Senvest Capital Inc.

Condensed Interim Consolidated Financial Statements
(Unaudited)

March 31, 2024

SENVEST

Notice of No Auditor Review of Interim Consolidated Financial Statements
In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors PricewaterhouseCoopers LLP have not reviewed the unaudited condensed interim consolidated financial statements as at and for the period ended March 31, 2024.

MANAGEMENT’S DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

Senvest Capital (“Senvest” or the “Company”) recorded net income attributable to common shareholders of $52.3 million or $21.17 per basic and diluted common share for the first quarter ended March 31, 2024. This compares to net income attributable to common shareholders of $43.8 million or $17.66 per basic and diluted common share for the first quarter ended March 31, 2023. For the current quarter, the US dollar strengthened against the Canadian dollar and the result was a currency translation gain of about $38.7 million. This amount is not reported in the Company’s statement of income rather it’s reflected in its statement of comprehensive income. As a result, the comprehensive income attributable to common shareholders was $91 million for the period.

The Company’s income from equity investments was the biggest contributor to the results. The net change in fair value of equity investments and other holdings including securities sold short and derivative liabilities totaled $134.7 million in the period versus $143.5 million in 2023. Most of the Company’s equity investments are held by two funds, Senvest Master Fund, L.P. and Senvest Technology Partners Master Fund, L.P., which are consolidated into the accounts of the Company.

On a consolidated basis across the different funds, the largest holdings as at March 31, 2024 were Tower semiconductors (TSEM), Paramount Resources (POU), Marriot Vacations (VAC), Boston Properties Inc (BXP), UiPath (PATH) and Wix.com (WIX). Comments on some individual positions from the fund managers are included below.

“Vacation ownership company, Marriott Vacations Worldwide (VAC), rose 26.91% in the quarter, recovering a portion of the -36.93% share decline in 2023. In our Q4 2023 letter, we outlined the “perfect storm” of company specific and macro challenges VAC faced in 2023. We believed most of the challenges were either transitory or fixable and we expected the company to regain its footing in 2024. VAC began the process of rebuilding trust with investors with better than feared guidance on its Q4 2023 earnings call. VAC expects contract sales to grow 7.5% at the midpoint in 2024, being offset partially by higher incentive compensation and technology investments to drive 2.5% EBITDA and EPS growth. Importantly, the 2024 guidance signals to investors that 2023 was indeed the bottom, with revenues, EBITDA and EPS growing from these levels.

In 2025 and beyond, the company stands to benefit from a variety of trends. A recovery in its Maui business as the region recovers from the devastating 2023 wildfires, new resort openings beginning with Waikiki in October 2024, and the opening of Universal Epic Universe in Orlando, the most anticipated theme park opening in years. This, combined with still robust leisure travel trends should drive strong core results for the company. We still see VAC shares as attractively valued at 13x forward earnings and an 11-12% FCF yield.

MDA is Canada’s largest space technology service provider and manufacturer. The stock increased +27.69% in Q1 2024 as the company reported strong earnings and continued to execute against a $3B+ pipeline of opportunities. Also of note, the company’s stock was added to the TSX Index, which likely helped performance from index buying. Over the past nine months, MDA has transformed its business, as it is now viewed as the preeminent leader in the manufacturing of digital satellite communication platforms. In addition to being announced as the “Prime” for Telesat’s (“TSAT”) $2.1B “Lightspeed” Low-Earth-Orbit (“LEO”) Satellite constellation of 198 satellites, MDA also announced late in 2023 that it was selected as the prime for another digital constellation for an undisclosed customer. This particular contract is initially valued at $180M but should increase to $750M for 36 software-defined satellites before the end of 2024. MDA's digital satellite product, AURORA, provides customers with standardized and modular software-defined satellites that deliver capacity and the scalability capabilities for large LEO satellite constellations that enable direct to device communications, where MDA has the leading market position.

In addition to its software-defined satellite contracts, MDA has several catalysts over the medium term that we expect will drive revenue and the stock's multiple higher. First, MDA has long been known for its Canadarm technology that sits on the International Space Station ("ISS") and is the go-to supplier of mission-critical robotics to the burgeoning private space economy. MDA's robotics division is currently in the process of delivering a new Canadarm 3 platform for the Lunar Gateway as part of the Artemis moon exploration program as well as commercializing the Canadarm for the privately funded Axiom space station and the Lunar rovers to be used on the moon. Additionally in 2024, we expect MDA will complete the build-out of "Chorus," a next-generation earth observation constellation that will eventually replace its legacy Radarsat-2 constellation. This $400M capex-heavy investment has been masking MDA's underlying free cash flow capabilities. We expect the company to announce initial pre-sales of capacity for Chorus this year. Despite the move in the company's stock price over the past twelve months, we believe MDA's stock remains undervalued, as shares currently trade at an EV-to-EBITDA multiple of 8.3x on 2025's consensus estimates, compared to peers that currently trade at 12-14x EV-to-EBITDA.

Tower Semiconductor (TSEM), a leading specialty analog foundry, increased +9.60% during the first quarter. We have written about TSEM in recent letters, mostly highlighting the company's outlook post the deal break from Intel. One near-term tailwind worth highlighting is its Artificial Intelligence ("AI") catalyst. Tower is well positioned in an emerging area of semiconductors known as silicon photonics ("SiPho"), particularly within the datacom transceiver market. Simply put, while AI workloads require significant computing resources, which benefits companies such as NVIDIA, they also have significant networking requirements, which is where Tower's leading SiPho platform is most prominent. TSEM has over 50 SiPho customers including 7 of the top 11 datacom transceiver makers, including industry leaders Innolight, Coherent, and Marvell (via its Inphi acquisition). We attended the annual Optical Fiber Conference in San Diego in late March. SiPho was one of the most important technologies highlighted by dozens of companies as a way to bring down the cost of networking in AI computing clusters. While TSEM's strong positioning in SiPho is well known throughout the technology community, investors are only now coming around to this realization.

Despite the emerging AI tailwind from SiPho, TSEM continues to face temporary headwinds from the ongoing industry inventory correction in the auto and industrial end markets which is consequently resulting in a muted first half to the company's revenue. We expect a recovery to take hold in the second half of the year as green shoots are emerging in other areas of TSEM's business. We remain incredibly bullish on Tower's ability to leverage its advanced analog and mixed-signal foundry capabilities and note the following considerations: 1) TSEM benefits from the trend of ongoing supply chain rebalancing away from China. 2) TSEM has leading technologies in emerging areas, such as Silicon Photonics (mentioned above) and Image Sensing that will enable new vectors of growth. 3) TSEM has also announced new capacity and technology corridors with ST Micro and Intel that have just started to ramp and provide new revenue generating capabilities for the company. Specifically, these agreements could add an incremental $1.2B of revenue while dropping an incremental $400M of gross profit. At full utilization, we estimate TSEM can generate revenue of $2.7B with EBITDA margins approaching 40% and net profit margins approaching 20%. This implies EBITDA greater than $1B and earnings per share of $4.50, well ahead of prior company targets. With peers like GlobalFoundries (“GFS”) currently trading at 4x EV/Revenue and 11x EV/EBITDA, we believe TSEM has material upside to its stock currently trading at about $32/share, including approximately $9/share in net cash, which could meaningfully exceed Intel’s deal price of $53/share.

QuidelOrtho (QDEL), a diagnostics healthcare company, declined -34.95% and was the fund's largest detractor in the first quarter. Heading into the company's Q4 2023 report, we felt Street expectations were appropriately low, as peers had discussed lower than expected respiratory revenues in the quarter and the company's margin guidance was understood to be lofty. Further, QDEL's CEO presented at a conference in January where he indicated that fourth quarter results were in line with expectations. Unfortunately, both the quarterly report and 2024 guidance were markedly worse. Given how close we were to the story, we were surprised by the level of margin degradation the business was experiencing and felt the company had been less than transparent when discussing their gross and EBITDA margin profile. Furthermore, we lost confidence in management's handle on the business and questioned the adequacy of their financial planning systems which seemed to have clouded their visibility into the company's operating segments post-merger with Ortho Clinical Diagnostics. Apparently, the company's board lost confidence in QDEL's leadership as well, terminating the CEO one week after the reported results. Given these events, we fully exited our position.

Shares of American Well, a digital health company better known as Amwell (AMWL), retreated -45.59% in Q1 2024 and currently trade at an all-time low, translating to an enterprise value of negative $195M. As an unprofitable digital health company with lackluster growth, the stock is squarely out of favor and will likely require proof of topline reacceleration before investors return to the name. We view our stake in Amwell as more akin to a venture capital investment. For the last three years, the company has been building and then transitioning its customers to an updated software platform with a focus on enabling comprehensive hybrid care for payors and health systems as opposed to "one and done" urgent care virtual visits. During that time, it has faced churn from customers that rushed to implement telehealth capabilities during the pandemic but who have since opted for less expensive solutions. Though the transition has been painful, the company has managed to maintain and sign on new large strategic clients including CVS, Elevance, Northwell Health, Highmark, and the UK's National Health System. Most recently, the company, together with partners, won a large RFP for the U.S. Defense Health Agency's new virtual care platform which we believe will result in a positive inflection in the company's topline and margin profile in 2025 and open future chunky opportunities for AMWL in the government sector. Additionally, as the company laps its post-pandemic churn, we expect revenues to benefit from customer additions and upsells to current clients that have migrated to the new platform. While we have been disappointed with the extended timeline of their transition and the stock's performance, we do expect the company to be able to return to growth and reach profitability. With $372M in cash on the balance sheet and no debt, we expect the company to have more than sufficient cash to reach break-even with ~$100M to spare. Finally, we view AMWL's suite of blue-chip customers as validation of the robustness of their platform and believe the company could eventually be an acquisition target for a technology company interested in expanding their healthcare presence.

The Senvest Master Fund (Senvest Partners Fund) is focused primarily on small and mid-cap companies. The fund recorded a return of 3.4% net of fees in the first quarter. With most of the long portfolio invested in small and mid-cap stocks, the fund underperformed its most relevant benchmark, the Russell 2000 for the first quarter. The fund also underperformed the S&P 500 index both for the same period but does not consider this index as a benchmark. The fund has issued an institutional share class which requires a minimum investment of $75 million US, and includes a longer duration element, which further enhances the stability of its capital base and its ability to make long-term investments to help generate returns for the benefit of all of our partners. Senvest's internal capital is subject to the same liquidity provisions of the institutional share class.

The Senvest Technology Partners Fund was initiated in 2003 to focus on investing in Israel related companies. In 2019, the Fund broadened its geographic investment mandate to focus on global technology investments. After investing in Israel-related technology for 15 years, its holdings extended across the global technology universe. The Technology Fund maintained the same investment philosophy and continued to leverage the existing diligence and understanding of global technology and end markets. This fund recorded a return of 7.7% net of fees for the first quarter (monthly results of the two funds can be found on the Company's website). As stated above both funds are consolidated into the accounts of the Company.

The Company has a portfolio of real estate investments as at December 31, 2023. One part of this amount represents investments in different US real estate income trusts (REITs) and partnerships. These REITs and partnerships are not publicly traded and there is no established market for them. The most likely scenario for a disposal of these holdings is an eventual sale of the underlying real estate properties of the REITs and partnerships and the distribution to its holders. Also, there are minority interests in private entities whose main assets are real estate properties. As described above for the REITs and partnerships, the most likely scenario for a disposal of these holdings is an eventual sale of the underlying real estate properties.

The Company also has investment properties in lands and buildings, specifically self-storage units in Madrid, Spain. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are remeasured at fair value, using the fair value model. The fair value is based on external valuations from third party valuators. Gains or losses arising from changes in fair value of investment properties are included in the Company's net income or loss. The Company has seven self-storage units in operation and another four units are at various degrees of construction.

The Company consolidates the Senvest Management LLC (SML) entity that serves as the investment manager of Senvest Partners and Senvest Technology Partners as well as the general partners of the funds. The portion of the expected residual returns of structured entities that do not belong to the Company is reflected as a non-controlling interest on the statement of financial position. This non-controlling interest is owned by an executive of the Corporation. This non-controlling interest was $19.1 million as at March 31, 2024 from $17.8 million as at December 31, 2023.

At the end of March 31, 2024, Senvest had total consolidated assets of $5,471.8 million versus $5,132.5 million at the end of 2023. Equity investments and other holdings totaled $4,765.7 million from $4,586.0 million in December 2023. The Company purchased $779.5 million of investment holdings in the period and sold $877.9 million of such holdings. The Company's liabilities increased to $3,741.9 million this year versus $3,493.8 million in 2023. The change was mainly due to an increase in due to brokers and securities sold short and derivative liabilities. The proceeds of securities sold short were $290 million and the amount of shorts covered was $220.5 million in the first quarter. Overall, the trading figures were less than the corresponding amounts for the prior year.

Functional currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of the Company is the US dollar.

Presentation currency

The Company has adopted the Canadian dollar as its presentation currency, which in the opinion of management is the most appropriate presentation currency. Historically, the Company's consolidated financial statements have been presented in Canadian dollars, and since the Company's shares are listed on a Canadian stock exchange, management believes it would better serve the use of shareholders to continue issuing consolidated financial statements in Canadian dollars. The US dollar consolidated financial statements described above are translated into the presentation currency as follows: assets and liabilities – at the closing rate at the date of the consolidated statement of financial position; and income and expenses – at the average rate for the period. All resulting changes are recognized in other comprehensive income as currency translation differences. Equity items are translated using the historical rate.

Risks

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk, currency risk and equity price risk), credit risk and liquidity risk.

The Company's overall risk management program seeks to maximize the returns derived for the level of risk to which the Company is exposed and seeks to minimize potential adverse effects on the Company's financial performance. Managing these risks is carried out by management under policies approved by the Board of Directors.

The Company uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

Market risk

Fair value and cash flow interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The majority of the Company's debt is based on floating rates which expose the Company to cash flow interest rate risk. The Company does not have a long-term stream of cash flows that it can match against this type of fixed debt, so it prefers to use short-term floating rate debt. The Company does not mitigate its exposure to interest rate fluctuation on floating rate debt. If interest rates spike, then the Company could enter into interest rate swaps or more probably just reduce its debt level. The Company has listed equity securities that it can sell to reduce its floating rate debt.

Debt securities are usually highly sensitive to interest rate changes. Theoretically, when interest rates rise, it causes the value of debt securities to decline. The opposite generally happens when interest rates fall, then debt securities usually rise in value.

Currency risks

Currency risk refers to the risk that values of monetary financial assets and liabilities denominated in foreign currencies will vary as a result of changes in underlying foreign exchange rates.

The Company is exposed to currency risk due to potential variations in currencies other than the US dollar. The following are the main currencies the Corporation is involved with other than the US dollar, the Company's functional currency: the Canadian dollar, the Euro, The British pound and the Israeli Shekel.

Equity price risk

Equity price risk is the risk that the fair value of equity investments and other holdings and equities sold short and derivatives will vary as a result of changes in the market prices of the holdings. The majority of the Company's equity investments and other holdings and all of the securities sold short and derivatives are based on quoted market prices as at the consolidated statement of financial position date. Changes in the market price of quoted securities and derivatives may be related to a change in the financial outlook of the investee entities or due to the market in general. Where non-monetary financial instruments − for example, equity securities − are traded in currencies other than the US dollar, the price, initially expressed in a foreign currency and then converted into US dollars, will also fluctuate because of changes in foreign exchange rates.

Securities sold short represent obligations of the Company to make future delivery of specific securities and create an obligation to purchase the security at market prices prevailing at the later delivery date. This creates the risk that the Company's ultimate obligation to satisfy the delivery requirements will exceed the amount of the proceeds initially received or the liability recorded in the consolidated financial statements. In addition, the Company has entered into derivative financial instruments, which have a notional value greater than their fair value, which is recorded in the consolidated financial statements. This creates a risk that the Company could settle these instruments at a value greater or less than the amount that they have been recorded in the consolidated financial statements.

The Company's equity investments and other holdings have a downside risk limited to their carrying value, while the risk of equities sold short and derivatives is open ended. The Company is subject to commercial margin requirements which act as a barrier to the open-ended risks of the securities sold short and derivatives. The Company closely monitors both its equity investments and other holdings and its equities sold short and derivatives.

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulties in meeting its financial obligations. The Company's largest assets are equity investments and other holdings. Most of these assets are made up of equities in listed companies which can be liquidated in a relatively short time. Due to its large holding of liquid assets, the Company believes that it has sufficient resources to meet its obligations as they come due. All financial liabilities other than equities sold short, derivative liabilities, mortgages, lease liabilities and liability for redeemable units as at the consolidated statement of financial position date mature or are expected to be repaid within one year. The liquidity risk related to these liabilities is managed by maintaining a portfolio of liquid investment assets.

Credit risk

Credit risk is the risk that a counterparty will fail to fulfill its obligations under a contract and will cause the Company to suffer a loss.

The Company is exposed to credit risk from cash and cash equivalents, restricted short-term investments, due from broker and debt investments. Credit risk arising from funds held at financial institutions are managed by only investing with financial institutions with a minimum A rating. The Company manages its credit risk exposure from debt securities by closely monitoring the debt issuer and the ratings issued by various bond rating agencies. All debt security investments measured at fair value through profit or loss are traded over stock exchanges therefore exiting a position with increased risk is relatively easy if the credit worthiness of an issuer falls below the Company's threshold for credit risk exposure. All non-trading convertible debt securities are convertible into equity of the issuer and are measured at fair value using independent third-party appraisals. The Company closely monitors the debt issuer in order to identify when the credit risk falls below the Company's threshold at which point the Company may exercise its option to redeem its debt holdings or dispose of it in the less liquid private markets.

Capital risk management

The Company's objective when managing its capital is to maintain a solid capital structure appropriate for the nature of its business. The Company considers its capital to be its equity. The Company manages its capital structure in light of changes in economic conditions. To maintain or adjust its capital structure, the Company initiates normal course issuer bids or adjusts the amount of dividends paid. The Company monitors capital on the basis of its net debt -to-capital ratio. Net liabilities used in the net debt-to-capital ratio is calculated by subtracting the due from broker balances from total liabilities. The net debt-to-capital ratio is as follows:

	March 31, 2024	December 31, 2023
Total net liabilities	$3,256.8	$3,147.5
Total equity	$1,729.9	$1,638.6
Net liabilities to capital ratio	1.88	1.92

The Company's objective is to maintain a debt-to-capital ratio below 3.0. The Company believes that limiting its debt-to-capital ratio in this manner is the best way to monitor risk. The Company's debt to capital ratio was at 1.88 as at March 31 2024 from 1.92 at the end of 2023. The Company does not have any externally imposed restrictive covenants or capital requirements, other than those included in the credit facility.

Investment Risk

To the extent not discussed above, the Company is subject to additional risks with respect to the investments made.

The value of the Company's portfolio may decrease as well as increase, due to a variety of factors, including general economic conditions, and market factors. Additionally, investment decisions made by the Company may not always be profitable or prove to have been correct. Investment strategies, at any given time, may incur significant losses. Losses can occur for a number of reasons, including but not limited to, an overall decline in the underlying market, a lack of liquidity in the underlying markets, excessive volatility in a particular market, government intervention or monetary and/or fiscal policies of a specific region or country. The profitability of a significant portion of the Company's investments also depends to a great extent upon the Company's ability to correctly assess the future course of the price movements of securities and other investments. There can be no assurance that the Company will be able to accurately predict these price movements.

The Company's investment strategy is speculative and involves risk. The Company trades in options and other derivatives, as well as using short sales and utilizing leverage. The portfolio may not be diversified among a wide range of issuers or industries. In addition, the Company may take concentrated positions in its high conviction ideas, invest in high yield securities or invest in foreign markets outside the US and Canada. Accordingly, the investment portfolio may be subject to more rapid change in value than would be the case if the Company were required to maintain a wide diversification in the portfolios among industries, areas, types of securities and issuers.

The Company may make investments in the securities of high growth companies. More specifically, the Company may have significant investments in smaller-to-medium sized companies with market capitalizations of less than $2 billion US. While smaller companies may have potential for rapid growth, they often involve higher risks because they lack the management experience, financial resources, product diversification, and competitive strengths of larger corporations. These factors make smaller companies far more likely than their larger counterparts to experience significant operating and financial setbacks that threaten their short-term and long-term viability. In addition, in many instances, the frequency and volume of their trading is substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations and exiting investments in such securities at appropriate prices may be difficult, or subject to substantial delay. Furthermore, some of the portfolio may be invested in technology, technology-related markets and biotech. These types of companies may allocate greater than usual amounts to research and product development. The securities of such companies may experience above-average price movements associated with the perceived prospects of success of the research and development programs. Also, these companies could be adversely affected by lack of commercial acceptance of a new product or products or by technological change and obsolescence. Some of these companies may have limited operating histories. As a result, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses.

The Company tries to manage the above risks by monitoring its leverage, actively following its investee companies and trying to react to market conditions. At the same time the Company expects its portfolio to exhibit a higher degree of volatility than portfolios that invest in larger more stable companies and that invest within more defined limits. As at March 31, 2024, approximately 87% of the Company's portfolio was invested in Level 1 securities. The Company monitors its Level 1 securities as a percentage of its total investments; however, it does not have a fixed number that this percentage cannot fall below.

Climate Change Risk

Climate change risk refers to the physical risks and transition-related risks related to the changes in climate patterns that may have a significant impact on communities and the economy. While the direct exposure of the Corporation's operations to climate change risk is relatively low, as an investor in equities and other assets, the Corporation could indirectly be impacted by this risk through its portfolio investments.

The Corporation's portfolio investments face the potential direct impact of more frequent and more intense extreme weather events, as well as the potential indirect impact of any related supply chain disruptions. The exposure of the Corporation's portfolio investments to climate change risk also arises from the movement toward a low-emission economy, which may result in increased reputational, market, regulatory, policy, legal and technology-related risks. Existing portfolio investments in carbon-intensive industries and in other markets which are dependent on such industries may be more exposed to such transitional risks as a result of significant changes in customer perceptions and preferences, the increasing cost of carbon emissions and competition from renewable energy.

Critical accounting estimates and judgments

Critical accounting estimates

The Company makes accounting estimates that are subject to measurement uncertainty because they require the use of judgement and assumptions. The Company uses judgement and assumptions in designing and selecting measurement or valuations techniques that are appropriate to the circumstances and applies inputs that correlate to the measurement or valuation technique selected. Inputs selected also require the use of judgment and assumptions.

Consolidation of entities in which the Company holds less than 50% of the voting rights.

Management considers the Company to have de facto control of Senvest Management L.L.C. (RIMA), RIMA Senvest Master Fund GP, L.L.C., and Senvest Technology Partners GP, L.L.C. three legal entities wholly owned by an executive of the Company, because of the Company's Board representation and the contractual terms of the investment advisory agreement. RIMA is the investment adviser to the Funds, whereas RIMA Senvest Master Fund GP, L.L.C. is the General Partner of Senvest Master fund LP and Senvest Technology Partners GP LLC is the General Partner of Senvest Technology Partners Master Fund LP. As compensation for its sub-advisory services, the Company is entitled to receive 60% of the net management fees through RIMA and incentive allocation earned through the General Partners each fiscal year.

Management considers that the Company has control of Senvest Master Fund LP, Senvest Technology Partners Master Fund LP and Senvest Cyprus Recovery Investment Partners LP even though the Company has less than 50% of the voting rights in each of the Funds. The Company assessed that the removal rights of non-affiliated unitholders are exercisable but not strong enough given the Company's decision-making authority over relevant activities, the remuneration to which it is entitled and its exposure to returns. The Company, through its structured entities, is the majority unitholder of each of the Funds and acts as a principal while there are no other unitholders forming a group to exercise their votes collectively.

Fair value estimates of investment properties

The Company has adopted the fair value model in measuring its investment properties. The fair value of the investment properties is performed by external independent knowledgeable valuators located in the area of the properties. Inputs used in the property valuation models are based on appropriate assumptions that reflect the type of property and location. Management reviews the assumptions made and models used to ensure they correlate with their expectation and understanding of the market. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Fair value estimates of financial instruments

The fair value of financial instruments, including real estate investments, where no active market exists or where listed prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or by using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. To the extent practical, models use only observable data; however, areas such as credit risk (both the Company's own credit risk and counterparty credit risk), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Financial instruments in Level 1

The fair value of financial assets and financial liabilities traded in active markets are based on quoted market prices at the close of trading on the year-end date . The quoted market price used for financial assets and financial liabilities held by the Company is the close price. Investments classified in Level 1 include active listed equities and derivatives traded on an exchange. The financial assets classified as Level 1 were approximately 87% of the total financial assets.

Financial instruments in Level 2

Financial instruments classified with Level 2 trade in markets that are not considered to be active but are valued based on quoted market prices, broker quotations or valuation techniques, such as financial models, that use market data. These valuation techniques maximize the use of observable market data where available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. These include corporate bonds, thinly traded listed equities and derivatives, over-the-counter derivatives and private equities.

The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each year-end date. Valuation techniques used for non-standardized financial instruments such as options and other over-the-counter derivatives include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analyses, option pricing models and other valuation techniques commonly used by market participants, making maximum use of market inputs and relying as little as possible on entity-specific inputs. The financial assets classified as Level 2 were approximately 6.5% of the total financial assets.

Financial instruments in Level 3

Investments classified in Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments consist of unlisted equity investments, debt securities and real estate investments. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value. The financial assets classified as Level 3 were approximately 6.5% of the total fair value of financial assets.

Level 3 valuations are reviewed by the Company's Chief Financial Officer (CFO), who reports directly to the Board on a quarterly basis in line with the Company's reporting dates. The Board considers the appropriateness of the valuation models and inputs used. On an annual basis, close to the year-end date, the Company obtains independent, third party appraisals to determine the fair value of the Company's most significant Level 3 holdings.

The Company's CFO reviews the results of the independent valuations. Emphasis is placed on the valuation model used to determine its appropriateness, the assumptions made to determine whether it is consistent with the nature of the investment, and market conditions and inputs such as cash flow and discount rates to determine reasonableness.

As at March 31, 2024, Level 3 instruments are in various entities and industries.

Real estate investments are made up of investments in private real estate companies, and in real estate income trusts and partnerships. The real estate companies are involved with various types of buildings in different geographical locations. For the main Level 3 instruments, the Company relied on appraisals carried out by independent third party valuators. There was no established market for any of these investments, so the most likely scenario is a disposal of the underlying assets. For the investments in real estate income trusts and partnerships, the Company relied mainly on audited financial statements, valuing the assets at fair value. The most likely scenario is an eventual sale of the underlying properties and the subsequent distribution to the holders.

Income taxes

The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the consolidated provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

QUARTERLY RESULTS

(In thousands except for earnings (loss) per share information)

Year	Total revenue and investment gains (losses)	Net income (loss)- common shareholders	Earnings (loss) per share
2024-1	164,440	52,310	21.17
2023-4	281,084	85,665	34.61
2023-3	(147,432)	(67,029)	(27.07)
2023-2	120,082	21,222	8.58
2023-1	178,571	43,750	17.66
2022-4	467,665	153,795	61.58
2022-3	(265,349)	(118,477)	(47.72)
2022-2	(956,862)	(356,091)	(142.71)

Liability for redeemable units

Liability for redeemable units represents the units in Senvest Master Fund, L.P., Senvest Technology Partners Master Fund, L.P. and Senvest Cyprus Recovery Investment Partners, L.P. Fund (collectively the Funds or individually a Fund) that are not owned by the Company. Senvest Master Fund, L.P. and Senvest Technology Partners Master Fund, L.P. units may be redeemed as of the end of any calendar quarter, however for a particular class (the institutional class) there is a maximum quarterly redemption of 17% of the investor units and a maximum annual redemption of 34% of the investor units. The parent company, Senvest Capital, who is an investor in these funds has agreed to be bound by the terms of the institutional class. Redemptions made within the first 24 months will be subject to a redemption fee of 3% to 5% which is payable to Senvest Master Fund, L.P. and Senvest Technology Partners Master Fund, L.P. In addition, there are notice periods of 60 days that must be given prior to any redemption. Senvest Cyprus Recovery Investment Partners, L.P. Fund has units that can be redeemed semi-annually with a 120 day notice. These units are recognized initially at fair value, net of any transaction costs incurred, and subsequently units are measured at the redemption amount.

Redeemable units are issued and redeemed at the holder's option at prices based on each Fund's net asset value per unit at the time of subscription or redemption. Each Fund's net asset value per unit is calculated by dividing the net assets attributable to the holders of each class of redeemable units by the total number of outstanding redeemable units for each respective class. In accordance with the provisions of the Funds' offering documents, investment positions are valued at the close price for the purpose of determining the net asset value per unit for subscriptions and redemptions.

The Company has had wide swings in profitability from quarter to quarter in the past two years, as seen above. The profit has fluctuated a significant amount quarter to quarter. These wide swings are primarily due to the large quarterly mark to market adjustments in the Company's portfolio of public holdings. However, we expect the volatility and choppiness of the markets to result in wide profit swings from year to year and from quarter to quarter. Reference is made to the section on Investment risk above.

The Company maintains accounts with several major financial institutions in the U.S. who function as the Company's main prime brokers. The Company has assets with the prime brokers pledged as collateral for leverage. Although the prime brokers are large financial institutions, there is no guarantee that any financial institution will not become insolvent. In addition, there may be practical or time problems associated with enforcing the Company's rights to its assets in the case of such insolvency.

While both the U.S. Bankruptcy Code and the Securities Investor Protection Act seek to protect customer property in the event of a failure, insolvency or liquidation of a broker dealer, there is no certainty that, in the event of a failure of a broker dealer that has custody of the Company's assets, the Company would not incur losses due to its assets being unavailable for a period of time, ultimately less than full recovery of its assets, or both. As a significant majority of the Company's assets are in custody with three prime brokers, such losses could be significant.

On August 16, 2023, Senvest commenced a new normal course issuer bid to purchase a maximum of 100,000 of its own common shares until August 15, 2024. There have been 5,900 shares repurchased under this bid. The number of common shares outstanding as at March 31, 2024 was 2,468,824 and as at May 8, 2024 was 2,468,824. There were no stock options outstanding as at March 31, 2024 and none have been issued since 2005.

The Company has financing with a bank, composed of a credit facility and a guarantee facility. A first ranking movable hypothec in the amount of $30 million on all of its assets has been granted as collateral for both of the facilities. According to the terms of the facilities, the Company is required to comply with certain financial covenants. During the year, the Company met the requirements of all the covenants. The Company also has margin facilities with brokers.

Related party transactions

The Company consolidates the Senvest Management LLC entity that serves as the investment manager of Senvest Partners and Senvest Technology Partners as well as the general partners of the funds. The portion of the expected residual returns of structured entities that do not belong to the Company is reflected as a non-controlling interest on the consolidated statement of financial position. This non-controlling interest is owned by an executive of the Company and was $19.1 million as at March 31, 2024 from $17.8 million on December 31, 2023.

Significant Equity Investments

For information on a summary of financial information from certain significant investees please refer to the 2023 audited consolidated financial statements. The accounts of Senvest Partners, Senvest Technology Partners and Senvest Cyprus Recovery Investment Fund are consolidated with the Company's accounts.

Securities and Exchange Commission (SEC)

As discussed in the Wall Street Journal on April 3 2024 "The U.S. securities regulator over the past few years has ramped up its enforcement against Wall Street firms' use of forbidden messaging apps to do business. Regulators say the use of apps such as WhatsApp and iMessage to talk business undermines their ability to get the records they need for oversight.

The SEC since December 2021 has filed charges against 60 firms and imposed more than $1.7 billion in fines for failing to maintain and preserve electronic communication. The enforcement initiative has expanded in recent months to include investment advisers and credit-rating firms. The SEC considers the size of the firm to ensure that the penalties serve as an adequate deterrent against future violations and that it uses previous settlement orders as a guide. The regulator also weighs the scope of the violations, such as the number of individuals that communicated using forbidden messaging apps, as well as a firm's compliance efforts to prevent off-channel communications, including the timely adoption of technological solutions."

On the same date April 3, 2024 it was announced that Senvest Management LLC had entered into a settlement with the SEC regarding certain recordkeeping and other violations under the Investment Advisers Act. Specifically, the SEC's findings include that certain employees communicated about business on unapproved electronic communication platforms and that certain employees did not properly obtain pre-clearance for specific securities transactions in their personal accounts. This settlement is substantially similar to several other recordkeeping settlements previously announced by the SEC, and many others expected to be announced. Notably, there were no findings related to the investment or research process.

The settlement includes a monetary payment of $6.5 million (US) and the retainer of a compliance consultant. All costs will be borne internally and not charged to the funds nor any external investors.

The investment manager has taken a number of remedial actions to address the SEC's findings, even before the settlement was finalized. For example, employees are now required to use firm-issued cell phones that automatically archive communications across all available messaging platforms. The manager has also imposed additional limitations on personal trading permitted by employees.

FORWARD LOOKING STATEMENTS

This MD&A contains "forward looking statements" which reflect the current expectations of management regarding our future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "may", "would", "could", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate", "aim", "endeavour", "likely", "think" and similar expressions have been used to identify these forward looking statements. These statements reflect our current beliefs with respect to future events and are based on information currently available to us. Forward looking statements involve significant known and unknown risks, uncertainties and assumptions. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward looking statements including, without limitation, those Risk Factors listed in the Company's annual information form. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward looking statements contained in this MD&A. These forward looking statements are made as of May 10, 2024 and will not be updated or revised except as required by applicable securities law.

OTHER FINANCIAL INFORMATION

There is additional financial information about the Company on Sedar at http://www.sedarplus.ca/ the Company's website at www.senvest.com, as well the Company's or Senvest Management's U.S. SEC section 13 and other filings on www.sec.gov.

INTERNAL CONTROLS

There have been no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2024, that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

(Signed)

Victor Mashaal
Chairman of the Board and President

May 10, 2024

(Management Discussion and Analysis ("MD&A") provides a review of Senvest Capital Inc.'s operations, performance and financial condition for the periodr ended March 31, 2024, and should be read in conjunction with the 2023 annual filings. Readers are also requested to visit the SEDAR+ website at www.sedarplus.ca for additional information. This MD&A also contains certain forward-looking statements with respect to the Corporation. These forward-looking statements, by their nature necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by these forward-looking statements. We consider the assumptions on which these forward-looking statements are based to be reasonable, but caution the reader that these assumptions regarding future events, many of which are beyond our control may ultimately prove to be incorrect.

Senvest Capital Inc.

Interim Consolidated Statements of Financial Position

(Unaudited)

(in thousands of Canadian dollars)

	Note	As at March 31, 2024 $	As at December 31, 2023 $
Assets			
Cash and cash equivalents		50,876	33,011
Restricted short-term investments		477	477
Due from brokers		485,111	346,315
Equity investments and other holdings	5	4,765,681	4,585,964
Investments in associates		19,177	20,383
Real estate investments		43,182	44,172
Investment properties		65,142	63,095
Income taxes receivable		20,013	19,928
Other assets		22,149	19,117
Total assets		5,471,808	5,132,462
Liabilities			
Bank advances		420	349
Trade and other payables		34,179	22,359
Due to brokers		940,356	878,750
Securities sold short and derivative liabilities	5	593,146	502,965
Redemptions payable		32,165	72,332
Income tax payable		282	386
Deferred income tax liabilities		104,382	89,492
Liability for redeemable units		2,036,993	1,927,203
Total liabilities		3,741,923	3,493,836
Equity			
Equity attributable to common shareholders			
Share capital		20,580	20,605
Accumulated other comprehensive income		236,000	197,312
Retained earnings		1,454,227	1,402,922
Total equity attributable to common shareholders		1,710,807	1,620,839
Non-controlling interests		19,078	17,787
Total equity		1,729,885	1,638,626
Total liabilities and equity		5,471,808	5,132,462

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

Approved by the Board of Directors

_______________________ Director _______________________ Director

Senvest Capital Inc.

Interim Consolidated Statements of Income

(Unaudited) For the three-months ended March 31, 2024 and 2023

(in thousands of Canadian dollars, except per share data)

	2024 $	2023 $
Revenue		
Interest income	14,099	18,140
Dividend income	17,329	24,035
Other income	2,120	1,952
	33,548	44,127
Investment gains		
Net change in fair value of equity investments and other holdings	134,783	143,518
Dividend expense on securities sold short	(954)	(5,053)
Net change in fair value of real estate investments	(2,480)	(2,270)
Share of loss of associates	(906)	(1,900)
Foreign exchange gain	449	329
	130,892	134,624
Total revenue and net investment gains	164,440	178,571
Operating costs and other expenses		
Employee benefit expense	11,060	11,302
Interest expense	21,765	25,681
Transaction costs	2,469	3,924
Other operating expenses	5,529	6,977
	40,823	47,884
Change in redemption amount of redeemable units	55,130	75,815
Income before income tax	68,487	55,052
Income tax expense	15,326	10,484
Net income for the period	53,161	44,568
Net income attributable to:		
Common shareholders	52,310	43,750
Non-controlling interests	851	818
Earnings per share attributable common shareholders		
Basic and Diluted	21.17	17.66

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

Senvest Capital Inc.

Interim Consolidated Statements of Comprehensive Income

(Unaudited) For the three-months ended March 31, 2024 and 2023

(in thousands of Canadian dollars)

	2024 $	2023 $
Net income for the period	53,161	44,568
Other comprehensive income (loss)		
Currency translation differences	39,128	(556)
Comprehensive income for the period	92,289	44,012
Comprehensive income attributable to:		
Common shareholders	90,998	43,208
Non-controlling interests	1,291	804

Other comprehensive income (loss) includes currency translation differences arising from the Company's interest in foreign entities. Accumulated other comprehensive income (loss) arising from currency translation differences arising from the Company's interest in foreign entities will be reclassified to profit and loss upon the disposal of such entities. Currency translation differences arising from the translation of the parent company's consolidated financial statements' translation to the presentation currency will not be subsequently reclassified to profit and loss.

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

Senvest Capital Inc.

Interim Consolidated Statements of Changes in Equity

(Unaudited) For the three-months ended March 31, 2024 and 2023

(in thousands of Canadian dollars)

	Attributable to common shareholders					
	Share capital $	**Accumulated other comprehensive income $**	**Retained earnings $**	**Total $**	**Non-controlling interests $**	**Total equity $**
Balance – December 31, 2022	20,657	234,254	1,321,347	1,576,258	17,513	1,593,771
Net income for the period	-	-	43,750	43,750	818	44,568
Other comprehensive loss	-	(543)	-	(543)	(14)	(557)
Comprehensive income (loss) for the period	-	(543)	43,750	43,207	804	44,011
Repurchase of common shares	(25)	-	(1,006)	(1,031)	-	(1,031)
Balance – March 31, 2023	20,632	233,711	1,364,091	1,618,434	18,317	1,636,751
Balance – December 31, 2023	20,605	197,312	1,402,922	1,620,839	17,787	1,638,626
Net income for the period			52,309	52,309	851	53,160
Other comprehensive income		38,688		38,688	440	39,128
Comprehensive income for the period		38,688	52,309	90,997	1,291	92,288
Repurchase of common shares	(26)		(1,004)	(1,030)		(1,030)
Balance – March 31, 2024	20,579	236,000	1,454,227	1,710,806	19,078	1,729,884

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

Senvest Capital Inc.

Interim Consolidated Statements of Cash Flows

(Unaudited) For the three-months ended March 31, 2024 and 2023

(in thousands of Canadian dollars)

	Note	2024 $	2023 $
Cash flows provided by (used in)			
Operating activities			
Net income for the period		53,161	44,568
Adjustments for non-cash items	6a	(63,362)	(64,055)
Purchase of equity investments and other holdings held for trading		(779,478)	(803,963)
Purchase of securities sold short and derivative liabilities		(220,537)	(1,273,754)
Proceeds on sale of equity investments and other holdings held for trading		877,934	1,259,809
Proceeds from securities sold short and derivative liabilities		290,058	1,091,485
Dividends and distributions from real estate investments		122	126
Changes in working capital items	6b	(80,623)	(223,680)
Net cash provided in operating activities		77,275	30,356
Investing activities			
Purchase of real estate investments		(540)	(411)
Purchase of investment properties		(1,894)	(309)
Purchase of equity investments and other holdings as fair value through profit or loss		(3,012)	(2,618)
Proceeds on sale of equity investments and other holdings as fair value through profit or loss		2,012	56
Proceeds from investments in associates		791	-
Net cash used in investing activities		(2,643)	(3,282)
Financing activities			
Increase (decrease) in bank advances		71	846
Payment of operating lease liability		(318)	(319)
Repurchase of common shares		(1,030)	(1,031)
Proceeds from issuance of redeemable units		20,774	5,342
Amounts paid on redemption of redeemable units		(77,117)	(33,959)
Net cash used in financing activities		(57,620)	(29,121)
Increase (decrease) in cash and cash equivalents		17,012	(1,867)
Effect of changes in foreign exchange rates on cash and cash equivalents		853	2,764
Cash and cash equivalents – Beginning of period		33,011	39,812
Cash and cash equivalents – End of period		50,876	40,709
Amounts of cash flows classified within operating activities:			
Cash paid for interest		21,344	26,219
Cash paid for dividends on equities sold short		847	5,886
Cash received on interest		13,261	16,459
Cash received on dividends		14,855	24,970
Cash paid for income taxes		2,677	5,138

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

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

1 General information

Senvest Capital Inc. (the "Company") was incorporated under Part I of the Canada Corporations Act on November 20, 1968 under the name Sensormatic Electronics Canada Limited and was continued under the Canada Business Corporations Act under the same name effective July 23, 1979. On April 21, 1991, the Company changed its name to Senvest Capital Inc. The Company and its subsidiaries hold investments in equity and real estate holdings that are located predominantly in the United States. The Company's head office and principal place of business is located at 1000 Sherbrooke Street West, Suite 2400, Montréal, Quebec H3A 3G4. The Company's shares are traded on the Toronto Stock Exchange under the symbol "SEC".

2 Summary of significant accounting policies

Basis of preparation

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards)

The Board of Directors (Board) approved these consolidated financial statements for issue on May 10, 2024.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities at fair value through profit or loss (FVTPL), including derivative instruments, and investment properties which have been measured at fair value.

Consolidation

Subsidiaries

The financial statements of the Company consolidate the accounts of the Company, its subsidiaries, and its structured entities. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Where applicable, amounts reported by subsidiaries, associates and structured entities have been adjusted to conform with the Company's accounting policies.

Investments in associates

Investments in associates held by the Company's investment entities are included in the Company's consolidated financial statements as financial assets at FVTPL. The accounting policies applied to these investments in associates are similar to those applied to the Company's other financial assets at FVTPL and are disclosed in the accounting policy notes discussing the classification and measurement of financial assets and liabilities.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Investment in associates that are not held by the Company's investment entities are included in the Company's consolidated financial statements using the equity method.

Equity method

Participations in associates are initially recorded at cost plus transaction costs. Subsequent to the acquisition date, the Company's share of profits or losses of associates is recognized in the consolidated statements of income (loss). The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Dilution gains and losses arising from changes in interests in investments in associates are recognized in the consolidated statements of income (loss).

The Company assesses at each year-end whether there is any objective evidence that its interests in associates are impaired. If impaired, the carrying value of the Company's share of the underlying assets of associates is written down to its estimated recoverable amount (being the higher of fair value less cost to sell and value in use) and charged to the consolidated statement of income (loss). In accordance with IAS 36 *Impairment of Assets*, impairment losses are reversed in subsequent years if the recoverable amount of the investment subsequently increases, and the increase can be related objectively to an event occurring after the impairment was recognized.

Liability for redeemable units

Liability for redeemable units represents the units in Senvest Master Fund, L.P., Senvest Technology Partners Master Fund, L.P. and Senvest Cyprus Recovery Investment Partners, L.P. Fund (collectively the "Funds" or individually a "Fund") that are not owned by the Company. Senvest Master Fund, L.P. and Senvest Technology Partners Master Fund, L.P. units may be redeemed as of the end of any calendar quarter subject to the required notice of redemption period, maximum quarterly amounts and redemption fees. Senvest Cyprus Recovery Investment Partners, L.P. Fund has units that can be redeemed semi-annually with a 120 day notice. These units are recognized initially at fair value, net of any transaction costs incurred, and subsequently units are measured at the redemption amount.

Redeemable units are issued and redeemed at the holder's option at prices based on each Fund's net asset value per unit at the time of subscription or redemption. Each Fund's net asset value per unit is calculated by dividing the net assets attributable to the holders of each class of redeemable units by the total number of outstanding redeemable units for each respective class. In accordance with the provisions of the Funds' offering documents, investment positions are valued at the close price for the purpose of determining the net asset value per unit for subscriptions and redemptions.

Non-controlling interests

Non-controlling interests represent equity interests in the consolidated structured entities owned by outside parties. The share of net assets of the structured entity attributable to non-controlling interests is presented as a

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

component of equity. Their share of net income (loss) and comprehensive income (loss) is recognized directly in equity. Changes in the Company's ownership interest in the structured entity that do not result in a loss of control are accounted for as equity transactions.

Foreign currency translation

Functional currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of the Company is the US dollar.

Transactions and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognized in the consolidated statement of income (loss).

Consolidation and foreign operations

The financial statements of a subsidiary or a structured entity that has a functional currency different from that of the parent company are translated into US dollars as follows: assets and liabilities – at the closing rate at the date of the consolidated statement of financial position; and income and expenses – at the average rate for the period (as this is considered a reasonable approximation of actual rates). All resulting changes are recognized in other comprehensive income (loss) as currency translation differences.

If the Company disposes its interest in a foreign operation or loses control or significant influence over a foreign operation, the foreign exchange gains or losses accumulated in other comprehensive income related to the foreign operation would be recognized in net income (loss). If the Company disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign exchange gains or losses accumulated in other comprehensive income (loss) related to the subsidiary would be reallocated between controlling and non-controlling interests.

Presentation currency

The Company has adopted the Canadian dollar as its presentation currency, which in the opinion of management is the most appropriate presentation currency. Historically, the Company's consolidated financial statements have been presented in Canadian dollars, and since the Company's shares are listed on a Canadian stock exchange, management believes it would better serve the use of shareholders to continue issuing consolidated financial statements in Canadian dollars. The US dollar consolidated financial statements described above are translated into the presentation currency as follows: assets and liabilities – at the closing rate at the date of the consolidated statement of financial position; and income and expenses – at the average rate for the period. All resulting changes are recognized in other comprehensive income as currency translation differences. Equity items are translated using the historical rate.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

Financial assets and liabilities

Recognition, derecognition and offsetting

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and financial liabilities are recognized on the trade date, the date on which the Company commits to purchase or sell the investment.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable and unconditional right to offset the recognized amounts and when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Classification and measurement

The classification of financial assets is based on the Company's business model and the financial asset's contractual cash flow characteristics. Business models are reassessed periodically, and contractual cash flows characteristics are assessed to determine whether they are "Solely payments of principal and interest" (SPPI).

The Company assesses its business models individually at the level of the subsidiaries and the associated companies. Information that is considered in determining the business models includes policies and objectives for the financial instrument held in each entity, how risk and performance is measured at the entity level and reported to management and expected future events for the financial instrument with respect to valuation, holding period and selling. All of the group entities' financial assets are managed on a fair value basis with the exception of bank balances and short-term trade receivables. The Company does not hold any long-term financial assets with the intent of solely collecting payments of principal and interest or collecting such payments and selling the assets.

Financial assets, including hybrid contracts, are classified as either amortized cost or the residual classification of FVTPL.

Financial assets with cash flows that are SPPI and are held within a business model where the objective is to hold the financial assets in order to collect contractual cash flows ("Hold to collect" business model) are measured at amortized cost.

Financial assets with cash flows that are SPPI but are not held within the "Hold to collect" business model are measured at FVTPL.

Financial assets with cash flows that do not meet the SPPI conditions are measured at FVTPL.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Financial assets held for trading are classified as FVTPL.

Financial liabilities are measured at amortized cost unless they must be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company elects to measure them at FVTPL. The Company has not made such elections.

Financial assets at FVTPL

i) Financial assets and financial liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition it is part of a portfolio of identifiable financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

The Company makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions.

From time to time, the Company enters into derivative financial instruments for speculative purposes. Derivatives are also classified as held for trading. The Company does not classify any derivatives as hedges in a hedging relationship.

ii) Financial assets managed as fair value through profit or loss

Financial assets managed as fair value through profit or loss are financial instruments that are not classified as held for trading but form part of a portfolio that is managed and whose performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy.

The Company's policy requires management to evaluate the information about these financial assets and financial liabilities on a fair value basis together with other related financial information.

Recognition, derecognition and measurement

Financial assets and financial liabilities at FVTPL are initially recognized at fair value. Transaction costs are expensed as incurred in the consolidated statement of income (loss).

Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value which approximates the amount that would be received or paid if the derivative were to be transferred to a market participant at the consolidated statement of financial position date.

Gains and losses arising from changes in the fair value of financial assets or financial liabilities at FVTPL are presented in the consolidated statement of income (loss) in net change in fair value of equity investments and other holdings or net change in fair value of real estate investments in the period in which they arise.

The fair value is included in equity investments and other holdings if in an asset position or equities sold short and derivative liabilities if in a liability position.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated statement of income (loss) as dividend income when the Company's right to receive payment is established. Interest on debt securities at fair value through profit or loss is recognized in the consolidated statement of income (loss) in interest income based on the contractual rate on an accrual basis. Dividend expense from equities sold short is recognized in the consolidated statement of income (loss) as dividend expense on equities sold short.

Financial assets at amortized cost

Classification

Financial assets at amortized cost are non-derivative financial assets with cash flows that are SPPI and that are managed under a "hold to collect" business model.

The Company's financial assets at amortized cost consist of cash and cash equivalents, due from brokers, as well as loans to employees and restricted short-term investment, which are included in other assets.

Recognition and measurement

At initial recognition, the Company measures its financial assets at its fair value plus transactions costs incurred. The amortized cost is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and adjusted for any loss allowance.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets.

Impairment

Substantially all of the Company's financial assets at amortized cost are short-term assets and due by counterparties with low credit risk. The Company monitors its financial assets measured at amortized cost and counterparty risk.

Financial liabilities at amortized cost

Classification

The Company's financial liabilities at amortized cost are non-derivative liabilities that comprise bank advances, trade and other payables, due to brokers, redemptions payable, subscriptions received in advance and liability for redeemable units.

Recognition and measurement

Trade and other payables are initially recognized at fair value. Subsequently, trade and other payables are measured at amortized cost using the effective interest method. Bank advances, due to brokers, redemptions payable and subscriptions received in advance are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Due from and to brokers

Amounts due from and to brokers represent positive and negative cash balances or margin accounts, and pending trades on the purchase or sale of securities.

Where terms in the prime brokerage agreements permit the prime broker to settle margin balances with cash accounts or collateral, the due from brokers cash balances are offset against the due to brokers margin balances at each prime broker.

Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation and are not occupied by the Company. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Changes in fair values are recognized in the consolidated statement of income (loss) as part of net change in fair value of investment properties in the period in which they arise.

Income tax

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of income except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the consolidated statement of financial position date and will apply when it is expected that the related deferred income tax asset will be realized or the deferred income tax liability settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be used.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new common shares or options are recorded in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share is calculated by dividing the net income for the year attributable to equity owners of the parent by the weighted average number of common shares outstanding during the year.

Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potentially dilutive instruments. The Company currently does not have any dilutive instruments.

Accounting standards and amendments issued but not yet adopted.

The IASB has issued a new standard and various amendments to existing standards that are not mandatory for the March 31, 2024, reporting period and which were not early adopted by the Company. Neither the new standard nor the amendments are relevant to the Company's current activities and transactions.

3 Critical accounting estimates and judgments

Critical accounting estimates

The Company makes accounting estimates that are subject to measurement uncertainty because they require the use of judgement and assumptions. The Company uses judgement and assumptions in designing and selecting measurement or valuations techniques that are appropriate to the circumstances and applies inputs that correlate to the measurement or valuation technique selected. Inputs selected also require the use of judgment and assumptions.

Fair value of financial instruments

The fair value of financial instruments, including real estate investments, where no active market exists or where listed prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or by using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. To the extent practical, models use only observable data; however, areas such as credit risk (both the Company's own credit risk and counterparty credit risk), volatilities and correlations require management to make estimates.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Fair value of investment properties

The Company has adopted the fair value model in measuring its investment properties. The fair value of the investment properties is performed by external independent knowledgeable valuators located in the area of the properties. Inputs used in the property valuation models are based on appropriate assumptions that reflect the type of property and location. Management reviews the assumptions made and models used to ensure they correlate with their expectation and understanding of the market.

Changes in assumptions about these factors could affect the reported fair value of investment properties.

Income taxes

The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the consolidated provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

Critical accounting judgments

Consolidation of entities in which the Company holds less than 50% of the voting rights

Management considers the Company to have de facto control of Senvest Management L.L.C. (RIMA), RIMA Senvest Master Fund GP, L.L.C., and Senvest Technology Partners GP, L.L.C. three legal entities wholly owned by an executive of the Company, because of the Company's Board representation and the contractual terms of the investment advisory agreement. RIMA is the investment adviser to the Funds, whereas RIMA Senvest Master Fund GP, L.L.C. is the General Partner of Senvest Master fund LP and Senvest Technology Partners GP LLC is the General Partner of Senvest Technology Partners Master Fund LP. As compensation for its sub-advisory services, the Company is entitled to receive 60% of the net management fees through RIMA and incentive allocation earned through the General Partners each fiscal year.

Management considers the Company to have control of Senvest Master Fund, L.P., Senvest Technology Partners, Master Fund L.P. and Senvest Cyprus Recovery Investment Fund, L.P. even though the Company has less than 50% of the voting rights in each of the Funds. The Company assessed that the removal rights of non-affiliated unitholders are exercisable but not strong enough given the Company's decision-making authority over relevant activities, the remuneration to which it is entitled and its exposure to returns. The Company, through its structured entities, is the majority unitholder of each of the Funds and acts as a principal while there are no other unitholders forming a group to exercise their votes collectively.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

4 Fair value measurement of financial instruments

Fair value estimation

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 – Inputs that are not based on observable market data

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgment by the company. The company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

The following tables analyze within the fair value hierarchy the company's financial assets and financial liabilities measured at fair value as at March 31, 2024 and December 31, 2023.

				As at March 31, 2024
	Level 1 $	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Financial assets at fair value through profit or loss				
Held for trading				
Equity securities	4,193,935	42,101	-	4,236,036
Debt securities	-	23,208	-	23,208
Derivative financial assets		182,987	-	182,987
Other				
Equity securities	4,795	50,855	217,189	272,839
Debt securities			50,611	50,611
Derivatives	-	-	-	-
Real estate investments			43,182	43,182
	4,198,730	299,151	310,982	4,808,863
Liabilities				
Financial liabilities				
Held for trading				
Equity holdings sold short	(532,097)		-	(532,097)
Derivatives		(61,049)	-	(61,049)
	(532,097)	(61,049)	-	(593,146)

				As at December 31, 2023
	Level 1 $	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Financial assets at fair value through profit or loss				
Held for trading				
Equity securities	4,071,844	25,957	-	4,097,801
Debt securities	-	22,445	-	22,445
Derivative financial assets	-	165,738	-	165,738
Other				
Equity securities	4,447	39,841	208,878	253,167
Debt securities	-	-	46,813	46,813
Derivatives	-	-	-	-
Real estate investments	-	-	44,172	44,172
	4,076,291	253,981	299,863	4,630,136
Liabilities				
Financial liabilities				
Held for trading				
Equity holdings sold short	(445,658)	-	-	(445,658)
Derivatives	-	(57,307)	-	(57,307)
	(445,658)	(57,307)	-	(502,965)

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Financial instruments in Level 1

The fair value of financial assets and financial liabilities traded in active markets are based on quoted market prices at the close of trading on the year-end date. The quoted market price used for financial assets and financial liabilities held by the Company is the close price. Investments classified in Level 1 include active listed equities and derivatives traded on an exchange.

Financial instruments in Level 2

Financial instruments classified with Level 2 trade in markets that are not considered to be active but are valued based on quoted market prices, broker quotations or valuation techniques such as financial models that use market data. These valuation techniques maximize the use of observable market data where available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. These include corporate bonds, thinly traded listed equities and derivatives, over-the-counter derivatives and private equities.

The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each year-end date. Valuation techniques used for non-standardized financial instruments such as options and other over-the-counter derivatives include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analyses, option-pricing models and other valuation techniques commonly used by market participants, making maximum use of market inputs and relying as little as possible on entity-specific inputs:

Description	**Valuation technique**
Equity securities	Quoted market prices or broker quotes for similar instruments
Private equities	Valuation techniques or net asset value based on observable inputs
Debt securities	Quoted market prices or broker quotes for similar instruments
Derivatives	Quoted market prices or broker quotes for similar instruments

Financial instruments in Level 3

Investments classified in Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments consist of unlisted equity investments, debt securities and real estate investments. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value.

Level 3 valuations are reviewed by the Company's chief financial officer (CFO), who reports directly to the Board on a quarterly basis in line with the Company's reporting dates. The Board considers the appropriateness of the valuation models and inputs used. On an annual basis, close to the year-end date, the Company obtains independent, third party appraisals to determine the fair value of the Company's most significant Level 3 holdings. The Company's CFO reviews the results of the independent valuations. Emphasis is placed on the valuation model used to determine its appropriateness, the assumptions made to determine whether it is consistent with the nature of the investment, and market conditions and inputs such as cash flow and discount rates to determine reasonableness.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

As at March 31, 2024 and December 31, 2023, Level 3 instruments are in various entities and industries.

Real estate investments comprising investments in private real estate companies and in real estate income trusts and partnerships. The real estate companies are involved with various types of buildings in different geographical locations. For the main Level 3 instruments, the Company relied on appraisals carried out by independent third party valuators. There was no established market for any of these investments, so the most likely scenario is a disposal of the underlying assets. For the investments in real estate income trusts and partnerships, the Company relied mainly on audited financial statements, valuing the assets at fair value. The most likely scenario is an eventual sale of the underlying properties and the subsequent distribution to the holders.

5 Equity investments and other holdings, securities sold short and derivative liabilities

Equity investments and other holdings

	As at March 31, 2024 $	As at December 31, 2023 $
Assets		
Financial assets at fair value through profit or loss		
Held for trading		
Equity securities	4,236,036	4,097,801
Debt securities	23,208	22,445
Derivative financial assets	182,987	165,738
	4,442,231	4,285,984
Financial assets at fair value through profit or loss		
Other		
Equity securities	272,839	253,167
Debt securities	50,611	46,813
Derivative	-	-
	4,765,681	4,585,964
Current portion	4,442,231	4,285,984
Non-current portion	323,450	299,980

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Securities sold short and derivative liabilities

	As at March 31, 2024 $	As at December 31, 2023 $
Liabilities		
Financial liabilities		
Held for trading		
Securities sold short		
Listed equity securities	532,097	445,658
Derivative financial liabilities	61,049	57,307
	593,146	502,965

6 Supplementary information to consolidated statements of cash flows

(a) Adjustments of items not affecting cash and cash equivalents are as follows:

	2024 $	2023 $
Net change in fair value of equity investments and other holdings	(134,783)	(143,517)
Net change in fair value of real estate investments	2,480	2,270
Share of loss of associates, adjusted for distributions received	906	1,900
Amortization and depreciation	267	226
Change in redemption amount of redeemable units	55,130	75,815
Deferred income tax	12,638	(749)
	(63,362)	(64,055)

(b) Changes in working capital items are as follows:

	2024 $	2023 $
Decrease (increase) in		
Due from brokers	(129,696)	(56,951)
Income taxes receivable	401	5,608
Other assets	(2,744)	(263)
Increase (decrease) in		
Trade and other payables	11,914	685
Due to Brokers	39,889	(172,426)
Income taxes payable	(387)	(333)
	(80,623)	(223,680)