obtain an amendment or waiver from our lenders, refinance our credit facility, or take other mitigating actions prior to a potential breach. There can be no assurance that our efforts to obtain an amendment or waiver, refinance or restructure our facility, or the other mitigating actions we may take, would be successful.

We depend on various third-parties that provide certain solutions in our Platform Partners segment that we market to loyalty program partners. The failure of these third-parties for any reason to provide these solutions in the future could adversely impact our revenue and profitability

We have commercial agreements with multiple third-party service providers in our Platform Partners segment. The COVID-19 pandemic has resulted in a significant decline in transaction volume in the solutions provided by these third-parties. At this time, it is uncertain whether these third-parties have sufficient liquidity to be able to continue operations throughout the length of the COVID-19 pandemic. If any of these third-party providers were to cease operations, there is no assurance we would be able to substitute a comparable third-party solution in a timely manner or on terms as favorable to us. The failure of these third-parties for any reason to provide these solutions in the future, and our inability to substitute a comparable third-party solution, could adversely impact our revenue and profitability.

We operate in multiple jurisdictions and in multiple currencies. The COVID-19 pandemic could result in significant fluctuations in exchange rates that could have a material effect on our financial results

We provide products and services to organizations in multiple jurisdictions and in multiple currencies and dramatic fluctuations in exchange rates of foreign currencies could have a material effect on our financial results. The COVID-19 pandemic could result in larger than normal fluctuations in foreign exchange rates. While we hedge against significant fluctuations in principle currencies such as the Canadian dollar and the US dollar, activities outside of our control such as dramatic devaluation of other currencies such as the Euro or British Pound could have a material effect on our financial results.

PERFORMANCE INDICATORS AND NON-GAAP FINANCIAL 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. These measures are reviewed regularly by management and the Board of Directors in assessing our performance and in making decisions about ongoing operations. In addition, we use these measures to determine components of management compensation. 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. The reconciliations for these non-GAAP measures from the closest GAAP measure are contained below.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")
We believe that Adjusted EBITDA is useful to management and investors as a supplemental measure to evaluate our operating performance.

Adjusted EBITDA is a non-GAAP financial measure, which is defined as earnings before income tax expense, finance costs, depreciation and amortization, equity-settled share-based payment expense and foreign exchange. 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 a component of our management incentive plan and is used by management to assess our operating performance. The presentation of Adjusted EBITDA is to provide additional useful information to investors and analysts and the measure does not have any standardized meaning under IFRS. Adjusted EBITDA should therefore not be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate Adjusted EBITDA differently.

Reconciliation of Net Income to Adjusted EBITDA

(In thousands of US dollars) *(unaudited)*	For the three months ended			
	Mar 31, 2020	Mar 31, 2019	$ Variance	% Variance
Net income	**$ 1,118**	$ 1,757	$ (639)	(36%)
Income tax expense	**309**	685	(376)	(55%)
Finance costs	**88**	76	12	16%
Depreciation and amortization	**1,249**	1,142	107	9%
Foreign exchange gain	**(38)**	(244)	206	(84%)
Equity-settled share-based payment expense	**879**	1,217	(338)	(28%)
Adjusted EBITDA	**$ 3,605**	$ 4,633	$ (1,028)	(22%)

Gross Margin

Gross margin is a non-GAAP financial measure and is defined by management as Gross profit as a percentage of Total revenue.

(In thousands of US dollars) *(unaudited)*	For the three months ended			
	Mar 31, 2020	Mar 31, 2019	$ Variance	% Variance
Total Revenue	**$ 82,673**	$ 95,943	$ (13,270)	(14%)
Less:				
Direct cost of revenue	**68,846**	82,577	(13,731)	(17%)
Gross profit	**$ 13,827**	$ 13,366	$ 461	3%
Gross margin	**17%**	14%		

Adjusted Operating Expenses

Adjusted operating expenses is a non-GAAP financial measure, which is defined as Employment costs, Marketing and communications, Technology services and Other operating expenses, excluding Equity-settled share-based payment expense. Adjusted operating expenses are predominantly cash-based expenditures. The closest GAAP measure is Total operating expenses in the condensed consolidated interim financial statements and the reconciliation from Total operating expenses to Adjusted operating expenses is shown below.

Effective Margin

Effective margin is a non-GAAP financial measure, 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.

Reconciliation of Total Operating Expenses to Adjusted Operating Expenses

(In thousands of US dollars) *(unaudited)*	For the three months ended **Mar 31, 2020**	Mar 31, 2019	$ Variance	% Variance
Total Operating Expenses	**$ 12,501**	$ 11,110	$ 1,391	13%
Subtract (add):				
Depreciation and amortization	**1,249**	1,142	107	9%
Foreign exchange gain	**(38)**	(244)	206	(84%)
Equity-settled share-based payment expense	**879**	1,217	(338)	(28%)
Adjusted Operating Expenses	**$ 10,411**	$ 8,995	$ 1,416	16%

Direct and Indirect Adjusted Operating Expenses

Direct adjusted operating expenses are expenses which are directly attributable to each operating segment. Indirect adjusted operating expenses comprise costs that are shared among the Loyalty Currency Retailing, Platform Partners and Points Travel operating segments, including costs associated with various corporate functions, such as Finance, Human Resources, Legal and certain expenses associated with information technology infrastructure. Together direct and indirect adjusted operating expenses comprise adjusted operating expenses.

(In thousands of US dollars) *(unaudited)*	For the three months ended **Mar 31, 2020**	Mar 31, 2019	$ Variance	% Variance
Adjusted Operating Expenses	**$ 10,411**	$ 8,995	$ 1,416	16%
Less:				
Indirect Adjusted Operating Expenses	**4,041**	3,300	741	22%
Direct Adjusted Operating Expenses	**$ 6,370**	$ 5,695	$ 675	12%

Contribution

Contribution is a non-GAAP financial measure and is defined as Gross profit for the relevant operating segments less Direct adjusted operating expenses for those segments. We believe that contribution is a key financial measure to assess the underlying profitability of our three operating segments, as this metric excludes all indirect adjusted operating expenses that are shared by the three operating segments. This is the measure used by the Chief Operating Decision Maker when reviewing segment results and making resource allocation decisions. Refer to the "Financial Information by Segment" table under the "Selected financial information" section for contribution by operating segments.

The presentation of contribution provides additional useful information to investors and analysts and the measure does not have any standardized meaning under IFRS. Contribution should therefore not be considered in isolation and other issuers may calculate contribution differently.

Reconciliation of Gross Profit to Contribution

	For the three months ended			
(In thousands of US dollars) *(unaudited)*	**Mar 31, 2020**	Mar 31, 2019	$ Variance	% Variance
Gross profit	**$ 13,827**	$ 13,366	$ 461	3%
Less:				
Direct adjusted operating expenses	**6,370**	5,695	675	12%
Contribution	**$ 7,457**	$ 7,671	$ (214)	(3%)

FORM 52-109F2

CERTIFICATION OF INTERIM FILINGS

I, Robert MacLean, Chief Executive Officer of Points International Ltd., certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A, (together, the "interim filings") of Points International Ltd. (the "issuer") for the interim period ended March 31, 2020.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the end of the period covered by the interim filings:

(a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:

(i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

(ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it 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 the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer and I used to design the issuer's ICFR is the *Internal Control - Integrated Framework* (COSO Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission.

5.2 ***ICFR -- material weakness relating to design:*** N/A.

5.3 ***Limitation on scope of design:*** N/A.

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on January 1, 2020 and ended on March 31, 2020 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: May 13, 2020

/s/ Robert MacLean

Robert MacLean
Chief Executive Officer

FORM 52-109F2

CERTIFICATION OF INTERIM FILINGS

I, Erick Georgiou, Chief Financial Officer of Points International Ltd., certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A, (together, the "interim filings") of Points International Ltd. (the "issuer") for the interim period ended March 31, 2020.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer and I have, as at the end of the period covered by the interim filings:

(a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that:

(i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

(ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it 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 the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer and I used to design the issuer's ICFR is the *Internal Control - Integrated Framework* (COSO Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission.

5.2 ***ICFR -- material weakness relating to design:*** N/A.

5.3 ***Limitation on scope of design:*** N/A.

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on January 1, 2020 and ended on March 31, 2020 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: May 13, 2020

/s/Erick Georgiou

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Erick Georgiou
Chief Financial Officer

Points International Reports First Quarter 2020 Results

TORONTO - May 13, 2020 - Points International Ltd. (TSX: PTS) (Nasdaq: PCOM) (Points or the Company), the global leader in powering loyalty commerce, is reporting financial results for the first quarter ended
March 31, 2020.

Unless otherwise noted, all comparisons are on a year-over-year basis and all amounts are in USD. The complete first quarter Condensed Consolidated Interim Financial Statements and Management's Discussion & Analysis, including segmented results, are available at www.sedar.com and www.sec.gov.

First Quarter 2020 Financial Summary (vs. Q1 2019)

- Total revenue was $82.7 million compared to $95.9 million.
- Gross profit increased to $13.8 million compared to $13.4 million.
- Net income was $1.1 million or $0.08 per diluted share, compared to $1.8 million or $0.12 per diluted share.
- Adjusted EBITDA[1] was $3.6 million compared to $4.6 million.

Recent Operational Highlights

- Loyalty Currency Retailing
  - Launched new suite of services with Air Canada's Aeroplan program
- Points Travel
  - Launched a white label hotel booking site for Quidco, the UK's largest cash back consumer site
- Platform Partners
  - Launched new exchange partnership with Aimia/HSBC's My Rewards, which are now transferable into both Emirates and Etihad frequent flyer miles
  - Initiated real time exchange availability between Citi Thankyou Points and Emirates Skywards miles

Management Commentary

"As we navigate the COVID-19 pandemic, our top priority continues to be the health and safety of our employees and ongoing support for our partners," said Rob MacLean, CEO of Points International. "All of our teams have been working from home since early March, and the transition to remote work has had minimal impact on our operations. Our team's response to this unprecedented time has been exceptional and we continue our track record of quality deployments and operations while we maintain our operations at full capacity.

"The pandemic continues to take a heavy toll on the travel industry, with grounded planes and hotel closures affecting our loyalty partners' revenue streams. We are encouraged by the various travel stimulus and loan packages that have been introduced by governments around the world to assist the travel industry. Many of our key partners in the U.S. and internationally have already received funds from these programs, and we are closely monitoring any further developments in that process.

[1] Adjusted EBITDA (Earnings before income tax expense, depreciation and amortization, foreign exchange, finance costs and equity-settled share-based compensation) is considered by management to be a useful supplemental measure when assessing financial performance. Management also believes that adjusted EBITDA is an important indicator of the Company's ability to generate liquidity through operating cash flow to fund future capital expenditures and working capital needs. However, adjusted EBITDA is not a measure of financial performance under IFRS and should not be considered a substitute for Net Income, which we believe to be the most directly comparable IFRS measure. See Non-GAAP Financial Measures.

"We believe loyalty programs will be a key part of our customers' return to normal. While current health restrictions have changed consumer behavior and mobility patterns across the globe, those changes still present solid opportunities for our business. We're continuing to see activity from what we call "future-use buyers" - people who purchase large amounts of points and miles for future travel needs, especially when they're part of strong and creative offers. Historically these types of offers have represented approximately 65% of our LCR transactions and are highly targeted at consumers who see the long-term value in their loyalty programs.

"During this restricted travel period, while we have obviously seen a very steep drop in transactions aimed at immediate travel, we have nevertheless seen some impressive results with creative offer constructs in recent weeks, as consumers continue to engage with their favorite loyalty programs and purchase miles that they will use in the future. In fact, a strong offer marketed with a large partner in the past few weeks drove the busiest day of traffic in our history. We followed that up last week with another important partner, deploying another strong campaign that delivered another record day of traffic and gross sales activity.

"With these volumes in mind, we have taken aggressive expense mitigation steps to maximize our liquidity in the wake of this new environment. In addition to cutting non-essential spend, suspending new hiring and pursuing available government assistance, we have limited all capital expenditures, deferred tax payments in certain jurisdictions, suspended share buyback activity under our current Normal Course Issuer Bid ("NCIB") program and paused further funding of our Restricted Share Unit ("RSU") program. Furthermore, we drew down $40 million on our credit facility in March as a precautionary move, which provided total funds available of just over $107 million at March 31. We are planning against multiple recovery scenarios, and given our strong cash position today, we believe we have sufficient liquidity to weather this global pandemic.

"COVID-19 is far from the first crisis we have faced in our 20-year history. In fact, some of the most defining components of our operating model came from adaptations we made during difficult times, including how we approached and collaborated with our partners during periods of industry stress. The actions we take today to support our partners can have lasting effects far beyond the current pandemic, and in the spirit of good partnership, we are fully committed to doing all that we can to help our partners during this unprecedented time."

First Quarter 2020 Financial Results

Total revenue in the first quarter of 2020 was $82.7 million compared to $95.9 million in the prior year quarter. Principal revenue was $75.9 million compared to $90.0 million, and other partner revenue increased to $6.8 million compared to $5.9 million.

Gross profit in the first quarter increased to $13.8 million compared to $13.4 million in the prior year quarter. The increase was primarily driven by growth in the Loyalty Currency Retailing and Points Travel segments.

Adjusted operating expenses[2] in the first quarter of 2020 were $10.4 million compared to $9.0 million in the prior year quarter. The increase was primarily a result of higher other operating expenses and increased personnel related expenses due to additional resources hired over the last 12 months. The Company did not account for the benefit of any government wage subsidies in the quarter ended March 31, 2020.

Net income was $1.1 million or $0.08 per diluted share, compared to $1.8 million or $0.12 per diluted share in the prior year quarter.

[2] Adjusted operating expenses consist of employment expenses excluding equity-settled share-based compensation, marketing and communications, technology services and other operating expenses. Adjusted operating expense is not a measure of financial performance under IFRS and should not be considered a substitute for total operating expenses, which we believe to be the most directly comparable IFRS measure. See Non-GAAP Financial Measures.

Adjusted EBITDA[1] in the first quarter was $3.6 million compared to $4.6 million in the prior year quarter. Effective margin[3], which is defined as adjusted EBITDA as a percentage of gross profit, was 26.1% compared to 34.7% from the prior year period. Both declines were due to lower volumes in March related to COVID-19.

At March 31, 2020, total funds available, comprised of cash and cash equivalents, funds receivable from payment processors, and cash held in trust were $107.2 million compared to $86.8 million at December 31, 2019. As a precautionary measure, the Company drew down $40 million on its credit facility which is reflected in the March 31, 2020 cash balance.

2022 Long-Term Goals

Given the uncertainty surrounding the pandemic, we are suspending our previously disclosed longer-term goals of exiting 2022 with gross profit in the high-$90 million range and adjusted EBITDA in the mid-$40 million range. While they remain our clear goals, the delayed timing of achieving them is dependent not only upon the continued execution of our growth strategies but also on the broader global recovery from the COVID-19 pandemic.

Conference Call

Points will hold a conference call today at 4:30 p.m. Eastern time to discuss its first quarter 2020 results, followed by a question-and-answer session.

Date: Wednesday, May 13, 2020
Time: 4:30 p.m. Eastern time (1:30 p.m. Pacific time)
Toll-free dial-in number: 1-877-407-0784
International dial-in number: 1-201-689-8560
Conference ID: 13702898

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Gateway Investor Relations at 1-949-574-3860.

A replay of the conference call will be available after 7:30 p.m. Eastern time on the same day through May 27, 2020.

Toll-free replay number: 1-844-512-2921
International replay number: 1-412-317-6671
Replay ID: 13702898

About Points International Ltd.

Points, (TSX: PTS) (NASDAQ: PCOM), provides loyalty e-commerce and technology solutions to the world's top brands to power innovative services that drive increased loyalty program revenue and member engagement. Currently, the Company has a growing network of nearly 60 global loyalty programs integrated into its unique Loyalty Commerce Platform. Points offers three core private or co-branded services: its Loyalty Currency Retailing service sells loyalty points and miles directly to consumers; its Platform Partners service, which offers earn and redemption opportunities via third-party or loyalty channels; and its Points Travel service helps loyalty programs increase revenue from hotel and car rental bookings while offering members more opportunities to earn and redeem loyalty rewards more broadly. Points is headquartered in Toronto, with offices in San Francisco, London, Singapore, and Dubai.

For more information, visit company.points.com.

[3] Effective margin measures our ability to generate profitability after we have funded operating expenses and is used by Management as a key internal measure of operating efficiency. Effective margin is not a measure of financial performance under IFRS. See Non-GAAP Financial Measures.

Caution Regarding Forward-Looking Statements

This press release 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 but are not limited to, among other things, our expected monthly expenses for the remainder of 2020, our expected cash burn rate for the remainder of 2020, our ability to be cash flow positive, statements relating to plans we have implemented in response to the COVID-19 pandemic and its expected impact on us (including with respect to efforts to mitigate degradation in transaction volumes, our liquidity and capitalization and our cost mitigation efforts, our business pipeline and ability to sign and launch new loyalty program partnerships, our ability to sell additional products and services to existing loyalty program partners, and our growth strategies. These statements are not historical facts but instead represent only Points' expectations, estimates and projections regarding future events.

Although Points believes the expectations reflected in such forward-looking statements are reasonable, such statements are not guarantees of future performance and are subject to important risks and uncertainties that are difficult to predict. Certain material assumptions or estimates are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. Undue reliance should not be placed on such 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, the risks, uncertainties and other factors that may impact the results expressed or implied in such forward-looking statements include, but are not limited to: (i) airline or travel industry disruptions, such as an airline insolvency and continued airline consolidation; (ii) our dependence on a limited number of large clients for a significant portion of our consolidated revenue; (iii) our reliance on contractual relationships with loyalty program partners that are subject to termination and renegotiation; (iv) our exposure to significant liquidity risk if we fail to meet contractual performance commitments; (v) our ability to convert our pipeline of prospective partners or launch new products with new or existing partners as expected or planned; (vi) our dependence on various third-parties that provide certain solutions in our Platform Partners segment that we market to loyalty program partners; (vii) the fact that our operations are conducted in multiple jurisdictions and in multiple currencies and as such dramatic fluctuations in exchange rates of the foreign currencies can have a dramatic effect on our financial results and (viii) the risk of an event of default under our senior secured credit facility. These and other important risk factors that could cause actual results to differ materially are discussed in Points' annual information form, Form 40-F, annual and interim management's discussion and analysis, and annual and 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 press release are made as at the date of this release and, accordingly, are subject to change after such date. Except as required by law, Points does not undertake any obligation to update or revise any forward-looking statements made or incorporated in this press release, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Management uses certain non-GAAP measures, which are defined in the appropriate sections of this press release, to better assess the Company's underlying performance. These measures are reviewed regularly by management and the Company's Board of Directors in assessing the Company's performance and in making decisions about ongoing operations. In addition, we use certain non-GAAP measures to determine the components of management compensation. We believe that these measures are also used by investors as an indicator of the Company's 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.

Investor Relations Contact

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Points International Ltd.
Key Financial Measures and Schedule of Non-GAAP Reconciliations

Reconciliation of Gross Profit to Contribution [1]

Expressed in thousands of United States dollars

	For the three months ended	
	March 31, 2020	March 31, 2019
Gross Profit	**$ 13,827**	$ 13,366
Less:		
Direct adjusted operating expenses [2]	**6,370**	5,695
Contribution	**$ 7,457**	$ 7,671

[1] Contribution is defined as Gross profit less direct adjusted operating expenses. Contribution is considered by Management to be a useful supplemental measure when assessing financial performance. Management believes that Contribution is an important indicator of the Company's segment profitability. However, Contribution is not a recognized measure of profitability under IFRS.
[2] Direct adjusted operating expenses is defined as expenses which are directly attributable to each operating segment. Direct adjusted operating expenses is not a measure of financial performance under IFRS.

Contribution by Line of Business

Expressed in thousands of United States dollars

	For the three months ended	
	March 31, 2020	March 31, 2019
Loyalty Currency Retailing		
Revenue	**$ 80,193**	$ 93,618
Gross Profit	**11,596**	11,185
Direct adjusted operating expenses	**3,800**	3,185
Contribution	**$ 7,796**	$ 8,000
Platform Partners		
Revenue	**$ 1,877**	$ 1,891
Gross Profit	**1,640**	1,751
Direct adjusted operating expenses	**923**	947
Contribution	**$ 717**	$ 804
Points Travel		
Revenue	**$ 603**	$ 434
Gross Profit	**591**	430
Direct adjusted operating expenses	**1,647**	1,563
Contribution	**$ (1,056)**	$ (1,133)

Reconciliation of Net Income to Adjusted EBITDA [3]

Expressed in thousands of United States dollars

	For the three months ended	
	March 31, 2020	March 31, 2019
Net Income	**$ 1,118**	$ 1,757
Income tax expense	**309**	685
Finance costs	**88**	76
Depreciation and amortization	**1,249**	1,142
Foreign exchange gain	**(38)**	(244)
Equity-settled share-based payment expense	**879**	1,217
Adjusted EBITDA	**$ 3,605**	$ 4,633

[3] Adjusted EBITDA (Earnings before income tax expense, finance costs, depreciation and amortization, foreign exchange and equity- settled share-based payment expense) is considered by management to be a useful supplemental measure when assessing financial performance. Management believes that adjusted EBITDA is an important indicator of the Company's ability to generate liquidity through operating cash flow to fund future capital expenditures and working capital needs. However, adjusted EBITDA is not a measure of financial performance under IFRS and should not be considered a substitute for Net Income, which we believe to be the most directly comparable IFRS measure.

Reconciliation of Total Operating Expenses to Adjusted Operating Expenses [4]

Expressed in thousands of United States dollars

	For the three months ended	
	March 31, 2020	March 31, 2019
Total Operating Expenses	**$ 12,501**	$ 11,110
Subtract (add):		
Depreciation and amortization	**1,249**	1,142
Foreign exchange gain	**(38)**	(244)
Equity-settled share-based payment expense	**879**	1,217
Adjusted Operating Expenses	**$ 10,411**	$ 8,995

[4] Adjusted operating expenses consists of employment expenses excluding equity-settled share-based payment expense, marketing & communications, technology services, and other operating expenses. Adjusted operating expenses is not a measure of financial performance under IFRS and should not be considered a substitute for total operating expenses, which we believe to be the most directly comparable IFRS measure.

Points International Ltd.
Condensed Consolidated Interim Statements of Financial Position

Expressed in thousands of United States dollars
(Unaudited)

As at		March 31, 2020		December 31, 2019
ASSETS				
Current assets				
Cash and cash equivalents	$	**104,517**	$	69,965
Cash held in trust		**1,154**		2,534
Funds receivable from payment processors		**1,559**		14,302
Accounts receivable		**14,512**		21,864
Prepaid taxes		**195**		194
Prepaid expenses and other assets		**1,866**		2,153
Total current assets	$	**123,803**	$	111,012
Non-current assets				
Property and equipment		**2,335**		2,371
Right-of-use assets		**2,761**		3,060
Intangible assets		**12,799**		12,806
Goodwill		**7,130**		7,130
Deferred tax assets		**2,444**		2,105
Other assets		**216**		216
Total non-current assets	$	**27,685**	$	27,688
Total assets	$	**151,488**	$	138,700
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$	**9,255**	$	13,766
Income taxes payable		**598**		2,326
Payable to loyalty program partners		**57,691**		78,270
Current portion of lease liabilities		**1,210**		1,323
Current portion of other liabilities		**2,006**		797
Total current liabilities	$	**70,760**	$	96,482
Non-current liabilities				
Long term debt		**40,000**		-
Lease liabilities		**1,745**		2,209
Other liabilities		**86**		95
Deferred tax liabilities		**864**		722
Total non-current liabilities	$	**42,695**	$	3,026
Total liabilities	$	**113,455**	$	99,508
SHAREHOLDERS' EQUITY				
Share capital		**48,826**		45,799
Contributed surplus		**-**		-
Accumulated other comprehensive (loss) income		**(818)**		184
Accumulated deficit		**(9,975)**		(6,791)
Total shareholders' equity	$	**38,033**	$	39,192
Total liabilities and shareholders' equity	$	**151,488**	$	138,700

Points International Ltd.
Condensed Consolidated Interim Statements of Comprehensive Income

Expressed in thousands of United States dollars, except per share amounts
(Unaudited)

	For the three months ended	
	March 31, 2020	March 31, 2019
REVENUE		
Principal	**$ 75,870**	$ 90,006
Other partner revenue	**6,803**	5,937
Total Revenue	**$ 82,673**	$ 95,943
Direct cost of revenue	**68,846**	82,577
Gross Profit	**$ 13,827**	$ 13,366
OPERATING EXPENSES		
Employment costs	**7,708**	7,636
Marketing and communications	**422**	379
Technology services	**752**	617
Depreciation and amortization	**1,249**	1,142
Foreign exchange gain	**(38)**	(244)
Other operating expenses	**2,408**	1,580
Total Operating Expenses	**$ 12,501**	$ 11,110
Finance income	**(189)**	(262)
Finance costs	**88**	76
INCOME BEFORE INCOME TAXES	**$ 1,427**	$ 2,442
Income tax expense	**309**	685
NET INCOME	**$ 1,118**	$ 1,757
OTHER COMPREHENSIVE (LOSS) INCOME		
Items that will subsequently be reclassified to profit or loss:		
Unrealized (loss) gain on foreign exchange derivatives designated as cash flow hedges	**(1,485)**	238
Income tax effect	**393**	(63)
Reclassification to net income of loss on foreign exchange derivatives designated as cash flow hedges	**99**	249
Income tax effect	**(26)**	(66)
Foreign currency translation adjustment	**17**	24
Other comprehensive (loss) income for the period, net of income tax	**$ (1,002)**	$ 382
TOTAL COMPREHENSIVE INCOME	**$ 116**	$ 2,139
EARNINGS PER SHARE		
Basic earnings per share	**$ 0.08**	$ 0.13
Diluted earnings per share	**$ 0.08**	$ 0.12

Points International Ltd.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

Expressed in thousands of United States dollars except number of shares (Unaudited)	Attributable to equity holders of the Company					
	Share Capital		Contributed surplus	Accumulated other comprehensive income (loss)	Accumulated deficit	Total shareholders' equity
	Number of Shares	Amount				
Balance at December 31, 2019	**13,241,516**	**$ 45,799**	**$ -**	**$ 184**	**$ (6,791)**	**$ 39,192**
Net income	**-**	**-**	**-**	**-**	**1,118**	**1,118**
Other comprehensive loss, net of tax	**-**	**-**	**-**	**(1,002)**	**-**	**(1,002)**
Total comprehensive income	**-**	**-**	**-**	**(1,002)**	**1,118**	**116**
Effect of equity-settled share-based payment	**-**	**-**	**879**	**-**	**-**	**879**
Share issuances - options exercised	**50,299**	**506**	**(439)**	**-**	**-**	**67**
Settlement of RSUs	**-**	**2,759**	**(3,938)**	**-**	**-**	**(1,179)**
Shares repurchased and cancelled	**(67,483)**	**(238)**	**(804)**	**-**	**-**	**(1,042)**
Reclassification within equity[5]	**-**	**-**	**4,302**	**-**	**(4,302)**	**-**
Balance at March 31, 2020	**13,224,332**	**$ 48,826**	**$ -**	**$ (818)**	**$ (9,975)**	**$ 38,033**
Balance at December 31, 2018	14,111,864	$ 53,886	$ 4,446	$ (646)	$ (16,676)	$ 41,010
Net income	-	-	-	-	1,757	1,757
Other comprehensive income, net of tax	-	-	-	382	-	382
Total comprehensive income	-	-	-	382	1,757	2,139
Effect of equity-settled share-based payment	-	-	1,217	-	-	1,217
Share issuances - options exercised	2,338	28	(7)	-	-	21
Settlement of RSUs	-	1,277	(4,242)	-	-	(2,965)
Shares purchased and held in trust	-	(599)	-	-	-	(599)
Shares repurchased and cancelled	(219,641)	(845)	(1,414)	-	(197)	(2,456)
Balance at March 31, 2019	13,894,561	$ 53,747	$ -	$ (264)	$ (15,116)	$ 38,367

[5] The Corporation has adopted a policy that when contributed surplus is in debit balance, the amount is reclassified to accumulated deficit for financial statement presentation purposes.

Points International Ltd.
Condensed Consolidated Interim Statements of Cash Flows

Expressed in thousands of United States dollars
(Unaudited)

	For the three months ended	
	March 31, 2020	March 31, 2019
Cash flows from operating activities		
Net income for the period	**$ 1,118**	$ 1,757
Adjustments for:		
Depreciation of property and equipment	**339**	288
Depreciation of right-of-use assets	**299**	283
Amortization of intangible assets	**611**	571
Unrealized foreign exchange gain	**(1,087)**	(123)
Equity-settled share-based payment transactions	**879**	1,217
Finance costs	**88**	76
Deferred income tax expense	**170**	110
Derivative contracts designated as cash flow hedges	**(1,386)**	487
Changes in cash held in trust	**1,380**	-
Changes in non-cash balances related to operations	**(5,282)**	1,471
Interest paid	**(43)**	(76)
Net cash (used in) provided by operating activities	**$ (2,914)**	$ 6,061
Cash flows from investing activities		
Acquisition of property and equipment	**(303)**	(520)
Additions to intangible assets	**(604)**	(287)
Net cash used in investing activities	**$ (907)**	$ (807)
Cash flows from financing activities		
Proceeds from long term debt	**40,000**	-
Payment of lease liabilities	**(326)**	(212)
Proceeds from exercise of share options	**67**	21
Shares repurchased and cancelled	**(1,042)**	(2,456)
Purchase of share capital held in trust	**-**	(599)
Taxes paid on net settlement of RSUs	**(1,179)**	(2,965)
Net cash provided by (used in) financing activities	**$ 37,520**	$ (6,211)
Effect of exchange rate fluctuations on cash held	**853**	147
Net increase (decrease) in cash and cash equivalents	**$ 34,552**	$ (810)
Cash and cash equivalents at beginning of the period	**$ 69,965**	$ 69,131
Cash and cash equivalents at end of the period	**$ 104,517**	$ 68,321
Interest received	**$ 213**	$ 262
Taxes paid	**$ (1,842)**	$ (614)

Amounts received in interest and paid in taxes were reflected as operating cash flows in the condensed consolidated interim statements of cash flows.