



AcuityAds Holdings Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Q3 2014

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

Dated November 26, 2014

5775 Yonge Street
Suite 1802
Toronto, ON M2M 4J1
www.acuityads.com

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

This management's discussion and analysis ("MD&A") explains the variations in the consolidated operating results and financial position and cash flows of AcuityAds Holdings Inc. ("AcuityAds" or the "Company") as at and for the three and nine months ended September 30, 2014 and 2013. This analysis should be read in conjunction with AcuityAds' unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") for the three and nine months ended September 30, 2014, including the accompanying notes, as well as the audited consolidated financial statements of the Company as of December 31, 2013, 2012, 2011, and January 1, 2011 and for the years ended December 31, 2013, 2012, and 2011 and related notes (the "Consolidated Financial Statements"). The Interim Financial Statements of AcuityAds, and extracts of those Interim Financial Statements provided in this MD&A, were prepared in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS"). As a result of the rounding of dollar differences, certain total dollar amounts in this MD&A may not add exactly to their constituent amounts. Throughout this MD&A, percentage changes are calculated using numbers rounded as they appear. Readers are cautioned that this MD&A contains certain forward looking information. Please see the "Forward Looking Statements" section that follows, for a discussion of the use of such information in this MD&A.

The Interim Financial Statements include the accounts of the Company and its wholly-owned subsidiaries AcuityAds Inc. ("Acuity") and AcuityAds US Inc., as well as 2422330 Ontario Inc., a wholly-owned subsidiary of AcuityAds Inc. All inter-company balances and transactions have been eliminated on consolidation.

The Company's continuous disclosure documents, including the Filing Statement dated July 9, 2014 with respect to the Qualifying Transaction, is posted on SEDAR at www.sedar.com.

The information in this report is dated as of November 26, 2014.

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward looking statements" that reflect the Company's current expectations, focus on areas of growth, and projections about its future results. When used in this MD&A, forward looking statements can be identified by the use of words such as "may", or by such words as "will", "intend", "believe", "estimate", "consider", "expect", "anticipate", and "objective" and similar expressions or variations of such words. Forward looking statements are, by their nature, not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward looking statements. No representation or warranty is intended with respect to anticipated future results, or that estimates or projections will be sustained.

In developing the forward-looking statements in the MD&A, the Company has applied several material assumptions, including the availability of financing on reasonable terms, the Company's ability and general business and economic conditions. Many risks, uncertainties and other factors could cause the actual results of Acuity to differ materially from the results, performance, achievements or developments expressed or implied by such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to the following: overall economic conditions, rapid technological changes, use of cookies, demand for our product, the introduction of competing technologies, competitive pressures, network restrictions, fluctuations in foreign currency exchange rates, and other similar factors that may cause the actual results, performance or

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

achievements to differ materially from those expressed or implied in these forward-looking statements.

Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date of the MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise. All forward-looking statements contained in the MD&A are expressly qualified in their entirety by this cautionary statement.

OVERVIEW

Acuity is a technology company that has developed a proprietary programmatic marketing platform to intelligently connect digital advertisers to consumers across online display, mobile, social and video advertising channels, and solve the key challenges that digital advertisers face. The programmatic marketing platform is powered by Acuity's proprietary machine learning technology that uses Big Data to intelligently target and connect digital advertisers with consumers. Acuity has offices in Canada and the United States, and its customers include both large Fortune 500 enterprises and small to mid-sized businesses.

Acuity's technology developers use machine learning, the branch of artificial intelligence involving systems that learn from data. Large volumes of data are gathered, and Acuity's proprietary learning algorithms are designed to generalize from that data to other cases of interest. Rapidly shifting data combined with a large volume of data requires training algorithms which are the foundation of Acuity's programmatic marketing platform.

The programmatic marketing platform allows advertisers to manage their purchasing of digital advertising in real-time using real-time bidding ("RTB"). RTB is a method of buying online display advertising in which ad spots (called impressions) are released in an auction that occurs in 100 milliseconds. Acuity purchases impressions for advertisers through publishers, ad networks and exchanges. Our technology platform benefits advertisers by enabling them to manage their bid amounts, meet specific performance metrics and achieve consumer targeting goals.

The market for buying and selling digital advertising is rapidly increasing in size, driven by the proliferation of display, mobile, social and video channels and the resulting increase in internet usage. Digital advertising is shifting to market-driven RTB systems such as Acuity's. We offer a platform for advertisers across all of these channels to compete for a larger share of advertisers' budgets.

We generate revenue by using our programmatic marketing platform to deliver digital advertisements to consumers across online display, video, social and mobile channels. We offer managed services, whereby we provide complete execution of a digital advertising campaign for advertising agencies and/or brands. We also offer access to our platform on a self-service technology basis, whereby advertisers can use our programmatic marketing platform to create and manage their own digital advertising campaigns and collect data and analysis, while we provide training and support services. Our managed services contracts are short-term in nature, with a term of less than one year, while our self-service technology contracts have terms of one year or longer. We recognize revenue as we deliver advertising impressions, subject to satisfying all other revenue recognition criteria. Our

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

revenue recognition policies are discussed in more detail under "Critical Accounting Policies and Estimates."

During the third quarter of 2014, we completed a reverse takeover and obtained a listing on the TSX Venture Exchange ("TSXV"). We believe this public listing will enable the Company to obtain access to an additional potential source of financing in the future. Also during the quarter and in conjunction with the reverse takeover, we received net proceeds of approximately \$5.1 million from a private placement (the "Private Placement") to enable us to make investments required to continue to grow our revenues meaningfully in Canada and the US. We have added key hires which we believe will help drive our growth.

For the three months ended September 30, 2014 revenue was \$3.3 million, up 54% from \$2.1 million for the third quarter of 2013. Revenue for the nine months ended September 30, 2014 was \$9.3 million, up 30% year-over-year. Our net loss was \$2.2 million and \$5.3 million for three and nine months ended September 30, 2014, compared to a net loss of \$0.1 million and net income of \$0.2 million for the comparative periods in 2013. For the three and nine months ended September 30, 2014, our adjusted EBITDA was \$(1.3) million and \$(3.0) million, respectively (2013 – \$(0.04) million and \$0.1) million. The increase in Adjusted EBITDA loss is attributable to increased headcount, including key additions to our senior management team, and increased activity in sales and marketing. We believe that these investments will contribute to our long-term growth; however, they will reduce our current and near-term profitability. Adjusted EBITDA is a non-IFRS financial measure. For a definition of adjusted EBITDA, an explanation of our management's use of this measure and a reconciliation of adjusted EBITDA to our net loss, see "Non-IFRS Financial Measures."

RESULTS OF OPERATIONS

Financial and operating highlights for the three months ended September 30, 2014 and to the date of this report

Significant developments during the three months ended September 30, 2014 and to the date of this report include the following:

On July 16, 2014, the Company closed a reverse takeover transaction (the "Transaction") of Wildlaw Capital CPC 2 Inc. ("Wildlaw"). Wildlaw changed its name to AcuityAds Holdings Inc. ("AcuityAds") and, following completion of the Transaction, Acuity became a wholly-owned subsidiary of AcuityAds. Prior to the Transaction, Wildlaw was a capital pool company as defined in the policies of the TSXV and had not commenced commercial operations and had no assets other than cash. The Transaction constituted Wildlaw's "Qualifying Transaction", as defined by the policies of the TSXV.

Prior to closing the Transaction and subsequent to June 30, 2014 the Company repaid aggregate amounts due to related parties of \$616,057. The repayment was made pursuant to the conditions precedent to closing the Transaction and with the written consent of the Company's lender.

The Company completed a private placement (the "Offering") for aggregate gross proceeds of \$5.75 million pursuant to an agency agreement dated April 24, 2014 with a syndicate led by Paradigm Capital Inc., and including Clarus Securities Inc. and Euro Pacific Canada Inc. All of the escrow

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

release conditions were satisfied and the net proceeds of the Offering of approximately \$5.1 million were released to Acuity on July 16, 2014.

Common shares of AcuityAds Holdings Inc. began trading on the TSXV on July 22, 2014 under the symbol "AT".

During the quarter we established a US west coast sales office with three salespeople in the region, and this group is already contributing meaningfully to our revenue in the US.

Acuity was recognized as one of the fastest growing companies in Canada, ranking eighth on the 2014 Deloitte Technology Fast 50TM. Acuity was also named one of the fastest growing companies in North America, ranking 26th on the Deloitte Technology Fast 500TM. These rankings are based, in large part, on our five-year revenue growth rate (between 2009 – 2013).

Acuity engaged AltaCorp Capital Inc. as market maker, correcting temporary imbalances in the supply and demand of AcuityAds' common shares and contributing to the overall liquidity of our stock. This agreement was made on a month-to-month basis commencing November 5, 2014.

Results for the three and nine months ended September 30, 2014 and 2013

The following table provides selected financial information from the statements of comprehensive income (loss) for the three and nine months ended September 30, 2014 and 2013:

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Revenue	\$ 3,289,830	\$ 2,143,010	\$ 9,256,684	\$ 7,144,620
By line of service:				
Managed services	2,806,179	2,125,359	8,314,328	7,034,442
Self-service technology	483,651	17,651	942,356	110,178
By geography:				
Canada	2,397,784	1,876,162	7,507,153	6,519,448
US	892,046	264,280	1,749,531	622,604
Other	-	2,568	-	2,568
Revenue less media costs ¹	1,711,115	1,261,920	4,707,269	4,173,287
Adjusted EBITDA ¹	(-1,309,488)	(39,957)	(3,004,846)	138,250
Income (loss) from operations	(1,940,743)	37,804	(4,645,767)	514,310
Income (loss) and comprehensive income (loss)	(2,182,731)	(128,006)	(5,324,888)	177,178
Income (loss) per share (basic and diluted)	\$ (0.11)	\$ (0.01)	\$ (0.30)	\$ 0.01

1 As defined in "Non-IFRS Financial Measures".

Revenue for the three months ended September 30, 2014 increased \$1,146,820 or 54% to \$3,289,830 from \$2,143,010 for the three months ended September 30, 2013. Year-over-year revenue growth was attributable to growth in Canada and the US, as well as sales of self-service technology and managed services. Sales of our programmatic marketing platform on a self-service technology basis contributed revenue of \$483,651 during the current quarter compared to \$17,651 in the third quarter of 2013. Revenue generated in the US was \$892,045 for the three months ended September 30, 2014, an increase of \$627,766 from the prior year third quarter. Adjusted EBITDA loss of (\$1,309,488) for the three months ended September 30, 2014 compared to a loss of (\$39,957) in the third quarter of 2013. The

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

increase in Adjusted EBITDA loss is attributable to increased headcount, including key additions to our senior management team, and increased activity in sales and marketing. Loss and comprehensive loss for the three months ended September 30, 2014 increased \$2,054,725 due to the larger Adjusted EBITDA loss together with listing expenses of \$352,253, which includes \$228,871 in respect of the excess fair value of consideration paid to obtain the listing over the net assets acquired, as well as increased interest costs.

Revenue for the nine months ended September 30, 2014 of \$9,256,684 increased \$2,112,064 or 30% over the prior year period. Our revenue growth is attributable to new customers and increasing business with existing customers. Self-service revenue for the nine months ended September 30, 2014 was \$942,356, increasing \$832,178 from the nine months ended September 30, 2013. Revenue generated in the US for the nine months ended September 30, 2014 of \$1,749,531 represented 19% of our total revenue, posting an increase of \$1,129,498 from the prior year.

Our revenues and operating results may vary from quarter to quarter as a result of a variety of factors, some of which are outside of our control, including seasonality and cyclicity. Generally the third quarter ending September 30 is affected by reduced advertising activity during the summer months while the fourth quarter ending December 31 reflects increased advertising activity during the period leading up to the holiday season. Seasonality may be affected by our customer mix, such that retail advertisers may concentrate their advertising spending with us in the fourth quarter while entertainment advertisers may concentrate their spending to coincide with the launch and display of content, such as television shows or movies. Our rapid growth has led to uneven overall operating results due to investments in Acuity's sales and marketing and research and development from quarter to quarter and increases in employee headcount. As a result of these factors, one quarter's operating results are not necessarily indicative of a subsequent quarter's operating results.

Non-IFRS Financial Measures

This MD&A includes certain measures which are not defined terms in accordance with IFRS such as Revenue less media costs, Revenue less media costs margin and Adjusted EBITDA.

The Term "Revenue less media costs" refers to the net amount of revenue after deducting direct media costs. Revenue less media costs is used for internal management purposes as an indicator of the performance of our solution in balancing the goals of delivering excellent results to advertisers while meeting our margin objectives and, accordingly we believe it is useful supplemental information to include in this MD&A. The term "Revenue less media costs margin" refers to the percentage that Revenue less Media Costs for any period represents as a percentage of total revenue for that period.

"Adjusted EBITDA" refers to net income (loss) before adjusting for finance costs, income taxes, foreign exchange (gain) loss, depreciation, share-based compensation expense, and adjustments to the carrying value of investment tax credits receivable. We believe that adjusted EBITDA is useful supplemental information as it provides an indication of the results generated by our main business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration depreciation of property and equipment and the other items listed above. It is a key measure used by our management and board of directors ("Board") to understand and evaluate our operating performance, to prepare our annual budget, and to develop our operating plans.

Adjusted EBITDA and Revenue less media costs are not measures of performance under IFRS and should not be considered in isolation or as a substitute for net and comprehensive income or loss

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

prepared in accordance with IFRS or as a measure of operating performance or profitability. Adjusted EBITDA or revenue less media costs do not have a standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other companies.

Revenue less Media Costs

The following table sets out a reconciliation of revenue less media costs to revenue for each of the periods indicated:

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Revenue	\$ 3,289,830	\$ 2,143,010	\$ 9,256,684	\$ 7,144,620
Media costs	1,578,715	881,090	4,549,415	2,971,333
Revenue less media costs	1,711,115	1,261,920	4,707,269	4,173,287
Revenue less media costs margin	52%	59%	51%	58%

Media costs comprise advertising impressions we purchase from real-time advertising exchanges or through other third parties. For the three months ended September 30, 2014 media costs were \$1,578,715 compared to \$881,090 for the three months ended September 30, 2013, representing an increase of \$697,625 attributable to the added cost of buying media for a greater number of advertising campaigns. As a percentage of revenue, revenue less media costs were 52% for third quarter of 2014 compared to 59% for the prior year quarter. Our senior management team regularly evaluates our pricing strategy in order to optimize the Company's objectives of market penetration and profitability and, accordingly our margins may fluctuate from quarter to quarter.

Revenue less media costs for the nine months ended September 30 increased \$533,982 year-over-year due to the increase in media purchased to run more advertising campaigns. Revenue less media costs margin declined to 51% for the nine months ended September 30, 2014 from 58% for the prior year period as a result of strategic pricing decisions as described above.

Reconciliation of Net Loss to Adjusted EBITDA for the three and nine months ended September 30, 2014 and 2013

The following table presents a reconciliation of adjusted EBITDA to net income (loss) for the periods then ended:

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Net income (loss)	\$ (2,182,731)	\$ (128,006)	\$ (5,324,888)	\$ 177,178
Adjustments:				
Finance costs	191,386	182,626	585,836	345,981
Interest income	(12,579)	-	(12,579)	-
Foreign exchange (gain)/loss	63,181	(16,816)	94,593	(8,849)
Depreciation of property and equipment	65,969	26,672	154,831	61,966
Income taxes	-	-	11,271	-
Share-based compensation	213,033	73,692	267,073	133,366
Listing expenses	352,253	-	577,253	-
Net (addition) reduction in carrying value of ITC receivable	-	(178,125)	641,764	(571,292)
Total adjustments	873,243	88,049	2,320,042	(38,828)
Adjusted EBITDA	\$ (1,309,488)	\$ (39,957)	\$ (3,004,846)	\$ 138,250

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

Year-over-year, adjusted EBITDA for the three and nine months ended September 30, 2014 were (\$1,309,488) and (\$3,004,846), compared to (\$39,957) and \$138,250 for the prior periods. The increase in EBITDA losses is attributable primarily to increased headcount, including key additions to our senior management team, and increased activity in sales and marketing. These investments were partially offset by increased revenues, as described more fully below. Management intends to leverage these investments in order to realize revenue growth in future quarters.

Operating Expenses, Finance Costs, and Foreign Exchange

The following table summarizes expenses for the three and nine months ended September 30, 2014 and 2013:

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Media costs	\$ 1,578,715	\$ 881,090	\$ 4,549,415	\$ 2,971,333
Employee compensation and benefits	2,364,557	795,466	6,111,905	2,225,150
General and administrative	869,079	401,978	2,509,047	1,371,861
Listing expense	352,253	-	577,253	-
Depreciation of property and equipment	65,969	26,672	154,831	61,966
Finance costs	191,386	182,626	585,836	345,981
Foreign exchange (gain) loss	63,181	(16,816)	94,593	(8,849)
Finance income	(12,579)	-	(12,579)	-

Employee compensation and benefits

Employee compensation consists of salary and benefit costs, personnel costs, commissions and variable compensation, payroll taxes and employee health and related benefit expenses, charges for share-based compensation, less estimated investment tax credits in respect of eligible expenditures. Employee compensation for the three and nine months ended September 30, 2014 increased \$1,569,091 and \$3,886,755 respectively, compared to the same periods of the prior fiscal year. This increase was attributable in large part to the hiring of sales staff, campaign managers and technology developers as well as strategic senior management hires to enable us to drive future growth. In addition, share-based compensation expense of \$213,033 and \$267,073 for the three and nine months ended September 30, 2014 respectively increased from the 2013 amounts of \$65,816 and \$133,366 in the comparable prior year periods.

As disclosed previously, we received notification from the Canada Revenue Agency ("CRA") that the investment tax credits that were claimed in respect of eligible scientific research and experimental development for fiscal years 2011 and 2012 were being disallowed. We expect a Notice of Assessment reflecting this disallowance to be forthcoming in due course. After consulting with our professional advisors, management disagrees with the position taken by CRA and intends to file an objection following receipt of the Notice of Assessment. There can be no assurance regarding the outcome of the objection, when a resolution may be reached, or the likelihood that similar claims for 2013 and 2014 will not be similarly challenged by CRA. The Company reduced the carrying amount of investment tax credits by \$775,097 during the second quarter of 2014. This charge is included in employee compensation and benefits for the nine months ended September 30, 2014. In the event that the Company's objection for 2011 and 2012 is unsuccessful, no further charges against the Company's profit or loss will be required in respect of

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

claims for those years. We accrued estimated refundable investment tax credits of \$178,125 and \$571,292 in the three and nine months ended September 30, 2013. In prior periods we received SRED refunds of \$111,520 in respect of eligible expenditures incurred in the years ended December 31, 2009 and December 31, 2010.

Acuity became a public company as a result of the Transaction and accordingly, the Federal portion of any SREDs claimed on eligible expenses following the Transaction will no longer be refundable but will be carried forward for up to 20 years to reduce future income taxes payable.

Non-repayable grants received from the Industrial Research Assistance Program ("IRAP") of \$21,138 and \$113,081 for the three and nine months ended September 30, 2014 respectively (2013 - \$106,724 and \$185,567) reduced employee compensation and benefits expenses.

General and administrative

General and administrative expenses include occupancy costs, sales and marketing costs, data centre and operations costs, professional fees, travel, and supplies. General and administrative expenses increased \$467,101 over the three months and \$1,137,986 over the nine months ended September 30, 2013. The increased expense is attributable in large part to a higher level of sales and marketing activity focused on broadening brand awareness and business development activities with existing and new customers. In addition, we incurred additional overhead costs related to being a public company including but not limited to audit and accounting fees, directors' fees, and insurance premiums in the current year periods.

Listing expense

Listing expense for the three and nine months ended September 30, 2014 were \$352,253 and \$577,253 respectively. These expenses relate to successfully completing the Transaction to obtain a listing on the TSXV without having to go through the initial public offering process. A total of \$228,871, being the excess of fair value of the consideration paid to the former shareholders of Wildlaw to obtain the listing over the net assets received, together with other fees of \$123,382 and \$348,382 during the three and nine months ended September 30, 2014 respectively, have been included in listing expense in the consolidated statement of comprehensive income (loss). The other expenses included in listing fees comprise expenses for legal counsel and regulatory compliance in connection with the Transaction. In Acuity's financial statements for Q2 2014, listing expenses of \$225,000 were included in general and administrative expenses for the quarter.

Depreciation of property and equipment

Depreciation for the three months and nine months ended September 30, 2014 increased \$39,297 and \$92,865 respectively from the comparable periods in the prior year, due mainly to additions of equipment to our data centre and, to a lesser extent, computer equipment and office furniture.

Finance costs

For the three months and nine months ended September 30, 2014 finance costs were \$191,386 and \$585,836 respectively, increasing \$8,760 and \$239,855 from the prior year periods. Pursuant to the terms of the Transaction, amounts due to related parties were repaid in full prior to closing, and no additional interest was accrued or paid on these amounts in the third quarter of this year. Increased finance costs are primarily due to interest on promissory notes payable and accretion of deferred

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

transaction costs associated with the promissory notes. In February 2014, we borrowed the remaining \$1,000,000 that was available under a credit agreement (the "Credit Agreement") that we entered into in July 2013. The initial draw under the agreement amounted to promissory notes payable of \$3,000,000. In 2013, we incurred interest related to a factoring arrangement where certain receivables of the Company were financed or factored for related interest and fees. This agreement was terminated in July 2013.

Foreign exchange

Foreign exchange gains or losses consists of the realized and unrealized exchange differences due to fluctuations between the Canadian and the U.S. dollar exchange rates primarily, or another foreign currency. We recorded a net foreign exchange loss of \$63,181 for the three months ended September 30, 2014 compared to a gain of \$16,816 for the three months ended September 30, 2013. For the nine months ended September 30, 2014 we recorded a net loss of \$94,593 compared to a net gain of \$8,849 for the prior year period. The balance of net financial liabilities carried in U.S. dollars increased year over year which, combined with a weakening Canadian dollar through the third quarter of 2014, resulted in a greater foreign exchange loss for the third quarter of 2014 compared to the prior year. The increased foreign exchange loss in the nine months ending September 30, 2014 is similarly attributable to an increased balance of US dollar net financial liabilities together with a weakening Canadian dollar through the period. To date we have not hedged our foreign currency exposure but we may elect to do so in the future if it is determined to be advantageous.

Finance income

Finance income, representing interest income earned on the Company's term deposits, was \$12,579 for the three and nine month periods ending September 30, 2014 (2013 – nil and nil). This increase was due to the larger average holdings of cash and cash equivalents following completion of the private placement.

LIQUIDITY AND CAPITAL RESOURCES

Selected financial information from the statements of financial position as at September 30, 2014 and December 31, 2013 are as follows:

	September 30, 2014	December 31, 2013
Cash and cash equivalents	\$ 3,117,550	\$ 120,467
Working capital ⁽¹⁾	3,270,286	(824,860) ⁽²⁾
Total assets	7,798,954	4,884,332
Current liabilities	3,798,902	2,359,827 ⁽³⁾
Promissory notes payable	3,937,711	2,913,133
Other non-current liabilities	368,601	608,249
Shareholders' deficiency	\$ 306,260	\$ 996,877

⁽¹⁾ Working capital is defined as current assets less current liabilities.

⁽²⁾ Working capital at December 31, 2013 includes promissory notes payable in the amount of \$2,913,133. The notes were classified as part of current liabilities because Acuity was in breach of one of the financial covenants at December 31, 2013 and received an acknowledgement from the lender subsequent to December 31, 2014 that the default has been waived. The Company is in compliance with all covenants at September 30, 2014 and accordingly the debt has been classified as non-current.

⁽³⁾ Excludes promissory notes payable.

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

As at September 30, 2014 we had cash and cash equivalents of \$3,117,550 compared to \$120,467 at the prior year end date. The increase in cash was primarily attributable to financing activity. We received net proceeds of approximately \$5.1 million from a private placement of common shares. In addition, we received proceeds from promissory notes described below and from the exercise of warrants and stock options. Cash flows used in operations were \$2,966,061 in the nine months ended September 30, 2014, compared to cash flows used by operations of \$2,360,592 in the prior year period, primarily due to increased costs.

Working capital at September 30, 2014 includes investment tax credits receivable of \$450,000 (December 31, 2013 – \$1,091,764), in respect of estimated tax refunds on qualified SRED expenditures. Other current assets at September 30, 2014 included government assistance receivables of \$33,138 (December 31, 2013 – \$92,861) in respect of non-repayable IRAP and NRC grants. Management assessed the value of the amount recoverable at the period end and determined there was no indication of impairment.

We were awarded a repayable, non-interest bearing government grant to fund a research and development project pursuant to a Cooperation and Project Funding Agreement. The maximum financial assistance receivable is \$300,000 or 50% of the actual expenditures on the project, of which \$150,000 was received during the nine months ended September 30, 2014. The grant is repayable upon successful commercialization or sale of any resulting technology or product, at a rate of 2.5% of annual gross sales of the relevant product, until 90% to 100% of the grant is repaid, depending on the year of repayment following the first commercial transaction. The Agreement has a term of 18 months. The Company has recorded the funding received in the period as a non-current liability.

On July 9, 2013, the Company entered into a credit agreement (the "Credit Agreement") with a Canadian lender in the amount of \$3,000,000, due January 2016. In January 2014 we borrowed the remaining \$1,000,000 that was available under the Credit Agreement, and all amounts are due January 2016. Upon the mutual agreement of the parties, the interest rate for all amounts outstanding under the Credit Agreement increased to 17% from 16.5% commencing February 2014. Under certain circumstances, the Company may repay any or the entire outstanding principal prior to the maturity date and retain its ability to re-borrow under the agreement. The notes payable are secured by a guarantee from the Company and a general security agreement over specified assets of the Company and the Company is subject to certain financial and non-financial covenants. The refundable investment tax credits claimed by the Company have been assigned to the lender and must be applied against amounts owing under the arrangement upon receipt by the Company. No amounts were received in the period in respect of refundable investment tax credits.

Transaction costs incurred on the initial draw of \$3,000,000 of promissory notes were \$108,584. Additional transaction costs of \$15,991 were incurred when we borrowed the remaining \$1,000,000 in January 2014. The transaction costs have been capitalized as deferred transaction costs and will be amortized over the term of the arrangement under the effective interest method and included as part of finance costs.

On July 16, 2014 we completed the Transaction with Wildlaw and became a public company listed on the TSXV. Management believes the public capital markets will offer an additional source of financing in the future but there can be no assurance that we will be successful in obtaining financing or that it will be available on favorable terms.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on the assumption that the Company is a going concern and

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

will continue in operation for the foreseeable future. Hence, it is assumed that the Company has neither the intention nor the need to liquidate and is able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has experienced losses since inception and has a shareholders' deficiency. Additional financing will be required to support operating and investing activities, as the Company continues to expand its operations in the foreseeable future. We intend to seek new funding from equity financings, lenders and other sources which will optimize our cost of capital; however, there is no certainty that additional financing will be available or that it will be available on attractive terms.

Common Shares

Changes in the number of issued common shares from December 31, 2013 to the date of this report are as follows:

	Number of Common Shares
Balance December 31, 2013	104,724,680
Options exercised	3,724,310
Warrants exercised	2,071,407
Balance September 30, 2014	110,520,397
Common shares outstanding after 6.5:1 share consolidation	17,003,138
Private placement	3,616,352
Issuance of common shares to former Wildlaw shareholders	125,786
Options exercised	10,989
Common shares outstanding September 30, 2014 and November 26, 2014	20,756,265

Warrants

The following table reflects the activity of the warrants from December 31, 2013 to the date of this report:

	Number of Warrants	Weighted Average Exercise Price
Balance outstanding December 31, 2013	2,071,407	\$0.120691
Warrants exercised – cash	(2,071,407)	\$0.120691
Balance outstanding September 30, 2014 and November 26, 2014	--	--

The warrants and, subsequent to exercise, the common shares were issued to a company controlled by a director of the Company.

Pursuant to the Transaction, the Company re-issued 6,289 common share purchase warrants to former holders of Wildlaw warrants. The re-issued warrants bore an exercise price of \$3.18 and an expiry date of July 20, 2014. All of these warrants expired on July 20, 2014 unexercised.

Incentive Stock Options

Pursuant to the Transaction, the Company's stock option plan was replaced by the Wildlaw Capital CPC 2 Inc. stock option plan (the "Plan") and all outstanding options to purchase common shares of Acuity were replaced with options to purchase common shares of the Company. Under the Plan, the Board of Directors may grant options to employees, officers, directors and consultants of the

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

Company with substantially the same terms as the former plan. As at September 30, 2014 the Company was entitled to issue 2,075,626 stock options under the Plan. The maximum number of common shares which may be issued under the Plan is a rolling fixed maximum percentage of 10% of the common shares issued and outstanding at a point in time. The expiry date of options granted under the Plan typically does not exceed five years from the grant date and the vesting schedule is at the discretion of the Board and is generally annually over a three-year period. The exercise price of options is based on a determination of the fair market value per share on the day preceding the grant date. Further details of the Plan are provided in note 8 to the condensed consolidated interim financial statements.

The following table reflects the activity of the options from December 31, 2013 to the date of this report:

	Number of Options	Weighted Average Exercise Price
Balance outstanding December 31, 2013	6,469,310	0.08
Granted	20,000	\$0.35
Exercised	(3,724,310)	0.04
Balance outstanding September 30, 2014	2,765,000	\$ 0.14
Balance outstanding after 6.5:1 share consolidation	425,384	\$0.91
Granted to Agents at closing of Transaction	253,145	\$1.59
Re-issued to former holders of Wildlaw options	12,579	\$3.18
Granted	460,769	1.59
Exercised	(10,989)	0.45
Options outstanding November 26, 2014	1,140,888	\$1.37

During the three and nine months ended September 30, 2014, the Company recorded share-based compensation expense related to stock options granted to employees and directors of the Company of \$213,033 and \$267,073 respectively (three and nine months ended September 30, 2013 - \$65,816 and \$133,366). Share-based compensation expense is included as part of employee compensation and benefits.

During the three and nine months ended September 30, 2014 the Company granted 460,769 and 463,846 options (post consolidation basis), respectively with a weighted average exercise price of \$1.59 for both periods (2013 - 30,769 and 210,769 (post consolidation basis) respectively) to employees and directors of the Company. Of those options, 135,000 were granted to Directors of the Company and vested on the grant date. The remaining options were granted to employees and vest annually over three years.

An additional 253,145 options were granted to the Agents in the private placement, as compensation for services rendered. Each compensation option vested on the grant date, is exercisable at \$1.59 and expires on July 22, 2016. A charge of \$170,771 was included in share issue costs and contributed surplus.

In addition to the above, the Company re-issued 12,579 (post consolidation basis) options to former Wildlaw option-holders with an exercise price of \$3.18. A charge of \$5,174 was included in the calculation of the fair value of the Transaction based on the estimated fair value of the options re-issued.

CONTRACTUAL OBLIGATIONS

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

As at September 30, 2014 the Company had no debt guarantees, off-balance sheet arrangements or long term obligations other than those noted below.

We have operating leases for office space in Canada and the US that expire at various dates. One of our leases is due to expire April 2015 and we are assessing renewal and relocation options.

In July 2013 we entered into a Credit Agreement in the amount of \$3,000,000 and in January we borrowed the remaining \$1,000,000, all of which is due January 2016.

Our contractual obligations as at September 30, 2014 are summarized below:

	Less than 1 year	Between 1 and 5 years	Total
Office leases	115,500	-	194,622
Promissory notes payable	-	4,000,000	4,000,000
Obligations under capital lease	35,647	315,654	351,301
Total	\$ 895,612	\$ 4,225,975	\$ 5,121,587

TRANSACTIONS WITH RELATED PARTIES

The key management personnel of the Company are the members of the Company's executive management team and Board.

During the third quarter of 2014 and prior to closing of the Transaction, the Company repaid the amounts due to related parties in full. The repayment was made pursuant to the conditions precedent to closing the Transaction. The lender provided their written consent to the loan repayment.

During the three months ended September 30, 2014, the Company paid cash compensation for the first time to its new Board of Directors totaling \$33,750 (2013 – nil). In addition, they were granted an aggregate of 135,000 options which vested upon grant, are exercisable at \$1.59 and have a five year term. Using the Black-Scholes option pricing model, the value of these options was determined to be \$156,573 (2013 – nil). Independent directors own directly or beneficially 3% of the common shares of the Company.

Executive officers of the Company received compensation in the aggregate amount of \$223,750 and \$593,057 during the three and nine months ended September 30, 2014 (three and nine months ended September 30, 2013 – \$215,000, \$500,000). Executive officers and directors are eligible to participate in the Company's option plan, and as of the date hereof 46,154 options were granted to executive officers. Executive officers own directly or beneficially 74% of the issued common shares of the Company as at September 30, 2014.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated financial statements and application of IFRS often involve management's judgment and the use of estimates and assumptions deemed to be reasonable at the time they are made. The Company reviews estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which estimates are revised and may impact future periods as well. Other results may be derived with different judgments or using different assumptions or estimates and events may occur that could require a material adjustment. Significant accounting

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

policies and estimates under IFRS are found in Note 2 of our annual consolidated financial statements.

CHANGES IN ACCOUNTING POLICIES

Recently adopted accounting pronouncements

Amendments to IAS 32, Offsetting Financial Assets and Liabilities ("Amendments to IAS 32"). The adoption of the amendments to this standard did not have an impact on the Company's interim financial statements.

International Financial Reporting Interpretations Committee 21, Levies ("IFRIC 21"). The adoption of this standard did not have an impact on the Company's interim financial statements.

RISK FACTORS

The following risk factors should not be considered to be exhaustive and may not be all of the risks that Acuity may face. Management of the Company believes that the factors set out below could cause actual results to be different from expected and historical results.

Business Risks

Limited Operating History

Acuity is an early stage company founded in 2009 that commenced sales in 2011, and as a result, it has a limited operating history upon which its business and future prospects may be evaluated. To date, Acuity has incurred significant losses and may never achieve or maintain profitability. See Note 2(a) to Acuity consolidated financial statements "Significant Accounting Policies – Continuity of Operations". Although Acuity has experienced substantial revenue growth during its limited history, it may not be able to sustain this rate of growth or maintain current revenue levels. In order for Acuity to meet future operating and debt service requirements, it will need to continue to be successful in its marketing and sales efforts. Acuity may not gain customer acceptance of any of its offerings in new markets due to its lack of an established track record, its financial condition, competition, price or a variety of other factors. If sales are increased, Acuity's current operational infrastructure may require changes to scale Acuity's business efficiently and effectively to keep pace with demand, and achieve long-term profitability. Acuity's future revenues and expenses are subject to conditions that may change to an extent that cannot be determined at this time. If Acuity's offerings are not accepted by new customers, or if new and existing customers do not purchase Acuity's offerings at anticipated levels, Acuity's operating results may be materially and adversely affected.

Fluctuation of Financial Results

Acuity's quarterly and annual operating results have fluctuated in the past. Because Acuity is a relatively new company that is rapidly expanding, revenues may be materially affected by the decisions of its management and/or customers, and due to a variety of other factors, many of which may be beyond the Company's control. In addition, expenses may exceed estimates or be incurred in the expectation of sales that do not occur or that occur later than expected. General economic conditions or conditions in the industries in which Acuity's customers compete, technological innovations and the adoption of technical standards can also be expected to affect operating results. Management expects its operating expenses to continue to increase substantially in the foreseeable future as it continues to expand its business, including by adding employees and contractors in

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

existing and new territories, to support continued investments in Acuity's technology and to support its growth and expansion. Fluctuating results could cause significant, unanticipated quarterly losses and cause Acuity's performance to fall below the expectations of investors, which could adversely affect the price of the Common Shares. In addition, because Acuity's business is changing and evolving rapidly, historical operating results may not be useful in predicting future operating results.

Reliance on Key Customers

Historically, a majority of Acuity's sales have been to relatively few customers. For the nine months ended September 30, 2014, approximately 53% of its revenues were derived from its top ten customers. While it is expected that this reliance will decrease over time, Acuity will continue to depend upon a relatively small number of customers for a significant portion of its revenue for the foreseeable future. The loss of a significant customer or failure to attract new customers could harm Acuity's business and severely impact the future financial success of Acuity.

Retaining and Attracting Customers

To sustain or increase Acuity's existing revenue, the Company must add new advertisers and encourage existing advertisers, which may be represented by advertising agencies, to purchase additional offerings. As the digital advertising industry matures and as competitors introduce lower cost or differentiated products or services that compete with, or are perceived to compete with, Acuity's, its ability to complete sales with new and existing advertisers based on Acuity's current offerings, pricing, technology platform and functionality could be impaired. If Acuity fails to retain or cultivate the spending of newer, lower-spending advertisers, it will be difficult for it to sustain and grow its revenue. Even with long-time advertisers, Acuity may reach a point of saturation at which it cannot continue to grow revenue from those advertisers because of internal limits that advertisers may place on the allocation of their advertising budgets to digital media, to particular campaigns, to a particular provider or for other reasons not known to management.

Acuity has invested significant resources in its sales and marketing teams to educate potential and prospective advertisers and advertising agencies about the value of its platform. Sales staff are often required to explain how Acuity's platform can optimize advertising campaigns in real time. Acuity's business depends in part upon advertisers' confidence, and the confidence of the advertising agencies that represent those advertisers, that use of real-time advertising exchanges to purchase inventory is superior to other methods of purchasing digital advertising. Acuity often spends substantial time and resources responding to requests for proposals from potential advertisers and their advertising agencies, including developing material specific to the needs of such potential advertisers. Acuity may not be successful in attracting new advertisers despite its investment in business development, sales and marketing.

Acuity continues to be substantially dependent on its sales team to obtain new customers and to drive sales from existing customers. Management of Acuity believes that there is significant competition for sales personnel with the skills and technical knowledge that it requires. Acuity's ability to achieve significant revenue growth will depend, in large part, on its success in recruiting, training, integrating and retaining sufficient numbers of sales personnel to support its growth. New hires require significant training and it may take significant time before they achieve full productivity. Recent hires and planned hires may not become productive as quickly as expected, and Acuity may be unable to hire or retain sufficient numbers of qualified individuals in the markets where it does business or plans to do business. In addition, if Acuity continues to grow rapidly, a large percentage of its sales team will be new to the company and its offerings. If Acuity is unable to hire and train sufficient numbers of effective sales personnel, or the sales personnel are not successful in obtaining new customers or increasing sales to its existing customer base, its business will be adversely affected.

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

No Long-Term Customer Commitments

Acuity's customers do business with Acuity by placing insertion orders for particular advertising campaigns. If Acuity performs well on a particular campaign, then the advertisers or the advertising agency representing such advertisers may place new insertion orders with Acuity for additional advertising campaigns. Acuity generally has no commitment from an advertiser beyond the campaign governed by a particular insertion order. Insertion orders may be cancelled by advertisers or their advertising agencies prior to the completion of the campaign without penalty. As a result, Acuity's success is dependent upon its ability to outperform competitors and win repeat business from existing advertisers, while continually expanding the number of advertisers for whom it provides services. In addition, it is relatively easy for advertisers and the advertising agencies that represent them to seek an alternative provider for their advertising campaigns because there are no significant switching costs, and agencies often have relationships with many different providers, each of whom may be running portions of the same advertising campaign. Because Acuity does not have long-term contracts, management may not accurately predict future revenue streams and there can be no assurance that current advertisers will continue to use Acuity's platform, or that Acuity will be able to replace departing advertisers with new advertisers that provide Acuity with comparable revenue.

Failure to Properly Manage Growth

Acuity's business has grown rapidly since its inception. Continued rapid growth may strain Acuity's management, financial, and other resources. Acuity relies heavily on information technology, or IT, systems to manage critical functions such as advertising campaign management and operations, data storage and retrieval, revenue recognition, budgeting, forecasting and financial reporting. To manage any future growth effectively, Acuity must expand its sales, marketing, technology and operational staff, invest in research and development of the Programmatic Marketing Platform and/or new offerings, enhance its financial and accounting systems and controls, integrate new personnel or contractors, and successfully manage expanded operations. If Acuity continues its rapid growth, it will incur additional expenses, and its growth may continue to place a strain on resources, infrastructure and ability to maintain the quality of its offering. Accordingly, Acuity may not be able to effectively manage and coordinate growth so as to achieve or maximize future profitability.

Acquisitions by Acuity

As part of its business strategy, Acuity may attempt to acquire businesses or technologies that it believes are a strategic fit with its business. Acuity currently has no commitments for any acquisition and furthermore, it has not made any acquisitions to date. Accordingly, Acuity's ability as an organization to acquire and integrate other companies, products or technologies in a successful manner is unproven. It may not be possible to find suitable acquisition candidates, and Acuity may not be able to complete such acquisitions on favourable terms, if at all. Any future acquisition may result in unforeseen operating difficulties and expenditures, and may absorb significant management attention that would otherwise be available for ongoing development of its business. Since Acuity may not be able to accurately predict these difficulties and expenditures, these costs may outweigh the value it realizes from a future acquisition, and any acquisitions Acuity completes could be viewed negatively by its advertisers. Future acquisitions could result in issuances of securities that would dilute shareholders' ownership interest, the incurrence of debt, contingent liabilities, amortization of expenses related to other intangible assets and the incurrence of large, immediate write-offs.

Reliance on Third Parties

Acuity anticipates that it will continue to depend on various third-party relationships in order to grow its business. Acuity continues to pursue additional relationships with third parties, such as technology and content providers, real-time advertising exchanges, market research companies, co-location

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

facilities and other strategic partners. Identifying, negotiating and documenting relationships with third parties requires significant time and resources as does integrating third-party data and services. Acuity's agreements with channel partners and providers of technology, computer hardware, co-location facilities, content and consulting services and real-time advertising exchanges are typically non-exclusive, do not prohibit them from working with Acuity's competitors or from offering competing services. These third parties may terminate at any time. Acuity's competitors may be effective in providing incentives to third parties to favour their products or services or to prevent or reduce purchases of Acuity's offerings. In addition, these third parties may not perform as expected under Acuity's agreements with them, and Acuity may have disagreements or disputes with such third parties, which could negatively affect Acuity's brand and reputation.

In particular, Acuity's continued growth depends on its ability to source computer hardware, including servers built to its specifications, and the ability to locate those servers and related hardware in co-location facilities in the most desirable locations to facilitate the timely delivery of its services. Similarly, disruptions in the services provided at co-location facilities that Acuity relies upon can degrade the level of services that it can provide, which may harm Acuity's business. Acuity also relies on its integration with many third-party technology providers to execute its business on a daily basis. Acuity must efficiently direct a large amount of network traffic to and from its servers to consider billions of bid requests per day, and each bid typically must take place in approximately 100 milliseconds. Acuity relies on a third-party domain name service, or DNS, to direct traffic to its closest data center for efficient processing. If Acuity's DNS provider experiences disruptions or performance problems, this could result in inefficient balancing of traffic across Acuity's servers as well as impairing or preventing web browser connectivity to Acuity's platform, which may harm its business.

Personnel

The loss of any member of Acuity's management team, and in particular, its co-founders, could have a material adverse effect on its business and results of operations. In addition, an inability to hire, or the increased costs of new personnel, including members of executive management, could have a material adverse effect on Acuity's business and operating results.

At present and for the near future, Acuity will depend upon a relatively small number of employees and contractors to develop, market, sell and support its platform. The expansion of technology, marketing and sales of its platform will require Acuity to find, hire, and retain additional capable employees or subcontractors who can understand, explain, market, and sell its technology. There is intense competition for capable personnel in all of these areas, and Acuity may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, Acuity may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them.

In addition, as Acuity moves into new geographies, it will need to attract and recruit skilled employees in those areas. Acuity has no experience with recruiting in geographies outside of Canada and the United States, and may face additional challenges in attracting, integrating and retaining international employees.

Conflicts of Interest

Certain of the proposed directors and officers of Acuity are or may become directors or officers of, or

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

have significant shareholdings in, other companies and, to the extent that such other companies may participate in ventures in which Acuity may participate, the directors and officers of Acuity may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such other companies may also compete with Acuity. In the event that any such conflict of interest arises, a director who has such a conflict will disclose the conflict to a meeting of the directors of Acuity and will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of Acuity are required to act honestly, in good faith and in the best interests of Acuity. In determining whether or not Acuity will participate in a particular transaction, the directors will primarily consider the potential benefits to Acuity, the degree of risk to which Acuity may be exposed and its financial position at that time.

Dependence on Display Advertising

Historically, Acuity's customers have predominantly used the Programmatic Marketing Platform for display advertising, and the substantial majority of Acuity's revenue is derived from advertisers that use the Programmatic Marketing Platform for display advertising. Acuity expects that the online advertising channels it supports will continue to be a primary channel used by its customers. Should customers lose confidence in the value or effectiveness of these channels, the demand for the Programmatic Marketing Platform may decline. While revenues from mobile, social and video advertising have grown rapidly, Acuity's failure to achieve market acceptance of the Programmatic Marketing Platform for mobile, social and video advertising would harm its growth prospects, operating results and financial condition.

Financial and Accounting Risks

Additional Financing

There can be no certainty that Acuity's financial resources and revenue from sales will be sufficient for its future needs. Acuity may need to incur significant expenses for growth, operations, research and development, as well as sales and marketing of Acuity's Programmatic Marketing Platform. In addition, other unforeseen costs could also require additional capital. The ability of Acuity to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of Acuity. It may be difficult or impossible for Acuity to obtain debt financing or equity financing on commercially acceptable terms. This may be further complicated by the limited market liquidity for shares of smaller companies such as Acuity, restricting access to some institutional investors. There is a risk that interest rates will increase given the current historical low level of interest rates. An increase in interest rates could result in a significant increase in the amount that Acuity pays to service future debt incurred by Acuity and affect Acuity's ability to fund ongoing operations. If additional financing is raised by the issuance of shares or other forms of convertible securities, control of Acuity may change and shareholders may suffer dilution. If adequate funds are not available, or not available on acceptable terms, Acuity may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and continue operations. Any debt financing that is secured in the future could involve restrictive covenants relating to Acuity's future capital raising activities and other financial and operational matters, including the ability to pay dividends. This may consequently make it more difficult for Acuity to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Existing Debt

Acuity has granted a security interest in its assets, including its intellectual property, to the Lender as security for the Institutional Loan. The Institutional Loan also requires Acuity to comply with certain financial covenants, which are tested on a monthly basis, and contains a number restrictive covenants, which would, among other things, prevent Acuity from: (i) disposing of or selling its assets; (ii)

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

making any changes in its debt or capital structure or amending its bylaws, (iii) consolidating or merging with other entities; (iv) entering into contracts outside of the normal course of business; (v) purchasing or redeeming any shares; (vi) paying dividends; or (vii) incurring lease obligations or capital expenditures above defined thresholds. A failure by Acuity to repay the Institutional Loan in accordance with its terms or other default would entitle the Lender to, among other things, foreclose on Acuity's assets, which would likely terminate its ability to continue operations. The consent of the Lender was sought and obtained in connection with the Acquisition and related matters.

Foreign Sales

Acuity currently has certain foreign sales that are denominated in US dollars and may, in the future, have sales denominated in the currencies of additional countries in which it establishes sales offices. In addition, Acuity incurs a portion of its operating expenses in US dollars. In the future, Acuity's international sales may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact Acuity's business, financial condition and results of operations. Acuity has not previously engaged in foreign currency hedging. If Acuity decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide Acuity from foreign currency fluctuations and can themselves result in losses.

Estimates or Judgments Relating to Critical Accounting Policies

The preparation of financial statements in conformity with International Financial Reporting Standards, or IFRS, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Acuity bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in Acuity's management's discussion and analysis of its financial results for the financial years ended December 31, 2011, 2012 and 2013 set forth in Schedule "D", the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. Acuity's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause Acuity's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of Acuity. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share-based payments, impairment tests for non-financial assets, as well as revenue and cost recognition.

Internal Controls over Financial Reporting

As a result of Acuity's limited administrative staffing levels, internal controls which rely on segregation of duties in many cases are not possible. Acuity does not have the resources, size and scale to warrant the hiring of additional staff to address this potential weakness at this time. To help mitigate the impact of this, Acuity is highly reliant on the performance of compensating procedures and senior management's review and approval.

As a venture issuer, Acuity will not be required to certify the design and evaluation of its disclosure controls and procedure ("DC&P") and internal controls over financial reporting ("ICFR"), and as such Acuity has not completed such an evaluation. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in National Instrument 52-109 Certification of Disclosure In Issuers' Annual and Interim Filings may result in additional risks to the quality, reliability,

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Industry Risks

Competition

The existing and anticipated markets for Acuity's Programmatic Marketing Platform are highly competitive. Barriers to enter the market are low and additional companies may enter the market with competing offerings as the size and visibility of the market opportunity continues to increase. Existing industry participants may also develop or improve their own offerings to achieve cost efficiencies and deliver additional value. In addition, Acuity's customers could develop their own solutions. Many of Acuity's competitors have longer operating histories, greater name recognition, substantially greater financial, technical, marketing, management, service, support, and other resources than does Acuity. They may be able to respond more quickly than Acuity can to new or changing opportunities, technologies, standards, or customer requirements.

In addition to other companies offering programmatic and real time bidding solutions, Acuity also competes with services offered through large online portals that have significant brand recognition, such as Yahoo and Google. These large portals have substantial proprietary digital advertising inventory that may provide them with competitive advantages, including far greater access to internet user data, and the ability to significantly influence pricing for digital advertising inventory. Acuity also competes for a share of advertisers' total advertising budgets with online search advertising, for which Acuity does not offer a solution, and with traditional advertising media, such as direct mail, television, radio, cable and print.

Some of the competitors mentioned above also act as suppliers of Acuity, putting them in a conflict of interests position. There is a risk that such competitors may, in the future, constrain or entirely cut off Acuity from its sources of supply of inventory in order to improve their own competitive position in the markets targeted by Acuity.

New products or technologies will likely increase competitive pressures and competition could result in pricing pressures, reduced margins, or the failure of Acuity's offerings to achieve or maintain acceptance in existing or anticipated markets. The development of competing offerings or technologies by market participants or the emergence of new industry or government standards may adversely affect Acuity's competitive position.

As a result of these and other factors, Acuity may be unable to compete effectively with current or future competitors. Such inability would likely have a material adverse effect on Acuity's business, financial condition and results of operations.

Use of Third Party Cookies

Acuity uses "cookies" (small text files) in connection with its Programmatic Marketing Platform. Acuity's cookies are known as "third party cookies" because they are placed on individual browsers when internet users visit a website owned by a publisher, advertiser or other first party that has given Acuity permission to place cookies. These cookies are placed through an internet browser on an internet user's computer and correspond with a data set that is kept on Acuity's servers. Acuity's cookies record certain information, such as when an internet user views an ad, clicks on an ad, or visits one of Acuity's advertiser's websites through a browser while the cookie is active. Acuity uses these cookies to help it achieve advertisers' campaign goals, to help it ensure that the same internet user does not unintentionally see the same advertisement, to report aggregate information to

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

advertisers regarding the performance of their advertising campaigns and to detect and prevent fraudulent activity. Acuity's also uses data from cookies to help it decide whether to bid on, and how to price, an opportunity to place an advertisement in a certain location, at a given time, in front of a particular internet user. Without cookie data, Acuity may bid on advertising without as much insight into activity that has taken place through an internet user's browser. A lack of cookie data may detract from Acuity's ability to make decisions about which inventory to purchase for an advertiser's campaign, and undermine the effectiveness of the Programmatic Marketing Platform.

Cookies may easily be deleted or blocked by internet users. Most commonly used internet browsers allow internet users to modify their browser settings to prevent cookies from being accepted by their browsers. Internet users can also delete cookies from their computers at any time. Certain internet users also download free or paid "ad blocking" software that prevents third party cookies from being stored on a user's computer. If more internet users adopt these settings or delete their cookies more frequently than they currently do, Acuity's business could be harmed. In addition, some internet browsers block third party cookies by default, and other internet browsers may implement similar features in the future. Unless such default settings in browsers are altered by internet users to accept third party cookies, fewer of Acuity's cookies may be set in browsers, adversely affecting its business.

Certain international jurisdictions have adopted and implemented legislation that negatively impacts the use of cookies for online advertising, and additional jurisdictions may do so in the future. Currently, although the Canadian Anti-Spam Legislation ("CASL") requires consent to install a computer program, CASL provides a deemed express consent for the installation of a cookie. Limitations on the use or effectiveness of cookies may impact the performance of the Programmatic Marketing Platform. Acuity may be required to, or otherwise may determine that it is advisable to, develop or obtain additional tools and technologies to compensate for the lack of cookie data. Acuity may not be able to develop or implement additional tools that compensate for the lack of cookie data. Moreover, even if Acuity is able to do so, such additional tools may be subject to further regulation, time consuming to develop or costly to obtain, and less effective than Acuity's current use of cookies.

Potential "Do Not Track" Standards

As the use of cookies has received ongoing media attention in recent years, some government regulators and privacy advocates have suggested creating a "Do Not Track" standard that would allow internet users to express a preference, independent of cookie settings in their browser, not to have website browsing recorded. In 2010, the United States Federal Trade Commission, or FTC, issued a staff report criticizing the advertising industry's self-regulatory efforts as too slow and lacking adequate consumer protections. The FTC emphasized a need for simplified notice, choice and transparency to the consumer regarding collection, use and sharing of data, and suggested implementing a "Do Not Track" browser setting that allows consumers to choose whether to allow "tracking" of their online browsing activities. All major internet browsers have implemented some version of a "Do Not Track" setting. Microsoft's Internet Explorer 10 includes a "Do Not Track" setting that is selected by default. However, there is no definition of "tracking," no consensus regarding what message is conveyed by a "Do Not Track" setting and no industry standards regarding how to respond to a "Do Not Track" preference. The World Wide Web Consortium chartered a "Tracking Protection Working Group" in 2011 to convene a multi-stakeholder group of academics, thought leaders, companies, industry groups and consumer advocacy organizations, to create a voluntary "Do Not Track" standard for the web. The group has yet to agree upon a standard. The "Do-Not-Track Online Act of 2013" was introduced in the United States Senate in February 2013. If a "Do Not Track" browser setting is adopted by many internet users, and the standard either imposed by legislation or agreed upon by standard setting groups, prohibits Acuity from using non-personal

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

information as it currently does, then that could hinder growth of advertising and content production on the web generally, cause Acuity to change its business practices and adversely affect its business.

Legislation and Regulation

Government regulation may increase the costs of doing business online. The Canadian and certain foreign governments have enacted or are considering legislation related to online advertising and management of Acuity expects to see an increase in legislation and regulation related to advertising online, the use of geo-location data to inform advertising, the collection and use of anonymous internet user data and unique device identifiers, such as IP address or mobile unique device identifiers, and other data protection and privacy regulation. Such legislation could affect the costs of doing business online, and may adversely affect the demand for Acuity's offerings or otherwise harm its business, results of operations and financial condition. For example, a wide variety of provincial, state, national and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal information. The Personal Information Protection and Electronic Documents Act and substantially similar provincial privacy laws in Canada provide that IP addresses are personal information. Currently, Acuity collects and stores IP addresses. While Acuity takes measures to protect the security of information that it collects, uses and discloses in the operation of its business, if there is a data breach, there is a potential for claims for damages by consumers whose personal information has been disclosed without authorization. Evolving and changing definitions of personal information, within the Canada, the United States and elsewhere, especially relating to classification of machine or device identifiers, location data and other information, have in the past, and may cause Acuity to, in the future, change business practices, or limit or inhibit Acuity's ability to operate or expand its business. Data protection and privacy-related laws and regulations are evolving and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. While Acuity takes measures to protect the security of information that it collects, uses and discloses in the operation of its business, and to offer certain privacy protections with respect to such information, such measures may not always be effective.

In addition, while Acuity takes steps to avoid collecting personally identifiable data about consumers (other than IP addresses), it may inadvertently receive this information from advertisers or advertising agencies or through the process of delivering advertising and may inadvertently release this information in contravention of applicable privacy legislation. Acuity's failure to comply with applicable laws and regulations, or to protect personal information, could result in enforcement action against Acuity, including fines, imprisonment of its officers and public censure, claims for damages by consumers and other affected individuals, damage to the company's reputation and loss of goodwill, any of which could have a material adverse impact on operations, financial performance and business. Even the perception of privacy concerns, whether or not valid, may harm Acuity's reputation and inhibit adoption of its offerings by current and future advertisers and advertising agencies.

Ability to Protect Acuity's Proprietary Offering

Any failure to protect Acuity's proprietary Programmatic Marketing Platform could harm its business and competitive position. There can be no assurance that any steps Acuity has taken or intends to take will be adequate to defend and prevent misappropriation of technology, including the possibility of reverse engineering and the possibility that potential competitors will independently develop technologies that are designed around and are substantially equivalent or superior to Acuity's technology.

Acuity may use a combination of trade secret, copyright law, nondisclosure agreements, passing-off

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

laws, other common law intellectual property protections and technical measures to protect its proprietary technology. Acuity has generally entered into confidentiality agreements with and obtains assignments of intellectual property and waivers of moral rights from its employees and contractors and has worked to limit access to and distribution of its technology, documentation and other proprietary information. However, the steps taken may not be adequate to deter misappropriation or independent third-party development of Acuity's technology. In addition, the laws of some foreign countries do not protect proprietary technology rights to the same extent as do the laws of Canada and the United States. If Acuity resorts to legal proceedings to enforce its intellectual property rights, the proceedings could be burdensome and expensive and could involve a high degree of risk to Acuity's proprietary rights if it is unsuccessful in such proceedings. Moreover, Acuity's financial resources may not be adequate to enforce or defend its rights in its technology. Additionally, any patents that Acuity may apply for or obtain in the future may not be broad enough to protect all of the technology important to its business, and its ownership of patents would not in itself prevent others from securing patents that may prevent Acuity from engaging in actions necessary to its business, products, or services.

Infringement of Intellectual Property Rights

If Acuity's proprietary Programmatic Marketing Platform violates or is alleged to violate third party proprietary rights, Acuity may be required to reengineer its technology or seek to obtain licenses from third parties to continue offering its technology without substantial reengineering. Any such efforts may not be successful or if successful could require payments that may have a material adverse effect on profitability and financial condition. Any litigation involving infringement claims would be expensive and time-consuming, and an adverse outcome may result in payment of damages or injunctive relief that could materially and adversely affect Acuity's business.

Acuity does not independently verify whether it is permitted to deliver advertising to its advertisers' internet users or that the content of the advertisements it delivers is legally permitted. Acuity receives representations from advertisers that the content of the advertising that Acuity places on their behalf is lawful. Acuity also relies on representations from its advertisers that they maintain adequate privacy policies that allow Acuity to place pixels on their websites and collect valid consents from users that visit those websites to collect and use such user's information to aid in delivering Acuity's product. If any of these representations are untrue and Acuity's advertisers do not abide by laws governing their content or privacy practices, Acuity may become subject to legal claims and exposed to potential liability and expense (for which it may or may not be indemnified), and its reputation may be damaged.

Use of Open Source Software Components

Acuity's Programmatic Marketing Platform, including its computational infrastructure, relies on software licensed to it by third-party authors under "open source" licenses. The use of open source software may entail greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. Some open source licenses contain requirements that Acuity make available source code for modifications or derivative works Acuity creates based upon the type of open source software Acuity uses. If Acuity combines its proprietary software with open source software in a certain manner, Acuity could, under certain open source licenses, be required to release the source code of its proprietary software to the public. This would allow Acuity's competitors to create similar solutions with lower development effort and time and ultimately put Acuity at a competitive disadvantage.

Although Acuity monitors its use of open source software to avoid subjecting its products to

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

conditions it does not intend, the terms of many open source licenses have not been interpreted by Canadian courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on Acuity's ability to commercialize its services. Moreover, Acuity cannot guarantee that its processes for controlling its use of open source software will be effective. If Acuity is held to have breached the terms of an open source software license, it could be required to seek licenses from third parties to continue operating its platform on terms that are not economically feasible, to re-engineer its platform or the supporting computational infrastructure to discontinue use of certain code, or to make generally available, in source code form, portions of its proprietary code, any of which could adversely affect Acuity business, operating results and financial condition.

Unanticipated Problems Associated with the Programmatic Marketing Platform

Acuity depends upon the sustained and uninterrupted performance of its platform to operate a number of campaigns at any given time; manage its inventory supply; bid on inventory for each campaign; serve or direct a third party to serve advertising; collect, process and interpret data; and optimize campaign performance in real time and provide billing information. Because Acuity's software is complex, undetected errors and failures may occur, especially when new versions or updates are made. Acuity's Programmatic Marketing Platform may contain undetected errors or "bugs", which result in system failures, or failure to perform in accordance with industry or customer expectations. Despite Acuity's plans for quality control and testing measures, its Programmatic Marketing Platform, including any enhancements, may contain such bugs or exhibit performance degradation, particularly during periods of rapid expansion. In such an event, Acuity may be required or choose to expend additional resources to help mitigate any problems resulting from errors in its software. Product or system performance problems could result in loss of or delay in revenue, loss of market share, failure to achieve market acceptance, adverse publicity, diversion of development resources and claims against Acuity by its customers and other parties.

Social Media

Acuity's social media offering is currently limited to Facebook's FBX platform and the Facebook native platform. Acuity has an agreement with Facebook allowing it to integrate directly with FBX to bid on advertising inventory on a real-time basis. As a result, Acuity's ability to grow its revenue in the social channel is closely tied to the availability of inventory on FBX. If Acuity is unable to compete favourably for advertising inventory on FBX, its social media offering may not be successful. Also, there is no guarantee that Facebook will continue to make its advertising inventory available to Acuity at all or upon reasonable terms, and Acuity may not be able to replace the FBX advertising inventory with inventory that meets its advertisers' specific goals with respect to social media. In addition, advertisers may prefer to work with companies that provide advertising on social media platforms other than FBX or that have a longer history of integration with social media platforms. If Acuity is unable to run advertising campaigns on the FBX platform, integrate with social media platforms that may become available in the future or find alternative sources of quality social media inventory, its business could be harmed.

Mobile Advertising

Acuity's success in the mobile advertising channel depends upon the ability of its Programmatic Marketing Platform to integrate with mobile inventory suppliers and provide advertising for most mobile connected devices, as well as the major operating systems that run on them and the thousands of applications that are downloaded onto them. The design of mobile devices and operating systems is controlled by third parties with whom Acuity does not have any formal relationships. These parties frequently introduce new devices, and from time to time they may introduce new operating systems or modify existing ones. Network carriers may also impact the ability to access specified content on

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

mobile devices. If Acuity's platform is unable to work on these devices or operating systems, either because of technological constraints or because a maker of these devices or developer of these operating systems wished to impair Acuity's ability to provide advertisements on them or Acuity's ability to fulfill advertising space, or inventory, from developers whose applications are distributed through their controlled channels, Acuity's ability to generate revenue could be significantly harmed.

Obsolescence

Acuity's business is characterized by rapid technological change, frequent new product and service introductions and enhancements, uncertain product life cycles, changes in customer requirements, and evolving industry standards. The introduction of new products embodying new technologies, the emergence of new industry standards, or improvements to existing technologies could render Acuity's platform obsolete or relatively less competitive. Acuity's future success will depend upon its ability to continue to develop and expand its Programmatic Marketing Platform and to address the increasingly sophisticated needs of its customers. Acuity may experience delays in releasing new offerings or enhancements in the future. Material delays in introducing new offerings or enhancements may cause customers to forego purchases of Acuity's offering to purchase offerings of competitors instead.

Catastrophic Events

Acuity maintains servers at co-location facilities in California and New Jersey that it uses to deliver advertising campaigns for its advertisers. Any of its existing and future facilities may be harmed or rendered inoperable by attack or security intrusion by a computer hacker, natural or man-made disasters, including earthquakes, tornadoes, hurricanes, wildfires, floods, nuclear disasters, war, acts of terrorism or other criminal activities, infectious disease outbreaks and power outages, any of which may render it difficult or impossible for Acuity to operate its business for some period of time. One co-location facility where Acuity maintains data used in its business operations is located in the Greater Los Angeles Area, a region known for seismic activity. If Acuity were to lose the data stored in its California co-location facility, it could take several days, if not weeks, to recreate this data from multiple sources, which could result in significant negative impact on its business operations, and potential damage to its advertiser and advertising agency relationships. Any disruptions in Acuity's operations could negatively impact its business and results of operations, and harm its reputation. In addition, Acuity may not carry sufficient business interruption insurance to compensate for the losses that may occur. Any such losses or damages could have a material adverse effect on Acuity's business, financial condition and results of operations.

Economic, political and market conditions

Acuity's business depends on the overall demand for advertising and on the economic health of its current and prospective advertisers. Economic downturns or instability in political or market conditions may cause current or new advertisers to reduce their advertising budgets. Adverse economic conditions and general uncertainty about continued economic recovery are likely to affect Acuity's business prospects. This uncertainty may cause general business conditions in the United States and elsewhere to deteriorate or become volatile, which could cause advertisers to delay, decrease or cancel purchases of Acuity's offering; and expose Acuity to increased credit risk on advertiser orders, which, in turn, could negatively impact its business, financial condition and results of operations. In addition, continued geopolitical turmoil in many parts of the world have and may continue to put pressure on global economic conditions, which could lead to reduced spending on advertising.

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

Risks Related to the Common Shares

Market for Common Shares

There can be no assurance that an active trading market for the Common Shares will develop or, if developed, that any market will be sustained. Technology stocks have historically experienced high levels of volatility and Acuity cannot predict the prices at which the Common Shares will trade. Fluctuations in the market price of the Common Shares could cause an investor to lose all or part of its investment in Common Shares. Factors that could cause fluctuations in the trading price of the Common Shares include (i) announcements of new offerings, products, services or technologies, commercial relationships, acquisitions or other events by Acuity or its competitors; (ii) price and volume fluctuations in the overall stock market from time to time; (iii) significant volatility in the market price and trading volume of technology companies in general and of companies in the digital advertising industry in particular; (iv) fluctuations in the trading volume of the Common Shares or the size of Acuity's public float; (v) actual or anticipated changes or fluctuations in Acuity's results of operations; (vi) whether Acuity's results of operations meet the expectations of securities analysts or investors; (vii) actual or anticipated changes in the expectations of investors or securities analysts; (viii) litigation involving Acuity, its industry, or both; (ix) regulatory developments in the Canada, the United States, and foreign countries; (x) general economic conditions and trends; (xi) major catastrophic events; (xii) escrow releases, sales of large blocks of the Common Shares; (xiii) departures of key employees or members of management; or (xiv) an adverse impact on Acuity from any of the other risks cited herein.

Substantial Control by Insiders

Acuity's directors, executive officers and Control Persons, in the aggregate, beneficially own approximately 74% of the common shares. As a result, these insiders will be able to influence or control matters requiring approval by Acuity's shareholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. They may also have interests that differ from those of investors and may vote in a manner that is adverse to investors' interests. This concentration of ownership may have the effect of deterring, delaying or preventing a change of control of Acuity, could deprive Acuity's shareholders of an opportunity to receive a premium for their Common Shares as part of a sale of Acuity and might ultimately affect the market price of the common shares.

Significant Sales of Common Shares

Although the Company's common shares are freely tradable, the common shares held by Acuity's Control Persons are subject to contractual lock-up restrictions for periods of up to 180 days and will also be subject to escrow pursuant to the policies of the TSXV. Sales of a substantial number of the common shares in the public market after the expiry of lock-up or escrow restrictions, or the perception that these sales could occur, could adversely affect the market price of the common shares and may make it more difficult for investors to sell common shares at a favourable time and price.

Dividend Policy

Acuity has only declared or paid nominal dividends on Acuity common shares, and may not declare or pay any dividends in the future. Acuity may, in its discretion, retain any earnings to finance the operation and expansion of its business, and accordingly, may not pay any dividends in the future. As a result, an investor may only receive a return on its investment in the common shares if the market price of such shares increases. In addition, the Institutional Loan contains restrictions on Acuity's ability to pay dividends.

AcuityAds Holdings Inc.

Management's Discussion and Analysis for the three and nine months ended September 30, 2014 and 2013

Analyst Coverage

The trading market for the common shares will, to some extent, depend on the research and reports that securities or industry analysts publish about Acuity or its business. Acuity will not have any control over these analysts. If one or more of the analysts who covers Acuity should downgrade the Common Shares or change their opinion of Acuity's business prospects, Acuity's share price would likely decline. If one or more of these analysts ceases coverage of Acuity or fails to regularly publish reports on Acuity, Acuity could lose visibility in the financial markets, which could cause Acuity's share price or trading volume to decline.

Tax Issues

There may be income tax consequences in relation to the common shares, which will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

ADDITIONAL INFORMATION

Additional information relating to the Company is posted on SEDAR at www.sedar.com.