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 2021**

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 12, 2021

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
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Condensed Consolidated Interim Financial Statements

Points International Ltd.
March 31, 2021

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Condensed consolidated interim financial statements

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

As at	Note		March 31, 2021		December 31, 2020
ASSETS					
Current assets					
Cash and cash equivalents		$	**84,682**	$	73,070
Cash held in trust			**599**		280
Funds receivable from payment processors			**8,955**		5,795
Accounts receivable			**5,965**		3,559
Prepaid taxes			**1,527**		1,760
Prepaid expenses and other assets	13		**2,942**		3,075
Total current assets		$	**104,670**	$	87,539
Non-current assets					
Property and equipment			**1,266**		1,529
Right-of-use assets			**1,700**		1,862
Intangible assets			**11,677**		12,130
Goodwill			**5,681**		5,681
Deferred tax assets			**3,431**		3,087
Other assets			**202**		202
Total non-current assets		$	**23,957**	$	24,491
Total assets		$	**128,627**	$	112,030
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities		$	**5,435**	$	5,766
Income taxes payable			**675**		489
Payable to loyalty program partners			**60,096**		50,629
Current portion of lease liabilities			**1,173**		1,156
Current portion of other liabilities			**953**		847
Current portion of long term debt			**-**		3,500
Total current liabilities		$	**68,332**	$	62,387
Non-current liabilities					
Long term debt	9		**-**		11,500
Lease liabilities			**887**		1,136
Other liabilities			**50**		57
Deferred tax liabilities			**1,526**		1,731
Total non-current liabilities		$	**2,463**	$	14,424
Total liabilities		$	**70,795**	$	76,811
SHAREHOLDERS' EQUITY					
Share capital			**72,769**		49,251
Contributed surplus			**2,025**		1,795
Accumulated other comprehensive income			**580**		623
Accumulated deficit			**(17,542)**		(16,450)
Total shareholders' equity		$	**57,832**	$	35,219
Total liabilities and shareholders' equity		$	**128,627**	$	112,030
Guarantees and Commitments	11				

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

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

For the three months ended March 31	Note		2021		2020[1]
REVENUE					
Principal		$	**60,242**	$	75,870
Other partner revenue			**4,783**		6,803
Total Revenue	5	**$**	**65,025**	$	82,673
Direct cost of revenue			**56,025**		68,846
Gross Profit		**$**	**9,000**	$	13,827
OPERATING EXPENSES					
Sales and marketing	14		**3,560**		4,521
Research and development	14		**2,530**		3,628
General and administrative	14		**2,701**		3,141
Depreciation and amortization			**1,417**		1,249
Total Operating Expenses		**$**	**10,208**	$	12,539
Foreign exchange loss (gain)	14		**227**		(38)
Finance and other income			**(54)**		(189)
Finance costs			**126**		88
(LOSS) INCOME BEFORE INCOME TAXES		**$**	**(1,507)**	$	1,427
Income tax (recovery) expense			**(415)**		309
NET (LOSS) INCOME		**$**	**(1,092)**	$	1,118
OTHER COMPREHENSIVE LOSS					
Items that will subsequently be reclassified to profit or loss:					
Unrealized gain (loss) on foreign exchange derivatives designated as cash flow hedges			**253**		(1,485)
Income tax effect			**(67)**		393
Reclassification to net income of (gain) loss on foreign exchange derivatives designated as cash flow hedges			**(314)**		99
Income tax effect			**83**		(26)
Foreign currency translation adjustment			**2**		17
Other comprehensive loss for the period, net of income tax		**$**	**(43)**	$	(1,002)
TOTAL COMPREHENSIVE (LOSS) INCOME		**$**	**(1,135)**	$	116
(LOSS) EARNINGS PER SHARE					
Basic (loss) earnings per share	8	**$**	**(0.08)**	$	0.08
Diluted (loss) earnings per share	8	**$**	**(0.08)**	$	0.08

The accompanying notes are an integral part of these condensed consolidated interim financial statements.
(1) Prior period comparatives had been reclassified to conform with current year presentation. See Note 14.

Expressed in thousands of United States dollars except number of shares (Unaudited)	Note	Share Capital Number of Shares		Amount		Contributed surplus		Accumulated other comprehensive income (loss)		Accumulated deficit		Total shareholders' equity
					Attributable to equity holders of the Company							
Balance at December 31, 2020		**13,227,407**	**$**	**49,251**	**$**	**1,795**	**$**	**623**	**$**	**(16,450)**	**$**	**35,219**
Net loss		**-**		**-**		**-**		**-**		**(1,092)**		**(1,092)**
Other comprehensive loss, net of tax		**-**		**-**		**-**		**(43)**		**-**		**(43)**
Total comprehensive loss		**-**		**-**		**-**		**(43)**		**(1,092)**		**(1,135)**
Effect of equity-settled share-based compensation expense	6,10	**-**		**-**		**930**		**-**		**-**		**930**
Settlement of RSUs	10	**-**		**243**		**(700)**		**-**		**-**		**(457)**
Shares issued, net of issuance costs	7	**1,687,510**		**23,275**		**-**		**-**		**-**		**23,275**
Balance at March 31, 2021		**14,914,917**	**$**	**72,769**	**$**	**2,025**	**$**	**580**	**$**	**(17,542)**	**$**	**57,832**
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 compensation expense	6,10	-		-		879		-		-		879
Share issuances - options exercised		50,299		506		(439)		-		-		67
Settlement of RSUs	10	-		2,759		(3,938)		-		-		(1,179)
Shares repurchased and cancelled	7	(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

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***		**2021**		2020
Cash flows from operating activities					
Net (loss) income for the period		**$**	**(1,092)**	$	1,118
Adjustments for:					
Depreciation of property and equipment			**515**		339
Depreciation of right-of-use assets			**245**		299
Amortization of intangible assets			**657**		611
Unrealized foreign exchange gain			**(51)**		(1,087)
Equity-settled share-based compensation expense	6,10		**930**		879
Finance costs			**126**		88
Deferred income tax (recovery) expense			**(533)**		170
Derivative contracts designated as cash flow hedges			**(61)**		(1,386)
Changes in cash held in trust			**(319)**		1,380
Changes in non-cash balances related to operations	12		**4,258**		(5,282)
Interest paid			**(163)**		(43)
Net cash provided by (used in) operating activities		**$**	**4,512**	$	(2,914)
Cash flows from investing activities					
Acquisition of property and equipment			**(252)**		(303)
Additions to intangible assets			**(204)**		(604)
Net cash used in investing activities		**$**	**(456)**	$	(907)
Cash flows from financing activities					
Net proceeds from issuance of share capital	7		**23,275**		-
Proceeds from long term debt	9		**-**		40,000
Repayment of long term debt	9		**(15,000)**		-
Payment of lease liabilities			**(334)**		(326)
Proceeds from exercise of share options			**-**		67
Shares repurchased and cancelled	7		**-**		(1,042)
Taxes paid on net settlement of RSUs	10		**(457)**		(1,179)
Net cash provided by financing activities		**$**	**7,484**	$	37,520
Effect of exchange rate fluctuations on cash held			**72**		853
Net increase in cash and cash equivalents		**$**	**11,612**	$	34,552
Cash and cash equivalents at beginning of the period		**$**	**73,070**	$	69,965
Cash and cash equivalents at end of the period		**$**	**84,682**	$	104,517
Interest received		$	**24**	$	213
Taxes received		$	**355**	$	-
Taxes paid		$	**-**	$	(1,842)

Amounts received for 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" or "Points") 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 are as at and for the three months ended March 31, 2021. The Corporation's shares are publicly traded on the Toronto Stock Exchange ("TSX") as PTS and on the NASDAQ Capital Market ("NASDAQ") as PCOM.

Points provides technology solutions and services to loyalty programs around the world. The Corporation's services facilitate the accrual or redemption of loyalty program currency (points or miles). Accrual transactions are typically focused on generating revenue for loyalty program partners while redemption transactions are focused on offering additional engagement options for program members that are cost effective for the loyalty program. Points has nearly 60 loyalty program partnerships across the airline, hospitality, financial services and retail verticals.

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 marketing activities peak during this time. Commencing 2020, financial results did not follow this trend due to the adverse impact of the COVID-19 pandemic.

The consolidated financial statements of the Corporation as at and for the year ended December 31, 2020 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, 2021 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 2021 condensed consolidated interim financial statements include only significant changes and transactions occurring since December 31, 2020 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, 2020. 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 12, 2021.

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, 2020.

(a) New standards adopted in 2021

The following amendments to IFRS are effective from January 1, 2021, but they do not have a material impact on the Corporation's condensed consolidated interim financial statements:

Interest Rate Benchmark Reform - Phase 2

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

As at January 1, 2021, the Corporation had $15,000 borrowings on its LIBOR secured credit facility, which were fully repaid by March 31, 2021. As at March 31, 2021, the Corporation continues to have access to this facility and expects the interest rate benchmark to be changed to Secured Overnight Financing Rate ("SOFR") in the later part of 2021. The Corporation does not expect any significant impact as a result of applying the amendments.

(b) Segment Reporting

During the first quarter of 2021, the Corporation realigned its organizational, operational and internal reporting structures. As a result, the Corporation combined its Loyalty Currency Retailing, Platform Partners and Points Travel operations, previously considered as three distinct operating segments, into one segment. The change to a single operating segment resulted from various factors, including changes to the Corporation's management structure and to drive greater efficiencies and scale in the Corporation's business.

The Corporation's chief operating decision maker ("CODM") is the Chief Executive Officer. The CODM regularly reviews the Corporation's operating results and makes decisions about resources allocation based on information provided by Management at a consolidated level.

(c) Cash Generating Units

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

In recent years, the Corporation continued to improve on the functionality and scalability of the Loyalty Commerce Platform ("LCP"), with the intention to migrate and centralize the Corporation's technology. The technologies that previously operated separately, are now fundamentally integrated with the LCP, which Management determined as the core asset and backbone for facilitating substantially all of the Corporation's transactions. This centralization and migration of products to the LCP, coupled with the Corporation's change in organizational structure (see Note 3(b)), and how Management monitors operations and makes business decisions, resulted in the change to a single CGU.

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

The Corporation assessed qualitatively and quantitatively the recoverable amount of its CGU as at March 31, 2021. Based on the facts and circumstances present as at March 31, 2021, it was concluded that there was no impairment.

4. COVID-19

During the first quarter of 2021, COVID-19 continued to have a significant adverse impact on the Corporation's transaction volumes, resulting in a decline in revenue and gross profit compared to pre-COVID levels.

In response to COVID-19, the Corporation implemented the following measures at the onset of the pandemic to mitigate its impact on the business, preserve cash, and strengthen the Corporation's overall liquidity:

- Expense mitigation measures including pausing most hiring activity and significantly reducing discretionary spend.
- Pursued government subsidy programs available to the Corporation in the jurisdictions in which the Corporation operates, most notably the Canada Emergency Wage Subsidy program ("CEWS"); refer to Note 6.
- 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.
- Suspended future share buyback activity under the Normal Course Issuer Bid ("NCIB") and significantly reduced funding of the Restricted Share Unit ("RSU") plan.
- Reduced capital expenditures.

The duration and impact of the COVID-19 pandemic on future periods remains unknown. 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.

5. OPERATING SEGMENT

The Corporation provides technology solutions and services to the loyalty program industry and is organized and managed as a single operating segment, with its operating results reviewed by the Corporation's Chief Executive Officer, who is the CODM.

Enterprise-wide disclosures - Geographic information

For the three months ended March 31		**2021**			2020	
Revenue						
United States	**$**	**58,404**	**90%**	$	72,025	87%
Europe		**3,956**	**6%**		5,867	7%
Other		**2,665**	**4%**		4,781	6%
	$	**65,025**	**100%**	$	82,673	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, 2021, substantially all of the Corporation's assets were in Canada.

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

Dependence on loyalty program partners

For the three-month period ended March 31, 2021, there were four (2020 - two) 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 78% (2020 - 57%) of the Corporation's total revenue.

6. EMPLOYMENT COSTS

During the first quarter of 2021, total employment costs, comprising of salaries, benefits and equity-settled share-based compensation expense, net of government grants and tax credits, were $6,582 (2020 - $7,708).

The Corporation's equity-settled share-based compensation expenses were recognized as follows:

For the three months ended March 31		**2021**		2020
Sales and marketing	**$**	**241**	$	211
Research and development		**68**		254
General and administrative		**621**		414
Total equity-settled share-based compensation expenses	**$**	**930**	$	879

In March 2020, the Government of Canada announced the CEWS and enacted Bill C-14 in April 2020. The CEWS provides eligible employers with subsidies on employee renumeration. The Government of Canada has extended the CEWS through to June 2021, and is currently proposed to be further extended through to September 2021 based on the recent federal budget.

During the first quarter of 2021, the Corporation recorded subsidies of $1,261, of which $1,206 was recognized as a reduction to operating expenses and $55 related to eligible costs incurred in connection with the development of software to be used internally or for providing services to customers, was capitalized as intangible assets. As at March 31, 2021, $1,079 of the CEWS was recorded in accounts receivable in the condensed consolidated interim statements of financial position. No subsidies were recognized for the three- month period ended March 31, 2020.

7. CAPITAL AND OTHER COMPONENTS OF EQUITY

Share Offering

In March 2021, the Corporation completed an underwritten public offering of 1,687,510 common shares at a price of CAD $18.75 per common share, for aggregate gross proceeds of $25,129 (CAD $31,641), which included 220,110 common shares purchased by the underwriters pursuant to the exercise of the over-allotment option. After deduction of the underwriters' fees and expenses of the offering, net proceeds were $23,275.

Normal Course Issuer Bid

During March 8, 2017, the Board of Directors of the Corporation approved a plan to repurchase the Corporation's common shares. 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 entered into an automatic share purchase plan with a broker to facilitate the 2019 Repurchase.

On September 9, 2020, the NCIB program was renewed with a total of 661,370 shares to be repurchased under this 2020 plan, representing 5% of the Corporation's 13,227,407 shares issued and outstanding as of August 31, 2020. The Corporation has entered into an automatic share purchase plan with a broker to facilitate potential repurchases.

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

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, 2021, the Corporation did not repurchase and cancel any common shares under its NCIB program. During the three months ended March 31, 2020, the Corporation repurchased and cancelled 67,483 common shares at an aggregate purchase price of $1,042, resulting in a reduction of share capital and contributed surplus of $238 and $804, respectively.

8. (LOSS) EARNINGS PER SHARE

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

	For the three months ended March 31	
	2021	2020
Net (loss) income available to common shareholders for basic and diluted (loss) earnings per share	**$ (1,092)**	$ 1,118
Weighted average number of common shares outstanding - basic	**13,264,907**	13,213,200
Effect of dilutive securities	-	340,270
Weighted average number of common shares outstanding - diluted	**13,264,907**	13,553,470
(Loss) Earnings per share - reported		
Basic	**$ (0.08)**	$ 0.08
Diluted	**$ (0.08)**	$ 0.08

For the three months ended March 31, 2021, there were 1,021,156 options (2020 - nil) 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.

9. LONG TERM DEBT

On December 10, 2019, the Corporation entered into a $50.0 million senior secured revolving credit facility with the Royal Bank of Canada and the Bank of Nova Scotia. The credit facility is available for general corporate purposes, including the financing of working capital, capital expenditures and acquisitions. This credit facility has a three-year maturity with no fixed repayment dates prior to the end of the three-year term ending December 10, 2022. Depending on the type of advance, interest rates under the credit facility are based on Canada prime rate, US base rate, Bankers' Acceptance (BA), London Interbank Offered Rate (LIBOR) or Euro Interbank Offered Rate (EURIBOR) plus an additional 0.75% to 2.00%.

On November 23, 2020, the Corporation entered into an agreement with the lenders to amend the existing senior secured credit facility (the "Amendment") to provide covenant relief through June 30, 2021. The Amendment suspends the testing of financial covenants for three quarters, beginning with the quarter ended December 31, 2020 through to the end of June 2021. Under the terms of the amendment, the net senior leverage ratio, the interest coverage ratio, and the fixed charge coverage ratio are replaced through to June 30, 2021 with a minimum Adjusted EBITDA and a minimum liquidity test, with the Corporation agreeing to extend the Minimum Adjusted EBITDA test two additional quarters. In addition, the Corporation agreed to reduce the facility size from $50.0 million to $40.0 million. The Corporation also agreed to not initiate any purchases under the NCIB program and to restrict payments related to the RSU plan up to June 30, 2021. The amended credit facility also includes an anti-cash hoarding clause, which requires a repayment of excess cash borrowings when the Corporation's unrestricted cash and cash equivalents, plus amounts receivable from payment processors less amounts owing to loyalty partners, exceeds $25,000. Beginning in the third quarter of 2021, this amount will be increased to $30,000. Drawdowns and advances under the amended credit facility are based on Canada prime rate, US base rate, Bankers' Acceptance (BA), London Interbank Offered Rate (LIBOR) or Euro Interbank Offered Rate (EURIBOR) plus an additional 1.75% to 2.75%. The LIBOR is set to be phased out by the end of 2021. Under the Amendment, the Corporation has negotiated with the lenders to replace LIBOR with the Secured Overnight Financing Rate (SOFR) as the expected benchmark replacement. The benchmark replacement will be effective at the public statement release by the Benchmark Administrator, with the option for the Corporation to early adopt with the approval of the lenders.

During the first quarter of 2021, the Corporation repaid $15,000 on the senior secured credit facility. As at March 31, 2021, the Corporation did not have any borrowings on the senior secured credit facility (March 31, 2020 - $40,000).

The credit facility contains certain financial and other covenants that the Corporation is required to maintain. The Corporation was in compliance with all applicable covenants under the credit facility agreement as at March 31, 2021 and March 31, 2020. COVID-19 continues to have an adverse impact on the Corporation's business and it remains challenging to accurately predict the Corporation's future financial performance. If the Corporation expects to be unable to maintain compliance with such covenants in 2021, the Corporation would seek an additional waiver from its lenders to avoid a potential breach.

10. SHARE-BASED COMPENSATION

As at March 31, 2021, 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. 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. During the three month period ended March 31, 2021, the Corporation did not grant any options (2020 - nil).

During the three months ended March 31, 2021, the Corporation recognized expense of $51 related to its share option plan.

In 2020, the adverse impact of the COVID-19 pandemic on the business has affected the probability of achieving certain performance thresholds of the performance options previously granted. During the first quarter of 2020, the Corporation used the modified grant-date method and reassessed the probability of achieving the specified performance metrics for the performance options based on the most likely outcome, which resulted in a lower share option expense for the quarter. During the three months ended March 31, 2020, the Corporation recognized expense of $6 related to its share option plan.

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

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, 2021 and 2020 are shown in the table below:

	March 31, 2021	March 31, 2020
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	**(1,021,156)**	(1,159,411)
Options available for grant	**508,704**	370,449

A summary of the status of the Corporation's share option plan as of March 31, 2021 and 2020, and changes during the three months ended on those dates is presented below.

	2021		2020	
	Number of Options	**Weighted Average Exercise Price (in CAD$)**	Number of Options	Weighted Average Exercise Price (in CAD$)
Beginning of period	**1,021,156**	**$ 14.54**	1,321,288	$ 14.26
Granted	-	-	-	-
Exercised	-	-	(158,975)	$ 12.34
Expired and forfeited	-	-	(2,902)	$ 12.34
End of period	**1,021,156**	**$ 14.54**	1,159,411	$ 14.53
Exercisable at end of period	**23,956**	**$ 10.50**	47,311	$ 12.27

As at March 31, 2021:

	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 $9.99	**14,570**	**0.17**	**$ 9.89**	**14,570**	**$ 9.89**
$10.00 to $14.99	**754,586**	**3.66**	**$ 13.90**	**9,386**	**$ 11.45**
$15.00 to $19.99	**252,000**	**4.39**	**$ 16.72**	**-**	**-**
	1,021,156			**23,956**	

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**	

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

Share unit plan

During the three months ended March 31, 2021, 48,431 share units were granted (2020 - 421,048 share units). As at March 31, 2021, 542,420 share units were outstanding (2020 - 556,224 share units).

During the three months ended March 31, 2021, the Corporation recognized expense of $879 (2020 - $873) related to its share unit plan.

	Number of Share units	**Weighted Average Fair Value (in CAD$)**
Balance at January 1, 2021	**570,126**	**$ 15.06**
Granted	**48,431**	**$ 19.95**
Vested	**(62,555)**	**$ 14.07**
Forfeited	**(13,582)**	**$ 14.11**
Balance at March 31, 2021	**542,420**	**$ 15.63**
	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

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, 2021 and 2020, the Corporation did not purchase any shares for the trust. The Corporation paid certain withholding taxes in cash rather than reselling shares held in trust into the market. For the three-month period ended March 31, 2021, 62,555 share units (2020 - 359,723 share units) vested, for which the Corporation settled 33,701 share units (2020 - 253,104 share units) through the issuance of shares held in trust and paid $457 (2020 - $1,179) of withholding taxes.

11. GUARANTEES AND COMMITMENTS

	Total	Year 1	Year 2	Year 3	Year 4	Year 5+
Direct cost of revenue(1)(2)	$ 394,490	$ 122,457	$ 121,529	$ 116,548	$ 33,956	$ -

(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)

12. SUPPLEMENTAL CASH FLOW INFORMATION

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

For the three months ended March 31		**2021**		2020
(Increase) Decrease in funds receivable from payment processors	**$**	**(3,160)**	$	12,743
(Increase) Decrease in accounts receivable		**(2,406)**		7,352
Decrease (Increase) in prepaid taxes		**233**		(1)
Decrease in prepaid expenses and other assets		**133**		287
Decrease in accounts payable and accrued liabilities		**(294)**		(4,556)
Increase (Decrease) in income taxes payable		**186**		(1,728)
Increase in other liabilities		**99**		1,200
Increase (Decrease) in payable to loyalty program partners		**9,467**		(20,579)
	$	**4,258**	$	(5,282)

13. 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, 2021 and December 31, 2020 due to their short-term maturities. The fair value of long-term debt approximates its carrying value as at December 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, 2021 and December 31, 2020 are as follows:

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

As at March 31, 2021		**Carrying Value**		**Level 2**
Assets:				
Foreign exchange forward contracts designated as cash flow hedges(i)	**$**	**765**	**$**	**765**
	$	**765**	**$**	**765**

As at December 31, 2020		Carrying Value		Level 2
Assets:				
Foreign exchange forward contracts designated as cash flow hedges(i)	$	827	$	827
	$	827	$	827

(i) The carrying values of the Corporation's foreign exchange forward contracts are included in prepaid expenses and other assets 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, 2021 and December 31, 2020 and there were no transfers of financial instruments between Levels 2 and 3 of the fair value hierarchy in the respective periods.

14. RECLASSIFICATION OF EXPENSES

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

Sales and Marketing

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

Research and Development

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

General and Administrative

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

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

The following are the classification of expenses for the three-month period ended March 31, 2020 under the previous and current presentations.

Previous presentation:

For the three months ended March 31		2020
OPERATING EXPENSES		
Employment costs	$	7,708
Marketing and communications		422
Technology services		752
Depreciation and amortization		1,249
Foreign exchange gain		(38)
Other operating expenses		2,408
Total Operating Expenses	$	12,501

Current presentation:

For the three months ended March 31		2020
OPERATING EXPENSES		
Sales and marketing	$	4,521
Research and development		3,628
General and administrative		3,141
Depreciation and amortization		1,249
Total Operating Expenses	$	12,539
Foreign exchange gain		(38)
	$	12,501

POINTS INTERNATIONAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

This MD&A should be read in conjunction with our unaudited condensed consolidated interim financial statements (including the notes thereto) as at and for the three months ended March 31, 2021, the 2020 annual MD&A and the 2020 audited annual consolidated financial statements and notes thereto and other recent filings with the Canadian and US securities regulatory agencies, which may be accessed at www.sedar.com or www.sec.gov.

The financial information presented in this MD&A is derived from our unaudited condensed consolidated interim financial statements for the three months ended March 31, 2021, which has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and all dollar amounts herein are in thousands of United States dollars unless otherwise specified. This MD&A is dated as of May 12, 2021 and was reviewed by our Audit Committee and approved by our Board of Directors.

NON-GAAP MEASURES

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

FORWARD-LOOKING STATEMENTS

This MD&A contains or incorporates forward-looking statements within the meaning of United States securities legislation and forward-looking information within the meaning of Canadian securities legislation (collectively, "forward-looking statements"). These forward-looking statements include or relate to, among other things, plans we have implemented in response to the COVID-19 pandemic and its expected impact on us (including with respect to: cost saving measures that have been implemented, our liquidity and efforts to strengthen our balance sheet, expected impacts on transaction volumes, revenue, gross profit and profitability, the impact of our annual revenue guarantees, and our ability to deliver on our long-term goals), our growth strategies (including our ability to grow the number of loyalty program partners, cross-selling services to existing partners, grow in-market services and regional and vertical expansion), and our beliefs on the long-term sustainability of the loyalty industry and the recovery of the health of the loyalty industry as the global economy recovers from the impacts of the COVID-19, and may also include other statements that are predictive in nature, or that depend upon or refer to future events or conditions, and can generally be identified by words such as "may," "will," "expects," "anticipates," "continue," "intends," "plans," "believes," "estimates" or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts but instead represent only our expectations, estimates and projections regarding future events.

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

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

BUSINESS OVERVIEW

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

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

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

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

We are a trusted partner to the world's leading loyalty programs, with approximately 60 commercial agreements or integrations with loyalty programs globally, including Southwest Airlines' Rapid Rewards, Marriott Bonvoy, Chase Ultimate Rewards, and the Emirates Skywards program. Most of our commercial contracts enable us to transact directly or indirectly with the loyalty programs' member base to facilitate the sale, redemption or earning of loyalty currency online. Over 95% of our revenue is transaction based, which consists of a margin, commission or transaction fee that we earn on the loyalty currency and transactions we process.

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

Our head office is in Toronto, Canada and we maintain offices in San Francisco, United States, London, England, Singapore and Dubai. Points International Ltd.'s shares are listed on both the Toronto Stock Exchange ("TSX") under the trading symbol PTS and on the NASDAQ Capital Market under the trading symbol PCOM.

The Loyalty Industry

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

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

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

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

HOW WE GROW OUR BUSINESS

Growing the Number of Loyalty Program Partners

Throughout most of our history, adding new loyalty program partners has been an important source of growth. Continuing to grow the number of Loyalty Program partners connected to our platform remains a key growth factor and important part of our strategy. As of March 31, 2021, we had commercial agreements with nearly 60 loyalty programs. Collectively, our network of loyalty program partners represents over 1 billion loyalty program accounts.

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

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

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

Cross-sell Existing Partners

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

Growing In-Market Services

Our ability to grow our in-market services by increasing transactions and transaction size remains an important growth driver for us. Our revenue and gross profit are highly sensitive to marketing activity, which can drive substantial increases in transactions during promotional periods. We believe our continued investment and focus in our technology, data analytics, and automated marketing has been and will continue to be a key driver of future growth. The LCP has positioned us to continually improve our ability to consume loyalty data and personalize member offers, increasing the effectiveness of our marketing campaigns and our partners' profitability while minimizing member communications.

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

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

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

In addition, approximately 80% of our loyalty program partners are based out of either North America, Europe or the Middle East. While we currently have a broad set of relationships with travel-based programs in these regions, we believe there are substantial growth opportunities to add additional loyalty program partners, particularly in the Asia Pacific and South American loyalty markets.

HOW WE ANALYZE AND REPORT OUR RESULTS

Revenue and Direct Cost of Revenue
We principally generate transaction based revenue, with approximately 95% of our revenue resulting from a margin, commission, or fee earned by transacting loyalty currency across our platform. We categorize our revenue in two ways, Principal revenue and Other partner revenue.

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

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

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

Other Partner Revenue

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

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

Direct Cost of Revenue

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

Since our direct costs of revenue are transaction based, they will generally increase or decrease in line with the growth in principal revenue. Our wholesale pricing for loyalty currency is negotiated on a partner by partner basis and is typically locked in for the duration of the contract term with the loyalty program. Direct costs of revenue can also fluctuate with marketing activity based on the amount and level of promotional campaigns we put into market.

Operating Expenses

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

Sales and Marketing

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

Research and Development

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

General and Administrative

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

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

Adjusted EBITDA is a non-GAAP financial measure, which is defined as earnings before income tax expense, finance costs, depreciation and amortization, equity-settled share-based compensation 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 used by management to assess our operating performance and is used to determine components of management compensation. We believe the presentation of Adjusted EBITDA is useful to investors and analysts as a supplemental measure to evaluate our operating performance. This measure does not have any standardized meaning under IFRS, and other issuers may calculate Adjusted EBITDA differently.

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. Other issuers may calculate Effective Margin differently or use a different measure to assess operating efficiency.

IMPACTS OF COVID-19

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

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

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

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

Our priority continues to be the safety and well-being of our employees while ensuring business continuity for our partners. Our staff have continued to work from home since March 2020, operating our business remotely and effectively with minimal impact on our operations.

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

- Expense mitigation measures including pausing most hiring activity and significantly reducing discretionary spend;

- Actively pursuing and participating in government subsidy programs where able, most notably the Canada Emergency Wage Subsidy program ("CEWS");
- Taking advantage of tax relief measures in the jurisdictions in which we operate, including the deferral of monthly tax instalments in Canada and Singapore;
- Suspending future share buyback activity under our Normal Course Issuer Bid ("NCIB") and significantly reducing the funding of our restricted share unit ("RSU") plan; and
- Reducing capital expenditures.

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

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

Our performance during the quarter ended March 31, 2021 represents our highest quarterly performance over the last four quarters for revenue, gross profit, and Adjusted EBITDA and the second straight quarter of sequential growth. Due to the continued uncertainty surrounding the potential outcomes of the COVID-19 pandemic, it is challenging to assess whether we will continue to grow or reliably estimate the impact of the pandemic on our business for the remainder of 2021. As a result, we continue to take a cautious approach to our expense profile. Depending on the timing of recovery for the travel and loyalty industry, we may take additional expense mitigation measures in the future or undertake additional efforts to secure more capital. At this time, based on our available liquidity and internal scenario planning, we believe we have sufficient liquidity to operate under multiple recovery scenarios.

We continue to monitor the impact of COVID-19 on our business, financial condition and operations, and on the broader travel industry. Refer to the "Risks and Uncertainties" section of our December 31, 2020 year end MD&A.

Q1 2021 AND RECENT BUSINESS HIGHLIGHTS

Partnership Highlights:

- In January, we expanded the reach of our Buy service offering with Spirit Airlines, enabling Free Spirit members the ability to use their miles balance, plus cash, to top-up with more miles seamlessly for flight awards.
- In March, we launched our new Accelerate Anything services with the Emirates Skywards program, enabling Skywards members the ability to boost almost any of their prior earnings, opening up non-travel opportunities for members to earn more miles. Emirates joins the Alaska Mileage plan as the second loyalty program partner to launch this service.

- In April, we announced a further expansion of our partnership with the Southwest Rapid Rewards program, launching our Subscription Plan service. Members can now choose between three different subscription plans, enabling them to build their balance of Rapid Reward points over 12 months.
- In April, we launched a new partnership with Mashreq Bank, a leading financial institution in the United Arab Emirates with a footprint across 12 countries within Europe, Asia, Africa and the US. Our new partnership enables members of the Mashreq Salaam program to exchange their points into Emirates Skywards miles.
- In April, we leveraged our LCP to support Lyft's vaccine access initiative, which helps to fund a ride to a vaccine appointment for someone in need. Until the end of May, Hilton Honors members who have linked their Hilton Honors and Lyft accounts will receive bonus points when they make a certain amount of contribution to the initiative.
- In May, we expanded our partnership with the Qatar Airways Privilege Club program with two additional services. First, we announced the launch of Hotel & Car Rewards for the Qatar Airways Privilege Club program. Members can now earn Qmiles on every cash hotel booking and car rental they make. Members also have the option to redeem their Qmiles or make split payments with cash and Qmiles for their hotel or car rental bookings. We then enabled our Accelerate Anything service for Privilege Club members in May, a further expansion of our partnership with Qatar Airways, which started last August with the launch of our Buy, Gift and Transfer services.

Organizational Developments:

- In March 2021, we completed an underwritten public offering of 1,687,510 common shares at a price of CAD$18.75 per share, for aggregate net proceeds of $23,275. Refer to "Liquidity and Capital Resources" for more details.

RESULTS OF OPERATIONS

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

(In thousands of US dollars, except share and per share amounts) (Unaudited)	For the three months ended			
	Mar 31, 2021	Mar 31, 2020	$ Variance	% Variance
Principal revenue	**$ 60,242**	$ 75,870	$ (15,628)	(21%)
Other partner revenue	**4,783**	6,803	(2,020)	(30%)
Total revenue	**65,025**	82,673	(17,648)	(21%)
Gross profit	**9,000**	13,827	(4,827)	(35%)
Total operating expenses	**10,208**	12,539	(2,331)	(19%)
Finance and other income	**54**	189	(135)	(71%)
Adjusted EBITDA[1]	**1,193**	3,605	(2,412)	(67%)
Effective margin[1]	**13%**	26%		
Net (loss) income	**$ (1,092)**	$ 1,118	$ (2,210)	(198%)
(Loss) Earnings per share				
Basic	**$ (0.08)**	$ 0.08	$ (0.16)	(200%)
Diluted	**$ (0.08)**	$ 0.08	$ (0.16)	(200%)
Weighted average shares outstanding				
Basic	**13,264,907**	13,213,200	51,707	-
Diluted	**13,264,907**	13,553,470	(288,563)	(2%)
Total assets	**$ 128,627**	$ 151,488	$ (22,861)	(15%)
Total liabilities	**70,795**	113,455	(42,660)	(38%)
Total shareholders' equity	**$ 57,832**	$ 38,033	$ 19,799	52%

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

Revenue, Direct Cost of Revenue, and Gross Profit

(In thousands of US dollars) (unaudited)	For the three months ended			
	Mar 31, 2021	Mar 31, 2020	$ Variance	% Variance
Principal revenue	**$ 60,242**	$ 75,870	$ (15,628)	(21%)
Other partner revenue	**4,783**	6,803	(2,020)	(30%)
Total revenue	**65,025**	82,673	(17,648)	(21%)
Less:				
Direct cost of revenue	**56,025**	68,846	(12,821)	(19%)
Gross profit	**$ 9,000**	$ 13,827	$ (4,827)	(35%)
Percentage of total revenues	**14%**	17%		

Our Total revenue, Direct cost of revenue, and Gross profit continue to be significantly impacted by the COVID-19 pandemic. While our financial results in the first quarter of 2021 remained below pre-COVID levels, Total revenue and Gross profit generated in the first quarter represented improved performance relative to previous quarters in the pandemic and the second consecutive quarter of sequential quarterly revenue and gross profit growth. This improvement was seen in both the performance of our marketing campaigns, which have been the primary source of our revenue during the pandemic, and also in our non-promotional activity which more associated with more immediate travel activity.

Total revenue for the three months ended March 31, 2021 was $65,025, a decrease of $17,648 or 21% over the comparable period in 2020. The year-over-year decrease in total revenue was primarily driven by a decline in Principal revenue, which decreased $15,628 or 21% from the comparable prior year period. The decrease in Principal revenue reflected reduced transaction volumes from principal partners that were adversely impacted by the effects of the COVID-19 pandemic. Other partner revenue in the first quarter of 2021 was $4,783, a decrease of $2,020 or 30% on a year-over-year basis, also due to the adverse impact of COVID-19 on transaction volumes.

Our Direct cost of revenue in the first quarter of 2021 decreased $12,821 or 19%, and was in line with the decline in Principal revenue. For the first quarter of 2021, Gross profit was $9,000, a decrease of 35% over the comparable prior year period of $13,827. Similar to the reduction in Total revenue, the decline in Gross profit was due to the impact of COVID-19, which had a significant adverse impact on transaction levels beginning in the second half of March 2020.

Gross profit as a percentage of revenues was 14% in the first quarter of 2021 compared to 17% in the comparable prior year period. The decrease was largely due to the relative mix of principal and agency revenues relative to the prior year quarter, as well as a higher proportion of revenues driven by promotional activity which can impact per unit economics.

Operating Expenses

	For the three months ended			
(In thousands of US dollars) (unaudited)	**Mar 31, 2021**	Mar 31, 2020	$ Variance	% Variance
Sales and marketing	**$ 3,560**	$ 4,521	$ (961)	(21%)
Research and development	**2,530**	3,628	(1,098)	(30%)
General and administrative	**2,701**	3,141	(440)	(14%)
Depreciation and amortization	**1,417**	1,249	168	13%
Total operating expenses	**$ 10,208**	$ 12,539	$ (2,331)	(19%)

For the three months ended March 31, 2021, we incurred total operating expenses of $10,208, a decrease of $2,331 or 19% over the prior year period. The decrease was largely due to the impact of the CEWS program and expense management measures implemented at the beginning of the pandemic which limited discretionary spending. Since the onset of the COVID-19 pandemic, we have been participating in the CEWS program, which provides additional payroll funding for businesses that have been impacted by COVID-19. In the first quarter of 2021, we recorded a benefit from the CEWS program which reduced operating expenses by $1,206 compared to no benefit in the prior year quarter.

The CEWS subsidy has been extended through to June 2021 and is currently proposed to be further extended through to September 2021 based on the recent federal budget. We have continued to collect subsidies during the first quarter of 2021. The eligibility criteria for the CEWS and resulting available funding are subject to change, and we are evaluating if we will be eligible to participate in this program beyond the second quarter of 2021.

Sales and Marketing
Sales and marketing expenses for the three months ended March 31, 2021 decreased $961 or 21% compared to the prior year quarter. The decrease from the prior year period was largely due to the impact of the CEWS, with the first quarter of 2021 including a benefit of $538 that was recorded as an offset to Sales and marketing expenses compared to no subsidies recorded in the prior year quarter. We also continue to realize cost savings as a result of decreased travel and other traditional sales and marketing related expenses that we would have typically incurred before the COVID-19 pandemic.

Included in Sales and marketing expenses in the first quarter of 2021 was equity-settled share-based compensation expenses of $241 compared to $211 in the prior year quarter.

Research and Development
Research and development expenses for the three months ended March 31, 2021 decreased $1,098 or 30% compared to the prior year quarter. The decrease from the prior year period was largely due to the impact of the CEWS, with the first quarter of 2021 including a benefit of $409 that was recorded as an offset to Research and development costs compared to no subsidies recorded in the prior year quarter.

Included in Research and development expenses in the first quarter of 2021 was equity-settled share-based compensation expenses of $68 compared to $254 in the prior year quarter.

General and Administrative
General and administrative expenses for the three months ended March 31, 2021 decreased $440 or 14% compared to the prior year quarter. The decrease from the prior year period was largely due to the impact of the CEWS, with the first quarter of 2021 including a benefit of $259 that was recorded as an offset to General and administrative costs. We continued to realize cost savings in the first quarter of 2021 as a result of reduced travel and office related expense than we did before the COVID-19 pandemic.

Also included in General & administrative expenses in the first quarter of 2021 was equity-settled share-based compensation expenses of $621 compared to $414 in the prior year quarter.

Depreciation and Amortization
During the first quarter of 2021, Depreciation and amortization expense was $1,417, an increase of $168 or 13% compared to the first quarter of 2020.

Other Income and Expenses

	For the three months ended			
(In thousands of US dollars) (unaudited)	**Mar 31, 2021**	Mar 31, 2020	$ Variance	% Variance
Foreign exchange loss (gain)	**$ 227**	$ (38)	$ 265	(697%)
Finance and other income	**(54)**	(189)	135	(71%)
Finance costs	**126**	88	38	43%
Income tax (recovery) expense	**$ (415)**	$ 309	$ (724)	(234%)

Foreign exchange gain/loss

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

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

For the quarter ended March 31, 2021, we recorded a foreign exchange loss of $227 compared to a foreign exchange gain of $38 in the comparable prior year period. Foreign exchange gains and losses fluctuate from period to period due to movements in foreign currency rates and non-USD balances held.

Finance and other income

Finance and other income mainly consist of interest earned on cash and cash equivalents. Finance and other income for the first quarter of 2021 was $54 compared to $189 in the prior year quarter, a decrease of 71% over the prior year period. The year-over-year decrease was primarily due to a decline in short term interest rates since the beginning of the COVID-19 pandemic and lower cash balances held in interest bearing accounts relative to the first quarter of 2020.

Finance costs

Finance costs mainly consist of interest expense related to lease liabilities and borrowing costs on the drawn portion of our credit facility. Finance costs for the first quarter of 2021 was $126, an increase of $38 or 43% over the prior year period. The increase was due to interest charges related to the drawdown on our credit facility in March 2020 and increase in standby fees for the amended credit facility.

Income tax (recovery) 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 2021, we recorded an income tax recovery of $415, compared to income tax expense of $309 in the prior year period. The changes were primarily attributable to a decline in income before tax.

Net (loss) income and (loss) earnings per share

We generated a Net loss of $1,092 for the three months ended March 31, 2021 compared to Net income of $1,118 in the comparable prior year period. The decrease in Net income from the comparable prior year period was primarily due to lower Adjusted EBITDA generated in the first quarter of 2021 resulting from the adverse impact of COVID-19 on transaction levels.

Basic earnings per share are calculated on the basis of the weighted average number of outstanding common shares for the period, which amounted to 13,264,907 common shares for the quarter ended March 31, 2021, compared with 13,213,200 common shares for the quarter ended March 31, 2020. The weighted average number of outstanding common shares for diluted earnings per share was 13,264,907 common shares for the quarter ended March 31, 2021, compared with 13,553,470 common shares for the quarter ended March 31, 2020. Basic and diluted loss per share was $0.08 for the first quarter of 2021 compared to basic and diluted earnings per share of $0.08 for the comparable prior year period.

NON-GAAP FINANCIAL MEASURES

Adjusted EBITDA and Effective Margin

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

Reconciliation of Net Income to Adjusted EBITDA

	For the three months ended			
(In thousands of US dollars) (unaudited)	**Mar 31, 2021**	Mar 31, 2020	$ Variance	% Variance
Net (loss) income	**$ (1,092)**	$ 1,118	$ (2,210)	(198%)
Income tax (recovery) expense	**(415)**	309	(724)	(234%)
Finance costs	**126**	88	38	43%
Depreciation and amortization	**1,417**	1,249	168	13%
Foreign exchange loss (gain)	**227**	(38)	265	(697%)
Equity-settled share-based compensation expense	**930**	879	51	6%
Adjusted EBITDA	**$ 1,193**	$ 3,605	$ (2,412)	(67%)

For the first quarter of 2021, Adjusted EBITDA was $1,193 compared to $3,605 generated in the prior year period. The decrease in Adjusted EBITDA was largely due to the decline in Gross profit that resulted from the impact of COVID-19.

Our Effective margin for the first quarter of 2021 was 13%, compared to 26% for the prior year quarter. The decline was due to a reduction in Adjusted EBITDA, which adversely impacted Effective margin.

LIQUIDITY AND CAPITAL RESOURCES

Consolidated Balance Sheet Data as at *(In thousands of US dollars)(Unaudited)*	**Mar 31, 2021**	Dec 31, 2020	$ Variance	% Variance
Cash and cash equivalents	**$ 84,682**	$ 73,070	$ 11,612	16%
Cash held in trust	**599**	280	319	114%
Funds receivable from payment processors	**8,955**	5,795	3,160	55%
Total funds available	**$ 94,236**	$ 79,145	$ 15,091	19%

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 $94,236 as at March 31, 2021 compared to $79,145 as at December 31, 2020. The increase in the first quarter of 2021 was primarily due to the closing of our equity offering in March for net proceeds of $23,275, and to a lesser extent, higher gross sales activity at the end of the first quarter of 2021 relative to the end of 2020, partially offset by the repayment of $15,000 on the senior secured credit facility. Total funds available can fluctuate period to period and are primarily impacted by the level of sales activity during the quarter, the timing of partner payments, and the timing of receipts from our payment processors.

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

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

Equity Financing

In March 2021, we completed an underwritten public offering of 1,687,510 shares at a price of CA$18.75 per share, for aggregate gross proceeds of $25,129, which includes the exercise in full by the underwriters of their over-allotment option. After deduction of the underwriters' fees and expenses of the offering, net proceeds were $23,275.

Credit Facility

On December 10, 2019, we entered into a $50.0 million senior secured revolving credit facility with the Royal Bank of Canada and The Bank of Nova Scotia. This credit facility is available for general corporate purposes, including the financing of working capital, capital expenditures, and acquisitions. The credit facility has a three-year maturity with no fixed repayment dates prior to the end of the three-year term ending December 10, 2022. Borrowings under the credit facility are secured by a first charge over substantially all of our assets. Depending on the type of advance, interest rates under the credit facility are based on Canada prime rate, US base rate, Bankers' Acceptance (BA), London Interbank Offered Rate (LIBOR) or Euro Interbank Offered Rate (EURIBOR) plus an additional 0.75% to 2.00%.

On November 23, 2020, we entered into an agreement with our lenders to amend our existing senior secured credit facility (the "Amendment") to provide covenant relief through June 30, 2021. The Amendment suspends the testing of financial covenants for three quarters, beginning with the quarter ended December 31, 2020 through to the end of June 2021. Under the terms of the Amendment, the net senior leverage ratio, the interest coverage ratio, and the fixed charge coverage ratio, are replaced through to June 30, 2021 with a Minimum Adjusted EBITDA and a Minimum Liquidity test, where we further agreed to extend the Minimum Adjusted EBITDA test two additional quarters. In addition, we agreed to reduce the facility size from $50.0 million to $40.0 million. We also agreed to not initiate any purchases under our NCIB and to restrict payments related to our RSU plan up to June 30, 2021. The amended credit facility also includes an anti-cash hoarding clause, which requires a repayment of excess cash borrowings when our unrestricted cash and cash equivalents, plus amounts receivable from payment processors less amounts owing to loyalty partners, exceeds $25,000. Beginning in the third quarter of 2021, this amount will be increased to $30,000. Drawdowns and advances under the amended credit facility are based on Canada prime rate, US base rate, Bankers' Acceptance (BA), London Interbank Offered Rate (LIBOR) or Euro Interbank Offered Rate (EURIBOR) plus an additional 1.75% to 2.75%. The LIBOR is set to be phased out by the end of 2021. Under the Amendment, we have negotiated with the lenders to replace LIBOR with the Secured Overnight Financing Rate ("SOFR") as the expected benchmark replacement. The benchmark replacement will be effective at the public statement release by the Benchmark Administrator, with the option for us to early adopt with the approval of the lenders.

As at March 31, 2021, we did not have any borrowings on the credit facility and we were compliant with all covenants. The covenant relief that we obtained as part of the amendment of our credit facility will expire following the second quarter of 2021. COVID-19 continues to have an adverse impact on our business and it remains challenging to accurately predict our future financial performance. Based on certain forecast scenarios for 2021, it is possible we could breach a financial covenant after our covenant relief period. If we expect to be unable to maintain compliance with such covenants, we would seek an additional waiver from our lenders to avoid a potential breach.

Normal Course Issuer Bid

On September 9, 2020, we renewed our NCIB program to repurchase for cancellation up to 661,370 common shares, representing approximately 5% of our issued and outstanding common shares as of August 31, 2020. In connection with this, we also renewed our Automatic Share Purchase Plan. While we are currently not active in the market and do not intend to be in the near term, the renewal positions us to initiate activity if and when we have better visibility on the shape and timing of recovery from the COVID-19 pandemic. Under the terms of our credit facility amendment, we have agreed to not initiate any repurchases under our NCIB program up to and including June 30, 2021.

Sources and Uses of Cash

	For the three months ended			
(In thousands of US dollars) (Unaudited)	**Mar 31, 2021**	Mar 31, 2020	$ Variance	% Variance
Operating activities	**$ 4,512**	$ (2,914)	$ 7,426	(255%)
Investing activities	**(456)**	(907)	451	(50%)
Financing activities	**7,484**	37,520	(30,036)	(80%)
Effects of exchange rates	**72**	853	(781)	(92%)
Change in cash and cash equivalents	**$ 11,612**	$ 34,552	$ (22,940)	(66%)

Operating Activities

Cash flows from operating activities are primarily generated from funds collected from the sale of loyalty currency to program members through the services we offer and are reduced by cash payments to loyalty partners and payment of operating expenses. Cash flows from operating activities may vary significantly between periods due to changes in working capital balances, the timing of our promotional activity and partner payments, and the timing of receipts from our payment processors. Cash flows provided by operating activities were $4,512 for the first quarter of 2021, driven mostly by an increase in sales activity relative to the end of 2020. Cash flows used in operating activities in the prior year quarter was $2,914, which resulted largely from a reduction in sales activity during the period due to the impact of COVID-19, partially offset by the timing of receipt of certain receivables.

Investing Activities

Cash flows used in investing activities during the quarter ended March 31, 2021 was $456, a decrease of $451 or 50% over the prior year. Investing activities in 2021 primarily related to the purchase of software and internally developed intangible assets, including development efforts focused on creating new capabilities to our existing products and services.

Financing Activities

Cash flows provided by financing activities during the quarter ended March 31, 2021 was $7,484, which was largely driven by net proceeds of $23,275 received from our public share offering which closed on March 29, 2021, partially offset by the repayment of $15,000 of borrowings under our senior credit facility during the first quarter of 2021. Financing activities for 2021 also include withholding taxes paid on the net settlement of RSUs of $457 and the payment of lease obligations of $334. In the prior year quarter, cash flows provided by financing activities were $37,520, which predominantly consisted of a draw down of $40,000 from our senior secured credit facility in March 2020. Financing activities in the prior year quarter also reflect the repurchase of 67,483 common shares for cancellation under our NCIB for $1,042 and withholding taxes paid on the net settlement of RSUs of $1,179. Financing activities for 2020 also reflect the payment of lease obligations of $326.

Since the second half of March 2020 and as a response to the COVID-19 pandemic, we suspended all share buybacks under the NCIB indefinitely and have reduced or deferred funding of our RSU plan.

Contractual Obligations and Commitments

(In thousands of US dollars) (Unaudited)	Total	Year 1	Year 2	Year 3	Year 4	Year 5+
Direct cost of revenue[(1)(2)]	$ 394,490	$ 122,457	$ 121,529	$ 116,548	$ 33,956	$ -

(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. Under this type of guarantee, in the event that the sale of loyalty program currencies is less than the guaranteed amounts, we would be obligated to purchase additional miles or points from the loyalty program partner equal to the value of the revenue commitment shortfall. We fund our principal revenue obligations through working capital.

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

Financial Instruments

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

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

For a derivative instrument designated as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and is subsequently recognized in income when the hedged exposure affects income. Any ineffective portion of the derivative's gain or loss is recognized in net income. For the three-month period ended March 31, 2021, we reclassified a gain of $231, net of tax, from other comprehensive income into net income (2020 - reclassified a loss of $73, net of tax, from other comprehensive income into net income). The cash flow hedges were effective for accounting purposes during the three month period ended March 31, 2021. Realized losses from our hedging activities in the first quarter of 2021 were driven by the changes in the relative strength of the US dollar compared to the Canadian dollar.

As at March 31, 2021, forward contracts with a notional value of $20,870 (December 31, 2020 - $18,830) and in a net asset position of $765 (December 31, 2020 - net asset position of $827), with settlement dates extending to March 2022, have been designated as cash flow hedges for hedge accounting treatment under IFRS 9, *Financial Instruments*. These contracts are intended to reduce the FX risk with respect to anticipated Canadian dollar denominated expenses.

Exercise of Share Options

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 23,956 shares.

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

Security Type *(Unaudited)*	Date of Expiry	Number	Exercise Price (CAD$)
Option	May 31, 2021	14,570	$ 9.89
Option	May 31, 2021	5,333	$ 12.14
Option	Aug 22, 2021	4,053	$ 10.54
Total		23,956	

BALANCE SHEET

(In thousands of US dollars) (Unaudited)

Consolidated Balance Sheet Data as at		**Mar 31, 2021**		Dec 31, 2020
Cash and cash equivalents	**$**	**84,682**	$	73,070
Cash held in trust		**599**		280
Funds receivable from payment processors		**8,955**		5,795
Accounts receivable		**5,965**		3,559
Prepaid taxes		**1,527**		1,760
Prepaid expenses and other assets		**2,942**		3,075
Total current assets	**$**	**104,670**	$	87,539
Property and equipment		**1,266**		1,529
Right-of-use assets		**1,700**		1,862
Intangible assets		**11,677**		12,130
Goodwill		**5,681**		5,681
Deferred tax assets		**3,431**		3,087
Other assets		**202**		202
Total non-current assets	**$**	**23,957**	$	24,491
Total assets	**$**	**128,627**	$	112,030
Accounts payable and accrued liabilities	**$**	**5,435**	$	5,766
Income taxes payable		**675**		489
Payable to loyalty program partners		**60,096**		50,629
Current portion of lease liabilities		**1,173**		1,156
Current portion of other liabilities		**953**		847
Current portion of long term debt		-		3,500
Total current liabilities	**$**	**68,332**	$	62,387
Long term debt		-		11,500
Lease liabilities		**887**		1,136
Other liabilities		**50**		57
Deferred tax liabilities		**1,526**		1,731
Total non-current liabilities	**$**	**2,463**	$	14,424
Total shareholders' equity	**$**	**57,832**	$	35,219
Total liabilities and shareholder's equity	**$**	**128,627**	$	112,030

Cash and cash equivalents

Cash and cash equivalents balance increased $11,612 compared to the end of 2020. The increase in cash and cash equivalents was largely due to net proceeds of $23,275 received from our public share offering in March 2021, partially offset by the repayment of $15,000 of borrowings from our senior credit facility.

Cash held in trust

Cash held in trust represents funds received from customers, primarily Canadian, not yet remitted to service providers for the travel related products in accordance with certain geographic regulatory requirements. As at March 31, 2021, the balance for cash held in trust was $599, an increase of $319 compared to the end of 2020, mainly due to the increase in transaction volumes in the travel related products compared to year end 2020.

Funds receivable from payment processors

Funds receivable from payment processors represents the gross value of retail transactions, or gross sales, charged to and paid by end consumers that are held with our payment processors. On average, cash collected from end consumers is typically deposited into our bank accounts by our payment processors two days from the date of sale. This balance increased $3,160 compared to the end of 2020, which is largely attributable to the volume of sales activity at the end of the period relative to the end of the prior year period, as well as 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.

Accounts receivable

Accounts receivable increased $2,406 compared to the end of 2020. The increase was primarily due to increase in CEWS receivables and higher receivables from certain loyalty programs and platform partners due to increase in transactional activity compared to 2020 year end.

Right-of-use assets

Right-of-use assets decreased by $162 compared to the end of 2020 due to depreciation, partially offset by the addition of right-of-use assets in the first quarter of 2021.

Deferred tax assets

Deferred tax assets were $3,431 as at March 31, 2021, an increase of $344 compared to the end of 2020. We expect to recover these tax losses, against taxable income in the future.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities decreased $331 compared to the end of 2020. The decrease was primarily due to timing of payments.

Long term debt

Long term debt represents the outstanding balance on the senior secured revolving credit facility. As at March 31, 2021, we had no funds drawn on the senior secured credit facility compared to $15,000 drawn as at December 31, 2020. During the first quarter of 2021, we repaid all outstanding borrowings.

Lease liabilities

As at March 31, 2021, the current and non-current portion of lease liabilities were $1,173 and $887, respectively, compared to $1,156 and $1,136 at the end of 2020. The decrease in lease liabilities from the prior year was due to lease payments made during the first quarter of 2021, partially offset by addition of new leases.

Payables to loyalty program partners

Payables to loyalty program partners increased $9,467 compared to the end of 2020. Fluctuations in payable to loyalty program partners are 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 quarter ended March 31, 2021, the increase in this balance was primarily driven by higher sales activity across our platform at the end of the period relative to the end of 2020.

OUTSTANDING SHARE DATA

As of May 12, 2021, there were 14,914,917 common shares outstanding.

As of May 12, 2021, there were 1,021,156 outstanding options. The options have exercise prices ranging from $9.89 CAD to $19.37 CAD with a weighted average exercise price of $14.54 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 12, 2021 and the securities that are currently convertible into or exercisable for common shares along with the maximum number of common shares issuable on conversion or exercise.

(Unaudited)	**Common Shares**	**Proceeds**
Common Shares Issued & Outstanding	14,914,917	
Potentially Issuable: Share options	1,021,156	CAD$ 14,844,595
Common Shares Issued & Potentially Issuable	15,936,073	CAD$ 14,844,595
Securities Excluded from Calculation:		
Options Available for grant from ESOP[(1)]	508,704	

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

SUMMARY OF QUARTERLY RESULTS

	Three months ended							
(In thousands of US dollars, except share and per share amounts) (Unaudited)	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	Sept 30, 2020	Dec 31, 2020	Mar 31, 2021
Total Revenue	$ 100,230	$ 97,997	$ 107,007	$ 82,673	$ 40,907	$ 37,449	$ 56,358	$ 65,025
Gross profit	20,452	14,048	17,589	13,827	6,988	5,704	8,484	9,000
Total operating expense[(1)]	11,674	12,183	13,496	12,539	10,590	9,016	9,882	10,208
Adjusted EBITDA	5,246	4,397	7,193	3,605	299	(1,125)	362	1,193
Net income (loss)	6,276	1,098	2,758	1,118	(3,325)	(2,467)	(683)	(1,092)
Basic earnings (loss) per share	$ 0.46	$ 0.08	$ 0.21	$ 0.08	$ (0.25)	$ (0.19)	$ (0.05)	$ (0.08)
Diluted earnings (loss) per share	$ 0.45	$ 0.08	$ 0.20	$ 0.08	$ (0.25)	$ (0.19)	$ (0.05)	$ (0.08)

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

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

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

Beginning in the second half of March 2020, the COVID-19 pandemic started to have a significant adverse impact on our financial performance. From a quarterly perspective, this adverse impact was noticeable beginning in the second quarter of 2020 and has continued through to the first quarter of 2021. Throughout this period, our Revenue and Gross profit from in-market services has been significantly below our pre-COVID levels. Fluctuations in revenue and gross profit generated by our marketing activity have been exacerbated by the COVID-19 pandemic, as transaction volumes generated by these campaigns have varied considerably. Our financial results for the second, third and fourth quarter of 2020 were largely a reflection of this variability and unpredictability. While we have had some marketing campaigns generate transaction volumes that were similar to the levels we would have experienced before the pandemic, most campaigns during this period have been significantly lower than what we would have experienced before the pandemic. We expect this variability to continue in 2021 as long as the pandemic continues to significantly adversely impact the broader travel industry. In addition, the impact of new loyalty program partner launches or new products and services during this period have been significantly below our original expectations before the pandemic.

Our operating expenses during this period have been significantly lower than our pre-covid levels due to wage subsidies we have been collecting since the second quarter of 2020 combined with expense mitigation initiatives we started at the onset of the pandemic.

Our performance during the quarter ended March 31, 2021 represents our highest quarterly performance over the last four quarters for Revenue, Gross profit, and Adjusted EBITDA and the second straight quarter of sequential growth. With that said, it is difficult to assess at this time if we will continue to grow on a quarterly basis due to the continued uncertainty surrounding the potential outcomes of the COVID-19 pandemic.

Dependence on loyalty program partners

We depend on a limited number of large clients for a significant portion of our total revenue. For the three month period ended March 31, 2021, there were four loyalty program partners (2020 - two) for which sales to their members individually represented more than 10% of our total revenue. In aggregate, sales to these partners represented 78% (2020 - 57%) of our total revenue for the three month period ended March 31, 2021. A decrease in revenue or gross profit from these partner relationships for any reason, including a fundamental change in their loyalty program, a change in contractual pricing, a significant shift in their redemption chart, or a decision to no longer outsource some or all of the products and services we provide, could have a material adverse effect on our revenue. As it relates to the reseller transactions we process for these partners, we act as principal where revenues are recognized on a gross basis. We believe gross profit is a more relevant metric to assess our partner concentration, as it represents the amount of revenues that are available to fund expenses and the economics we earn from our commercial arrangements with our loyalty program partners. For the first quarter of 2021, gross profit generated through commercial arrangements with 11 loyalty program partners (2020 - 12) represented approximately 80% of our gross profit.

CONTROLS AND PROCEDURES

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

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

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

Cash Generating Units

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

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

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

NEW STANDARDS ADOPTED IN 2021

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

Interest Rate Benchmark Reform - Phase 2

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

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

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, 2021.

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, 2021 and ended on March 31, 2021 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: May 12, 2021

/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, 2021.

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, 2021 and ended on March 31, 2021 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: May 12, 2021

/s/Erick Georgiou

Erick Georgiou

Chief Financial Officer

Points International Reports First Quarter 2021 Results

- Continued Operational Resilience Drives Second Consecutive Quarter of Sequential Revenue, Gross Profit and Adjusted EBITDA Growth -
- Strong Quarter of New and Expanded Partnership Activity -

TORONTO - May 12, 2021 - 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, 2021.

Unless otherwise noted, all amounts are in USD. The complete first quarter Condensed Consolidated Interim Financial Statements and Management's Discussion & Analysis are available at www.sedar.com and www.sec.gov.

"Our first quarter results represent our best quarterly performance since the onset of the pandemic," said Rob MacLean, CEO of Points. "We drove continued sequential improvements across revenue and gross profit, as well as significant Adjusted EBITDA expansion. Further, our recent equity offering has bolstered our strong liquidity position, giving us additional flexibility as we execute on our growth drivers throughout the year. As the broader travel and hospitality industry works towards recovery, we are seeing increased consumer confidence and pent-up travel demand which is driving improved performance across our products and services. These positive trends are strengthening our confidence in the important role loyalty programs will play in the coming years of growth in travel and hospitality.

"Building on our pipeline momentum in 2020, we have continued to execute on our core growth drivers so far in 2021. We expanded our relationships with several existing partnerships, including additional deployments of our new Subscription and Accelerate Anything services, both of which have generated strong partner interest during the pandemic. In addition, we have continued to develop new relationships and deepened our presence in the growing Middle East travel market."

Mr. MacLean concluded: "As we look to the rest of 2021, the progress we have seen over the past 2 quarters provides us with confidence that the initial stages of the travel recovery are underway. We will continue to execute on our growth drivers and support our partners as we accelerate our performance in the coming quarters of recovery. Points has demonstrated tremendous resilience throughout the pandemic, and I am proud of our team's commitment and effort as we emerge from the past year as an even stronger organization."

First Quarter 2021 Financial Highlights

	For the three months ended		
(in millions USD)	**March 31, 2021**	December 31, 2020	March 31, 2020
Total Revenue	**$65.0**	$56.4	$82.7
Gross Profit	**$9.0**	$8.5	$13.8
Total Operating Expenses	**$10.2**	$9.9	$12.5
Net Income/(Loss)	**($1.1)**	($0.7)	$1.1
Adjusted EBITDA[1]	**$1.2**	$0.4	$3.6

[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 section of Management's Discussion and Analysis.

- Total revenue in the first quarter of 2021 increased 15% on a quarter over quarter basis due to improved marketing performance and increased transactional metrics and decreased 21% year over year due to the continued impacts of COVID-19.
- Gross profit improved 6% compared to the fourth quarter of 2020 due to continued performance improvements across multiple partners and was down 34% on a year over year basis due to the impacts of COVID-19.
- Operating expenses decreased $2.3 million or 18% compared to the prior year quarter due to $1.2 million in wage subsidies recognized during the first quarter of 2021 combined with continued reductions to discretionary spending and prudent cost management in response to the pandemic. Operating expenses increased slightly by 3% compared to the fourth quarter of 2020.
- Total funds available[2] at the end of the first quarter were $94.2 million compared to $79.1 million as at December 31, 2020. The increase primarily reflects net proceeds received from the closing of the Company's equity offering in March 2021, partially offset by the repayment of all remaining borrowings from the senior secured credit facility during the quarter.

Recent Operational Highlights

- Deployed our new Accelerate Anything service with the Emirates Skywards program in the first quarter, which enables members to quickly boost their prior mileage earnings, including miles earned on credit card and other non-travel related activity.
- Expanded the reach of our Buy service with Spirit Airlines in the first quarter, giving members the ability to use their miles balance plus cash to top up seamlessly for flight awards.
- Launched Rapid Rewards Subscription Plan with Southwest Airlines in March, allowing members to build towards a pre-determined rewards balance through monthly points deposits.
- In April, launched a new partnership with Mashreq Bank, a leading United Arab Emirates financial institution, to allow members of Mashreq's Salaam program to exchange points into Emirates Skywards miles.
- Expanded our partnership with the Qatar Airways Privilege Club program with two additional services: (1) Deployed our Hotel & Car Rewards service in April, enabling members to now earn and redeem their miles on both hotel bookings and car rentals; and (2) Enabled our Accelerate Anything service for Privilege Club members in May. Qatar is the third loyalty program partner to take advantage of this new capability over the last year.
- In April, we expanded our existing integration between Hilton Honors and Lyft to support Lyft's vaccine access initiative, rewarding members who have donated a Lyft ride to those in need with a one-time reward of Hilton Honors points.

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[2] Total funds available is defined as cash and cash equivalents, cash held in trust, and funds receivable from payment processors.

Conference Call

Points will hold a conference call today at 4:30 p.m. Eastern time to discuss its first quarter 2021 results, followed by a question-and-answer session.

Date: Wednesday, May 12, 2021
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: 13719066

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.

The conference call will be broadcast live and available for replay here and via the Events section of Points International's IR site here.

A replay of the conference call will be available after 7:30 p.m. Eastern time on the same day through May 26, 2021.

Toll-free replay number: 1-844-512-2921
International replay number: 1-412-317-6671
Replay ID: 13719066

About Points International Ltd.

Points, (TSX: PTS) (Nasdaq: PCOM) is a trusted partner to the world's leading loyalty programs, leveraging its unique Loyalty Commerce Platform to build, power, and grow a network of ways members can get and use their favourite loyalty currency. Our platform combines insights, technology, and resources to make the movement of loyalty currency simpler and more intelligent for nearly 60 reward programs worldwide. Founded in 2000, Points is headquartered in Toronto with teams operating around the globe.

For more information, visit Points.com**.**

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, 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 and our capitalization), our financial performance, our growth strategies, our business pipeline and ability to sign and launch new loyalty program partnerships, and our beliefs on the long-term sustainability of the loyalty industry, the role of the loyalty industry in the recovery of the travel industry, the competitive environment in which we operate, the recovery of the broader travel and hospitality industries, other objectives, strategic plans and business development goals, 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.

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 ("MD&A"), 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. Refer to "Non-GAAP Financial Measures" section of the Company's Q1 2021 MD&A for reconciliation to, and description of the Company's non-GAAP financial measures.

Investor Relations Contact

Cody Slach and Jackie Keshner
Gateway Investor Relations
1-949-574-3860
IR@points.com

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

Reconciliation of Net Income to Adjusted EBITDA [1]

Expressed in thousands of United States dollars

	For the three months ended	
	Mar 31, 2021	Mar 31, 2020
Net (Loss) Income	**$ (1,092)**	$ 1,118
Income tax (recovery) expense	**(415)**	309
Finance costs	**126**	88
Depreciation and amortization	**1,417**	1,249
Foreign exchange loss (gain)	**227**	(38)
Equity-settled share-based compensation expense	**930**	879
Adjusted EBITDA	**$ 1,193**	$ 3,605

[1] 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 compensation expense, and foreign exchange. 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.

Points International Ltd.
Condensed Consolidated Interim Statements of Financial Position

Expressed in thousands of United States dollars
(Unaudited)

As at		March 31, 2021		December 31, 2020
ASSETS				
Current assets				
Cash and cash equivalents	$	**84,682**	$	73,070
Cash held in trust		**599**		280
Funds receivable from payment processors		**8,955**		5,795
Accounts receivable		**5,965**		3,559
Prepaid taxes		**1,527**		1,760
Prepaid expenses and other assets		**2,942**		3,075
Total current assets	$	**104,670**	$	87,539
Non-current assets				
Property and equipment		**1,266**		1,529
Right-of-use assets		**1,700**		1,862
Intangible assets		**11,677**		12,130
Goodwill		**5,681**		5,681
Deferred tax assets		**3,431**		3,087
Other assets		**202**		202
Total non-current assets	$	**23,957**	$	24,491
Total assets	$	**128,627**	$	112,030
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$	**5,435**	$	5,766
Income taxes payable		**675**		489
Payable to loyalty program partners		**60,096**		50,629
Current portion of lease liabilities		**1,173**		1,156
Current portion of other liabilities		**953**		847
Current portion of long term debt		-		3,500
Total current liabilities	$	**68,332**	$	62,387
Non-current liabilities				
Long term debt		-		11,500
Lease liabilities		**887**		1,136
Other liabilities		**50**		57
Deferred tax liabilities		**1,526**		1,731
Total non-current liabilities	$	**2,463**	$	14,424
Total liabilities	$	**70,795**	$	76,811
SHAREHOLDERS' EQUITY				
Share capital		**72,769**		49,251
Contributed surplus		**2,025**		1,795
Accumulated other comprehensive income		**580**		623
Accumulated deficit		**(17,542)**		(16,450)
Total shareholders' equity	$	**57,832**	$	35,219
Total liabilities and shareholders' equity	$	**128,627**	$	112,030

Points International Ltd.
Condensed Consolidated Interim Statements of Comprehensive (Loss) Income

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

For the three months ended March 31		2021		2020[2]
REVENUE				
Principal	$	60,242	$	75,870
Other partner revenue		4,783		6,803
Total Revenue	$	65,025	$	82,673
Direct cost of revenue		56,025		68,846
Gross Profit	$	9,000	$	13,827
OPERATING EXPENSES				
Sales and marketing		3,560		4,521
Research and development		2,530		3,628
General and administrative		2,701		3,141
Depreciation and amortization		1,417		1,249
Total Operating Expenses	$	10,208	$	12,539
Foreign exchange loss (gain)		227		(38)
Finance and other income		(54)		(189)
Finance costs		126		88
(LOSS) INCOME BEFORE INCOME TAXES	$	(1,507)	$	1,427
Income tax (recovery) expense		(415)		309
NET (LOSS) INCOME	$	(1,092)	$	1,118
OTHER COMPREHENSIVE LOSS				
Items that will subsequently be reclassified to profit or loss:				
Unrealized gain (loss) on foreign exchange derivatives designated as cash flow hedges		253		(1,485)
Income tax effect		(67)		393
Reclassification to net income of (gain) loss on foreign exchange derivatives designated as cash flow hedges		(314)		99
Income tax effect		83		(26)
Foreign currency translation adjustment		2		17
Other comprehensive loss for the period, net of income tax	$	(43)	$	(1,002)
TOTAL COMPREHENSIVE (LOSS) INCOME	$	(1,135)	$	116
(LOSS) EARNINGS PER SHARE				
Basic (loss) earnings per share	$	(0.08)	$	0.08
Diluted (loss) earnings per share	$	(0.08)	$	0.08

[2] Prior period comparatives had been reclassified to conform with current year presentation.

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										
	Number of Shares		Amount		Contributed Surplus		Accumulated other comprehensive income (loss)		Accumulated deficit		Total shareholders' equity
Balance at December 31, 2020	**13,227,407**	**$**	**49,251**	**$**	**1,795**	**$**	**623**	**$**	**(16,450)**	**$**	**35,219**
Net loss	**-**		**-**		**-**		**-**		**(1,092)**		**(1,092)**
Other comprehensive loss, net of tax	**-**		**-**		**-**		**(43)**		**-**		**(43)**
Total comprehensive loss	**-**		**-**		**-**		**(43)**		**(1,092)**		**(1,135)**
Effect of equity-settled share-based compensation expense	**-**		**-**		**930**		**-**		**-**		**930**
Settlement of RSUs	**-**		**243**		**(700)**		**-**		**-**		**(457)**
Shares issued, net of issuance costs	**1,687,510**		**23,275**		**-**		**-**		**-**		**23,275**
Balance at March 31, 2021	**14,914,917**	**$**	**72,769**	**$**	**2,025**	**$**	**580**	**$**	**(17,542)**	**$**	**57,832**
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 compensation expense	-		-		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 [3]	-		-		4,302		-		(4,302)		-
Balance at March 31, 2020	13,224,332	$	48,826	$	-	$	(818)	$	(9,975)	$	38,033

[3] 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		**2021**		2020
Cash flows from operating activities				
Net (loss) income for the period	**$**	**(1,092)**	$	1,118
Adjustments for:				
Depreciation of property and equipment		**515**		339
Depreciation of right-of-use assets		**245**		299
Amortization of intangible assets		**657**		611
Unrealized foreign exchange gain		**(51)**		(1,087)
Equity-settled share-based compensation expense		**930**		879
Finance costs		**126**		88
Deferred income tax (recovery) expense		**(533)**		170
Derivative contracts designated as cash flow hedges		**(61)**		(1,386)
Changes in cash held in trust		**(319)**		1,380
Changes in non-cash balances related to operations		**4,258**		(5,282)
Interest paid		**(163)**		(43)
Net cash provided by (used in) by operating activities	**$**	**4,512**	$	(2,914)
Cash flows from investing activities				
Acquisition of property and equipment		**(252)**		(303)
Additions to intangible assets		**(204)**		(604)
Net cash used in investing activities	**$**	**(456)**	$	(907)
Cash flows from financing activities				
Net proceeds from issuance of share capital		**23,275**		-
Proceeds from long term debt		-		40,000
Repayment of long term debt		**(15,000)**		-
Payment of lease liabilities		**(334)**		(326)
Proceeds from exercise of share options		-		67
Shares repurchased and cancelled		-		(1,042)
Taxes paid on net settlement of RSUs		**(457)**		(1,179)
Net cash provided by financing activities	**$**	**7,484**	$	37,520
Effect of exchange rate fluctuations on cash held		**72**		853
Net increase in cash and cash equivalents	**$**	**11,612**	$	34,552
Cash and cash equivalents at beginning of the period	**$**	**73,070**	$	69,965
Cash and cash equivalents at end of the period	**$**	**84,682**	$	104,517
Interest received	**$**	**24**	$	213
Taxes received	**$**	**355**	$	-
Taxes paid	**$**	-	$	(1,842)

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