SENVEST

Annual Report

2022

SELECTED FINANCIAL DATA

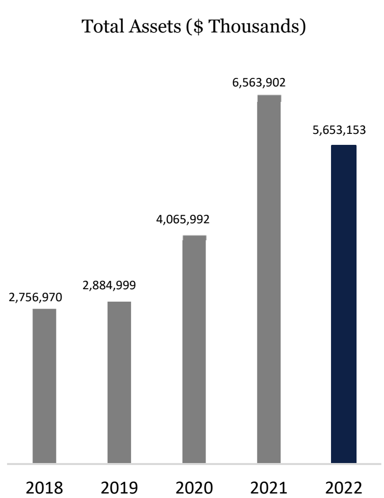
(In thousands, except per share amounts)
(years ended December 31)

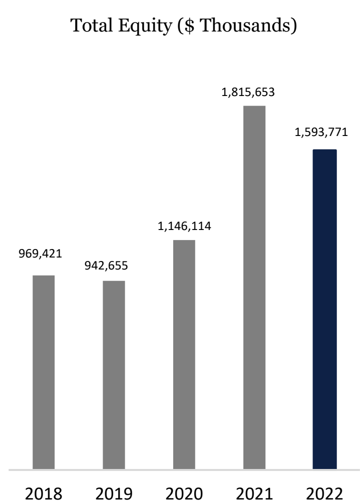
	2022 $	2021 $	2020 $	2019 $	2018 $
SUMMARY OF OPERATIONS					
Total revenues and investment gains (loss)	(730,345)	2,482,176	739,405	426,150	(316,619)
Net income (loss) attributable to common shareholders	(326,083)	732,988	211,717	104,794	(140,086)
Diluted earnings (loss) per share	(130.98)	289.32	80.66	39.16	(51.72)
FINANCIAL DATA					
Total assets	5,653,153	6,563,902	4,065,992	2,884,999	2,756,970
Total equity	1,593,771	1,815,653	1,146,114	942,655	969,421

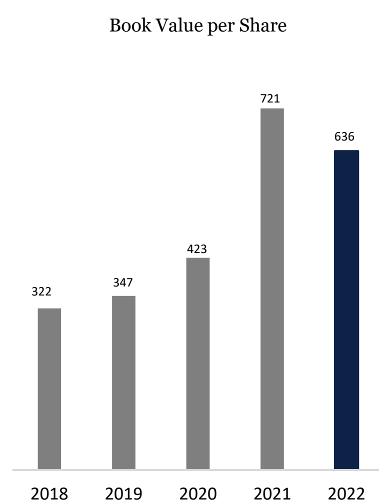
COMMON STOCK INFORMATION

The company's common shares are listed on the Toronto Stock Exchange under the symbol SEC.

	2022 $		2021 $	
FISCAL QUARTER	High	Low	High	Low
First	415.00	361.00	317.00	174.00
Second	404.00	340.00	388.88	308.00
Third	362.08	306.25	400.00	370.00
Fourth	344.99	279.00	415.00	359.00







OVERALL PERFORMANCE

Senvest Capital ("Senvest" or the "Company") recorded a net loss attributable to common shareholders of ($326.1) million or ($130.98) per basic and diluted common share for the year ended December 31, 2022. This compares to a net income attributable to common shareholders of $733.0 million or $289.32 per basic and diluted common share for the 2021 year. For the current year, the US dollar strengthened against the Canadian dollar and the result was a currency translation gain of about $106.7 million. This amount is not reported in the Company's statement of income (loss) rather it's reflected in its statement of comprehensive income. As a result, the comprehensive income (loss) attributable to common shareholders was ($219.4) million for the year.

The Company's income (loss) 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 ($810) million in the year versus $2,423.8 million in 2021. 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. A more detailed discussion of the net change in fair value from equity investments can be found in the year end investment letters for each of the two funds which are disclosed near the end of this letter.

Financial markets continued their tremendous volatility in the fourth quarter as widespread inflation plus the rapid tightening imposed by central banks all over the world weighed on all the indices. Investors continued to focus on the aggressive interest rate hikes and an end to the extended period of tapering by central banks. US stocks suffered their worst annual performance since 2008. The small cap Russell 2000 was down 21.6% for the year while the S&P 500 and the NASDAQ were down 19.4% and 33.1% respectively.

On a consolidated basis across the different funds, the largest holdings as at December 31, 2022 were Paramount Resources (POU), Capri Holdings (CPRI), Marriot Vacations (VAC), Tower Semiconductors (TSEM), QuidelOrtho (QDEL), Ebay (EBAY) and SolarEdge Technologies Inc.

The Senvest Master Fund (Senvest Partners Fund) is focused primarily on small and mid-cap companies. The fund recorded a return of 16.8% net of fees in the fourth quarter and a return of (19.8%) for the year. With most of the long portfolio invested in small and mid-cap stocks, the fund outperformed its most relevant benchmark, the Russell 2000 both for the quarter and for the year. The fund also outperformed the S&P 500 index for the quarter and was roughly even with it for the year, even though it 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. Due to the positive performance of this fund in 2020 and 2021 there have been significant redemptions over the last two years as certain investors looked to "cash in" some of their gains.

The Senvest Technology Partners Fund (prior name Senvest Israel Partners) was initiated in 2003 to focus on investing in Israel related companies. In 2019, the Israel Fund broadened its geographic investment mandate to focus on global technology investments. To better reflect the evolving global complexion of its technology investments, the Israel Fund underwent a name change to Senvest Technology Partners. 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 4.2% net of fees for the fourth quarter and a return of (32.5%) for the year (monthly results of the two funds can be found on the Company's website). As stated above both of these funds are consolidated into the accounts of the Company.

The Company has a portfolio of real estate investments as at December 31, 2022. One part of this amount represents investments in different US real estate income trusts (REIT) 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 were 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 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 $17.5 million as at December 31, 2022 from $11 million as at December 31, 2021.

At the end of December 31, 2022, Senvest had total consolidated assets of $5,653.2 million versus $6,563.9 million at the end of 2021. Equity investments and other holdings totaled $5,280.9 million from $6,272.8 million in December 2021. The Company purchased $5,475.1 million of investment holdings in the year and sold $5,667.2 million of such holdings. The Company's liabilities decreased to $4,059.4 million this year versus $4,748.2 million in 2021. The biggest difference between the two years was a significant decrease in the liability for redeemable units. The proceeds of securities sold short were $6,953.3 million and the amount of shorts covered was $6,663.8 million in the year. 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 parent 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 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 (loss) 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. As at December 31, 2022, the Company had listed sufficient equity securities that it can sell to reduce its floating rate debt to zero.

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's functional currency is the US dollar. The Company has foreign currency exposure to the Canadian dollar, the British pound sterling, the Euro, 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 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 denominated 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.

The impact of a 30% change in the market prices of the Company's equity holdings with quoted value and derivatives, securities sold short and derivative liabilities as at December 31, 2022 would be as follows (in thousands):

	Fair value	Estimated fair value 30% price increase	Estimated fair value 30% price decrease
Equity investments and other holdings Listed equity securities and derivatives	4,929,114	6,407,848	3,450,380
Securities sold short and derivative liabilities	(858,733)	(1,116,353)	(601,113)
Pre-tax impact on net earnings		1,221,114	(1,221,114)

These impact numbers could be lower as they would also be adjusted for the applicable share of profit or loss allocated to the Liability for redeemable units.

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 public holdings 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.

All financial liabilities other than securities sold short and derivative liabilities, liability for redeemable units and some other payables 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.

All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is executed only once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

The Company is also exposed to counterparty credit risk on its cash and cash equivalents, restricted short-term investment and due from brokers.

From time to time, the Company enters into derivative financial instruments consisting primarily of options and warrants to purchase or sell equities, equity indices and currencies, equity swaps, foreign currency forward contracts, and foreign currency futures contracts. These derivative instruments are marked to market. There is deemed to be no credit risk for futures and certain options that are traded on exchanges. The warrant contracts and certain options that are not traded on an exchange allow the Company to purchase underlying equities at a fixed price. Equity swaps represent future cash flows that are agreed to be exchanged between the Company and counterparties at set dates in the future. Foreign currency forward contracts are contracts to buy or sell foreign currencies at a specified price at a future point in time.

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 total shareholders 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 liabilities-to-capital ratio, which is as follows (in millions):

	December 31, 2022	December 31, 2021
Total net liabilities	$3,895.8	$4,678.9
Total equity	$1,593.8	$1,815.7
Net liabilities to capital ratio	2.44	2.58

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 is the best way to monitor risk. The Company's debt to capital ratio was at 2.44 at the end of the 2022 year from 2.58 at the end of 2021.

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 December 31, 2022, approximately 88.5% 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

The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are the estimates applied by management that most significantly affect the Company's consolidated financial statements. These estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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 entity, 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 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 where no active market exists or where quoted 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 consolidated statement of financial position 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 88.5% 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, dealer quotations or valuation techniques 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, 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 5.8% 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 mainly of unlisted equity investments 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 5.7% 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 of Directors on a quarterly basis in line with the Company's reporting dates. 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 annual valuations of the significant level 3 holdings are carried out externally.

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 December 31, 2022, Level 3 instruments are in various entities and industries. The real estate investments are made up of investments in private real estate companies, and in real estate income trusts and partnerships. For the main Level 3 instruments, the Company relied on appraisals carried out by independent third party valuators or on recent transactions. 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 their subsequent distribution to the holders.

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 there is a maximum quarterly redemption of 17% of the investor units and a maximum annual redemption of 34% of the investor units. 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.

Income taxes

The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provisions 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
2022-4	467,665	153,795	61.58
2022-3	(265,349)	(118,477)	(47.72)
2022-2	(956,862)	(356,091)	(142.71)
2022-1	24,201	(5,310)	(2.13)
2021-4	232,882	58,954	24.03
2021-3	(76,453)	(51,179)	(19.27)
2021-2	440,016	150,715	60.29
2021-1	1,885,731	574,498	224.27

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(In thousands except for earnings per share information)

	2022	2021	2020
Total revenue and net investment gains (losses)	(730,345)	2,482,176	739,405
Net income (loss) – common shareholders	(326,083)	732,988	211,717
Earnings (loss) per share-diluted	(130.98)	289.32	80.66
Total assets	5,653,153	6,563,902	4,065,992

The Company has equity investment capital commitments of $12,596 and has real estate equity investment capital commitments of $11,979.

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, 2022, Senvest commenced a new normal course issuer bid to purchase a maximum of 100,000 of its own common shares until August 15, 2023. There have been 24,400 shares repurchased in 2022 under both the old and new bid. The number of common shares outstanding as at December 31, 2022 was 2,478,624 and as at March 31, 2023 was 2,475,524. There were no stock options outstanding as at December 31, 2022 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 $17.5 million as at December 31, 2022 from $11 million on December 31, 2021.

Significant Equity Investments

For information on a summary of financial information from certain significant investees please refer to the 2022 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.

Geopolitical events

The ongoing military conflict between Ukraine and Russia and the imposition of economic sanctions by Western countries continue to cause concern in financial markets. It is difficult to predict the impact of this war on the value of the financial assets held by the Company. The Company does not hold any assets from Ukraine, Russia and Belarus, which reduces the extent of possible variations in the value of its financial assets.

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 March 31, 2023 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.sedar.com/ 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.

	Q4 Oct	Q4 Nov	Q4 Dec	Q4 2022	YTD 2022	Annualized Since Inception	Cumulative Since Inception
Senvest Technology Partners	**4.77%**	**5.67%**	**-5.88%**	**4.20%**	**-32.53%**	**17.00%**	**2,120.97%**
NASDAQ	3.94%	4.51%	-8.66%	-0.78%	-32.51%	12.16%	864.90%
Russell 2000	11.01%	2.31%	-6.49%	6.20%	-20.46%	9.71%	523.83%

Dear Partners,

Financial markets rallied in the fourth quarter of 2022 after posting losses in the previous three quarters. Stocks responded positively to the Fed signaling a more measured approach to raising interest rates. In Q4 2022, Senvest Technology Partners was up +4.20% on a gross basis (before fees and expenses)[1], outperforming the NASDAQ, which was down -0.78%, but slightly underperforming the Russell 2000, which gained +6.20%. The month of December, however, saw a bout of year-end tax loss selling in which many small cap stocks hit new lows. We took advantage of the December pullback and increased our exposure as many stocks fell into deep value territory.

TECHNOLOGY MARKET COMMENTARY:

In the fourth quarter, we saw the beginning of a semiconductor inventory correction cycle. Supply shortages abated as investments in elevated buffer inventory levels and new capacity expansion alleviated the ongoing "golden screw" component shortage. Concurrently, demand from several large end markets slowed as increased interest rates curbed consumer and enterprise spending. Commodity semiconductor markets such as DRAM and NAND memory felt the pain. DRAM prices declined around 20-25% quarter-over-quarter, with pricing expected to take another leg down in Q1 2023. Still, even as PCs and smartphones slowed into a more cautious economic backdrop, other end-markets remained healthy. The electrification of the car continued to gain momentum, driving unprecedented demand for high-performance analog components. Clean energy continued to see robust demand, as energy assurance and rising grid prices offset headwinds from higher financing rates and a slowing housing market.

Cloud computing saw mixed demand as cryptocurrency, gaming AR/VR, and IOT trends paused. While enterprise cloud migration cycles have elongated given softening economic conditions, companies are still increasingly turning to run their infrastructure in the cloud over private data centers. We continue to see an emerging era of cloud-based artificial intelligence is bringing new capabilities transforming diverse industries, from internet search and advertising to biotechnology and application development. Chat GPT is a recent high-profile example that has captured the consumer in its ability to mimic long prose responses

[1] To address the SEC's new Marketing Rule, we have modified the format of our performance presentations to show net performance alongside gross performance, even for industry-level performance. Net performance for certain subsets of data presented throughout this letter will be calculated using the ratio between the Fund's overall net and gross return. The Fund's quarterly net returns broken out by long positions, short positions and currency are as follows: +4.16%, +0.11%, and -0.07%, respectively.

that seem less automated and more human. In short, while the cloud computing demand environment has clearly decelerated, several markets remain resilient and provide us with confidence that we can perhaps avoid the much debated “hard landing” in 2023.

OUTPERFORMERS:

The two largest contributors in the fourth quarter were Axcelis Technologies [NASDAQ: ACLS] and SolarEdge Technologies [NASDAQ: SEDG].

ACLS

Axcelis Technologies’, a semiconductor capital equipment company, stock price increased +31.04% in the fourth quarter as the company continues to leverage its market leading position in the compound semiconductor market. ACLS’ ion implant technology addresses a secular growth driver in semiconductors, Silicon Carbide (“SiC”), a key component in the electric vehicle (“EV”) supply chain. In early October, we added to our ACLS position as the stock fell to near-term trough-level valuations despite design-in activity indicating further market share gains. While historically strong in other parts of the analog and memory semiconductor end-markets, we believe the company has begun to penetrate the leading-edge foundry market as well. The ion implant market, after years of low growth, is experiencing a resurgence given the need for more ion implant steps in semiconductor manufacturing processes. Over the past cycle, ACLS has grown its market share from 5% to over 35%. We anticipate that ACLS can achieve over 50% market share over the next three years as they have dominant market share in the power semiconductor end-market for SiC devices used in EV motors, charging stations, and solar inverters. These markets are expected to experience secular growth over the next decade.

In its February earnings report, ACLS posted better-than-expected revenue and EPS numbers comfortably exceeding consensus expectations while also providing a stronger than anticipated outlook for 2023. For 2023, the company now expects revenue to exceed $1 billion with gross margins of 44% equating to EPS of approximately $6.00. The company also provided a new long-term model that includes revenue targets exceeding $1.3 billion with EPS approaching $10.00/share.

SEDG

SolarEdge, a provider of module-level power electronics for solar and energy storage solutions, had a stock price gain of +22.38% in the quarter after reporting a better-than-expected Q3 2022 earnings. SEDG is a leading provider of solar technology that includes inverters and optimizers attached to rooftop and ground-mount solar systems as well as an emerging provider of lithium-based battery systems for residential and commercial use. SEDG stands to benefit from multiple long-term tailwinds including: 1) the expansion of residential, commercial, and utility solar markets, 2) higher attach rates of battery storage solutions, and 3) the decentralization of energy production.

During the quarter, SEDG benefitted from continued strong demand for solar and battery storage solutions that drove revenue upside. While rooftop solar adoption has steadily increased in the US over the past several years, we have seen an explosion in Europe, particularly in Germany, driven by the relatively quick 2–3 year average payback period which compensates for the increase in utility rates in Europe. SEDG has managed through a challenging environment the past several quarters that included supply chain issues, increased logistic costs, and FX headwinds given its geographic diversity. In 2023, we expect multiple catalysts to drive the stock higher including 1) continued share gains in both international and commercial markets, 2) a ramp up of a new production facility in Mexico, 3) the buildout of a new production facility in the US that will be partially financed through government incentives related to the Inflation Reduction Act, and 4) the initial entrance into the utility solar market. SEDG currently trades at a 37x P/E on consensus 2023 EPS estimates, however this implies a PEG of 0.5x and the company trades at a discount to its main competitor Enphase ("ENPH"), which trades at a 42x P/E on consensus 2023 EPS estimates.

UNDERPERFORMERS

The two largest detractors in the fourth quarter were Kornit Digital [NASDAQ: KRNT] and Radware [NASDAQ: RDWR].

KRNT

Kornit Digital, a leading supplier of digital textile printing technology solutions, declined -13.68% in the fourth quarter, despite reporting better-than-expected Q3 2022 earnings. KRNT develops and manufactures industrial printing solutions, including large printing systems, proprietary inks, and printing software, primarily for t-shirts and fabrics. KRNT's technology addresses the global apparel retail market with the company estimating that its customers print 200 million garments annually, which roughly equates to around 5% of the total market being addressed by digital printing technologies. The growth of digital printing is an important contributor to the fast fashion trend and specifically helps with large brands reorienting supply chains and fulfillment networks, largely part of a broader strategy of carrying leaner inventory. Notably, KRNT has a strategic relationship with Amazon whereby it supplies the company with much of the technology it uses to run its print-on-demand platform. Amazon has been KRNT's largest customer representing between 25-30% of revenue for the past several years.

KRNT's stock has been under pressure for the past year with shares declining -85% in 2022. We had decided to reinitiate a position in the company after the stock had come under pressure. The company has contended with demand pull-forward during the COVID pandemic and a broad slowdown given tightening financial conditions, resulting in a significant decline in KRNT's business in 2022 and early 2023. Although KRNT's customers are going through a digestion period, we expect system sales to accelerate in 2H 2023. Additionally, KRNT will also be launching its new high-end Apollo platform in June 2023. This platform will open up a significant portion of KRNT's addressable market as it will allow more traditional screen printers to adopt digital printing technology. The Apollo platform will have significantly higher throughput and a declining cost-per-print, which in turn should create an inflection in consumable demand. Although fundamentals are soft near-term and we attribute the end-of-year weakness in KRNT's stock to tax-loss selling, we believe that at 2x EV/2023 consensus revenue, KRNT shares trade at a meaningful discount to historical levels, which have been closer to 5x EV/Revenue.

RDWR

Radware, a cyber security infrastructure provider, declined -9.36% in the fourth quarter as the company missed its Q3 2022 expectations with both revenue and EPS coming in below consensus. RDWR noted that in the final weeks of the quarter, customers chose to tighten their budgets with additional scrutiny around spending plans across its enterprise and service provider customers. Annual Recurring Revenue ("ARR") grew 5% year-over-year in Q3 to $195 million, although it was flat quarter-over-quarter. Within the ARR figure, the Cloud Services & Product Subscription ARR grew 12% year-over-year decelerating from 18% year-over-year growth in Q2. RDWR continues to invest aggressively in its cloud business and we expect the company to invest in multiple new data center sites in 2023, while this is ultimately an investment ahead of future growth, it may limit margin expansion near-term.

RDWR continues its transition towards a SaaS and cloud delivered subscription-based cyber security platform, which finally contributes a meaningful portion of the company's recurring revenue. RDWR's business continues to benefit from several underlying secular trends, including DDoS cyberattacks as well as cloud-based application workload protection. RDWR is a radically different company today than it was five years ago as it is a well-positioned cyber security vendor growing double-digits. RDWR's growing subscription revenue streams based on software-as-a-service and security-as-a-service models should accelerate top line meaningfully over the coming years. We believe that RDWR's stock will re-rate and trade in-line with its security infrastructure peer group. As mentioned in a prior letter, with a new Board of Directors, RDWR is re-investing in its go-to-market channels and this should yield faster revenue growth in time. At just 2.0x 2023 EV/Revenue, RDWR trades a significant discount to cyber security infrastructure peers that trade between 5x-9x EV/Revenue and we see that valuation gap shrinking over time.

INDUSTRY ATTRIBUTION

Below and on the following page, we show the Fund's industry attribution. Given the strong performance from ACLS and SEDG during the quarter, the Semiconductor sector contributed +5.67% gross and outperformed along with the Internet sector at +1.27% gross, driven by eBay's solid performance. By industry, the most significant weakness was felt in Machinery and Healthcare sectors.

INDUSTRY	GROSS EXPOSURE (AS OF 12/31)	GROSS ATTRIBUTION (Q4 2022)	NET ATTRIBUTION (Q4 2022)	GROSS ATTRIBUTION (2022)	NET ATTRIBUTION (2022)
Aerospace & Defense	11%	-0.47%	-0.50%	-3.91%	-4.05%
Banks	0%	-0.10%	-0.11%	-2.33%	-2.42%
Comm. Equipment	16%	0.04%	0.04%	-6.60%	-6.85%
Electronic Equip. & Components	8%	-0.08%	-0.14%	-3.66%	-3.80%
Entertainment & Media	3%	-0.11%	-0.12%	-0.49%	-0.51%
Health Care Equip & Supplies/Tech	4%	-0.66%	-0.69%	-3.35%	-3.47%
Internet & Direct Marketing Retail	11%	1.27%	1.21%	-2.07%	-2.15%
Machinery	12%	-1.78%	-1.88%	-5.45%	-5.65%
Semiconductor & Equipment	47%	5.67%	5.36%	4.83%	4.65%
Software	18%	0.48%	0.45%	-6.14%	-6.37%
IT Hardware	1%	-0.02%	-0.02%	-3.36%	-3.49%
Index/ETF	0%	0.00%	0.00%	0.71%	0.69%
Other	4 %	0.71%	0.67%	0.76%	0.74%

Totals	**135%**	**4.95%**	**4.27%**	**-31.06%**	**-32.68%**
Long	132%	4.82%	4.16%	-35.98%	-37.41%
Short	–3%	0.13%	0.11%	4.92%	4.73%
Totals	**135%**	**4.95%**	**4.27%**	**-31.06%**	**-32.68%**

PORTFOLIO CHARACTERISTICS

In Q4, we increased the Fund's exposure levels after reducing our exposure in September 2022 when we began to enact a year-end tax-loss harvesting program to offset realized gains. We focused on harvesting tax losses in investments we felt were more structurally challenged and reinvested those proceeds into investments with higher conviction of near-term trends and appreciation. As a result, we ended the year with a net exposure of 129%, up significantly from 117% in the third quarter and 113% exiting 2021. Our gross exposure also increased to 135%, up from 125% at the end of September with our short exposure ending the year at -3% given our optimistic view of markets heading into 2023.

PORTFOLIO VALUATION

As of December 31st, 2022, the Fund's top ten investments represented 72% of gross exposure and 98% of equity. This includes our remaining investment in TSEM, roughly 16% of equity. The Fund's top ten positions traded with a portfolio-weighted average valuation of 2.00x EV/sales. Of our top investments, seven have a portfolio-weighted average net cash of 21.7% of their market capitalization, and another three companies have net debt and trade at 9.1x EV/EBITDA (per Bloomberg). As we maintain our core transformative value lens on investing through a market downturn, we actively manage the portfolio and deploy capital into new investments as markets test new lows.

CONCLUSION

Even though 2022 marked as one of the worst years for the Fund, we are encouraged by the Fund's value position. Several of our investments trade near historical trough cycle valuations and show a significant percentage of market capitalization in net cash. More importantly, we are encouraged by the secular growth trends supporting our investments and providing substantial growth prospects and potential for meaningful re-rating. In the near term, we see continued economic uncertainty around macroeconomic and geopolitical tensions as central banks battle inflation with elevated interest rates and tensions with China and Russia continue to simmer.

As we have written in past letters, our longer investment horizon paired with an eye on value investing in transformative technologies and secular growth industries has been the foundation of the Fund's investment strategy since inception. Senvest's contrarian investment philosophy, our strong internal capital base, and a deep understanding of the technology landscape positions us to take advantage of these market drawdowns. When uncertainty and fear are peaking, we typically find the best investment opportunities.

As always, please do not hesitate to reach out to us should you have any questions or wish to discuss anything in further detail. We look forward to speaking with you and reporting on our progress in future quarters.

Best regards,

Robert Katz　　　　Richard Mashaal

IMPORTANT DISCLAIMER: This letter is an informational document and does not constitute an offer to sell or a solicitation to purchase any securities in any entity organized, controlled, or managed by Senvest Management, LLC ("Senvest") or in (i) Senvest Technology Partners LP, a Delaware limited partnership, (ii) Senvest Technology Partners Ltd., a Cayman Islands exempted company (both Senvest Technology Partners LP and Senvest Technology Partners Ltd. invest substantially all of their assets in Senvest Technology Master Fund, L.P.), or any other partnership interests described herein (collectively, the "Funds"), and may not be relied upon in connection with any offer or sale of securities. Any offer or solicitation may only be made pursuant to a Confidential Private Offering Memorandum (or similar document) which will only be provided to qualified offerees and should be reviewed carefully by any such offerees prior to investing.

The Funds previously operated under the name of “Senvest Israel Partners Master Fund, LP”, and invested primarily in U.S. listed, Israeli-related and local Israel-listed companies of all market capitalization sizes. Effective January 1, 2019, the Fund’s investment focus has been broadened to include global technology (and technology-related), media and telecom investments, which may not include Israeli-related investments. Performance information of the Funds prior to January 1,2019 reflects the performance of the Fund’s prior investment strategy. While we believe that the investment strategy and process utilized prior to January 1, 2019 is similar to the current investment strategy and process, there is no historical performance available for the Fund’s current investment strategy. There can be no assurance that the future performance of the Funds will be the same as the historical performance of the Funds.

An investment in a Fund involves risk and volatility. Because this communication is only a high-level summary it does not contain all material terms pertinent to an investment decision, including important disclosures of conflicts and risk factors associated with an investment in a Fund. This document in and of itself should not form the basis for any investment decision. An investment in a Fund is speculative and entails substantial risks, including the fact that such an investment would be illiquid and be subject to significant restrictions on transferability. No market is expected to develop for interests in any Fund. Financial instruments and investment opportunities discussed or referenced herein may not be suitable for all investors, and potential investors must make an independent assessment of the appropriateness of any transaction in light of their own objectives and circumstances, including the possible risk and benefits of entering into such a transaction.

An investor in a Fund could lose all or a substantial amount of his or her investment. Returns generated from an investment in a Fund may not adequately compensate investors for the business and financial risks assumed. While the Funds are subject to market risks common to other types of investments, including market volatility, the Funds employ certain trading techniques such as the use of leverage and other speculative investment practices that may increase the risk of investment loss. The products and strategies in which the Funds expect to invest may involve above-average risk. Please see the Risk Factors section of the applicable Confidential Private Offering Memorandum (or similar document) for certain risks associated with an investment in a Fund.

Certain information contained in this Presentation constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "target", "project", "estimate", "intend", "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual policies, procedures and processes of the Investment Manager and the performance of the Funds may differ materially from those reflected or contemplated in such forward-looking statements and no undue reliance should be placed on these forward-looking statements, nor should the inclusion of these statements be regarded as the Investment Manager's representation that the Funds will achieve any strategy, objectives or other plans. The stated gross returns are calculated before deducting incentive fees, management fees and other expenses of the Fund, which would reduce returns. Net performance figures are not included for individual investments because individual investment level net performance cannot be calculated without making arbitrary assumptions related to the allocation of fees and expenses. Please refer to Page 1 for the net performance results of the Fund.”

This document should be read in conjunction with, and is qualified in its entirety by, information appearing in the Confidential Private Offering Memorandum (or similar document) for each Fund and the organizational documents for such fund (e.g. limited partnership agreements, articles of association, etc.), which should be carefully reviewed prior to investing. Potential investors should consult a professional adviser regarding the possible economic, tax, legal or other consequences of entering into any investments or transactions described herein. Investment allocations and ownership percentages are subject to change without notice. The information contained herein is confidential and cannot be reproduced, shared or published in any manner without the prior written consent of Senvest.

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The Investment Manager is not acting and does not purport to act in any way as an advisor or in a fiduciary capacity vis-a-vis any investor in the Funds. Therefore, it is strongly suggested that any prospective investor obtain independent advice in relation to any investment, financial, legal, tax, accounting or regulatory issues discussed herein. Analyses and opinions contained herein may be based on assumptions that if altered can change the analyses or opinions expressed. Nothing contained herein shall constitute any representation or warranty as to future performance of any financial instrument, credit, currency rate or other market or economic measure.

Certain performance information is provided for the Funds. Performance numbers are net of all fees and expenses unless noted otherwise. Past performance is not necessarily indicative of or a guarantee of future results.

Gross and Net Attribution Figures: Attributions of sector-level performance are shown on a gross basis unless otherwise noted herein ("Gross Attributions"). Gross Attributions reflect the return contribution by the aggregate investments in each Sector for the period indicated (calculated by dividing the gains/losses of the indicated Sector over the portfolio, as applicable), but is calculated prior to the deduction of management fees, expenses and incentive compensation paid to Senvest, which will reduce performance. Net sector attributions ("Net Attributions") reflect Gross Attributions, reduced by a percentage equal to the quotient of the the applicable Fund's net return divided by the applicable Fund's gross returnin order to approximate a pro forma “net” return. This pro forma return should not be relied upon as a precise metric of the impact of fees and expenses on the performance of each Sector, for the reasons detailed below. Net Attributions are presented pro forma because, although such figures reflect actual performance, these calculations apply management fees, expenses and incentive compensation to each Sector's Gross Attributions, even though each Fund's fees, expenses and incentive compensation are only calculated for the applicable Fund as a whole. Correspondingly, this approximation does not precisely reflect the impact such fees and expenses actually had on the performance of positions included in each Sector. Net Attributions do not take into account the specific impact of leverage and other costs on specific Sectors' performance, nor do they incorporate the differing impact that each investor's or Fund's high water mark has on specific Sectors. For example, if the Fund as a whole accrued incentive compensation for a given period, the Net Attributions methodology would result in the reduction of Gross Attributions,, on a percentage basis, of an amount incorporating that accrued incentive compensation from each Sector's performance, even where a Sector experienced negative performance (and therefore, viewed in isolation, would not have accrued incentive allocation). In addition, expenses are not tracked on a Sector-by-Sector basis, and therefore the Net Attributions shown herein do not reflect an approximation of the precise impact of expenses on specific Sectors' performance—many expenses are incurred on a fund-wide level and do not relate to any specific portion of the investment program. Pro forma performance of this nature is subject to inherent limitations and should not form the basis for an investment decision. Additional information on the risks and limitations of pro forma performance is available upon request.

Unless otherwise noted, all calculations in this report are made by Senvest. All profit and loss, or other performance information is unaudited and is net of fees and expenses based on an investment made at inception. Total returns reflect compounded monthly returns. The distribution of this document in certain jurisdictions may be prohibited or restricted by law; therefore, people in whose possession this document comes should inform themselves about and observe such restrictions. Any such distribution could result in a violation of the law of such jurisdictions.

The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which is made up of 3,000 of the largest U.S. stocks by market capitalization. The Russell 2000 Index represents approximately 8% of the total market capitalization of the Russell 3000 Index. The Nasdaq Composite Index is a market-capitalization-weighted index of all the stocks traded on the Nasdaq stock exchange. This index includes some companies that are not based in the United States.

Senvest Master Fund, LP ("Senvest Partners")
Review of Q4 2022 & 2023 Outlook: February 6, 2023

	Q4 2022	2022	Cumulative Since Inception	Annualized Since Inception
Senvest Master Fund, LP	**16.78%**	**-19.76%**	**5804.94%**	**17.16%**
Russell 2000	6.20%	-20.46%	627.32%	8.01%
S&P 500	7.56%	-18.13%	736.47%	8.60%
HFRI	4.17%	-10.21%	539.82%	7.47%

Dear Partners:

Review of Q4 2022

Equity markets staged a comeback in the fourth quarter after posting three consecutive quarters of losses. Even so, US indices ended the year largely in bear market territory. In the quarter, Senvest Partners outperformed US indices, with long positions contributing +19.52% on a gross basis (before fees and expenses) while short positions cost the Fund -1.73% and currency -0.08%[1]. Equity markets don't always go up every year and we accept that fact as long-term investors. In the context of overall equity market performance, coupled with our net long exposure, we are pleased with the Fund's performance.

The following page shows the Fund's sector attribution along with the average gross, long, and short exposure for last quarter[2].

[1] To address the SEC's new Marketing Rule, we have modified the format of our performance presentations to show net performance alongside gross performance, even for sector-level performance. Net performance for certain subsets of data presented throughout this letter will be calculated using the ratio between the Fund's overall net and gross return. The Fund's quarterly net returns broken out by long positions, short positions and currency are as follows: +18.67%, -1.80%, and -0.09%, respectively.

[2] Attribution percentages are before fees and expenses.

Sector Attribution[3] and Average Exposures for Q4 2022

	Attribution Q4				Average Exposure Q4			
Sector	**Long**	**Short**	**Total Gross**	**Total Net**	**Long**	**Short**	**Gross**	**Net**
Communication Services	0.84%	0.01%	0.85%	0.82%	4%	0%	4%	4%
Consumer Discretionary	9.69%	-1.24%	8.45%	8.11%	44%	-14%	58%	30%
Consumer Staples	-0.52%	0.00%	-0.52%	-0.54%	2%	0%	2%	2%
Energy	4.31%	0.00%	4.31%	4.14%	23%	0%	23%	23%
Financials	2.75%	0.01%	2.76%	2.65%	13%	0%	13%	13%
Health Care	0.63%	0.07%	0.70%	0.67%	19%	-1%	20%	18%
Industrials	-1.06%	-0.43%	-1.49%	-1.55%	11%	-6%	17%	5%
Information Technology	3.32%	0.03%	3.35%	3.22%	39%	-1%	40%	38%
Materials	-0.05%	0.00%	-0.05%	-0.05%	2%	0%	2%	2%
Real Estate	-0.37%	-0.27%	-0.64%	-0.67%	5%	-3%	8%	2%
Utilities	0.00%	0.09%	0.09%	0.09%	0%	0%	0%	0%
Index/ETF	-0.02%	0.00%	-0.02%	-0.02%	0%	0%	0%	0%
Total	**19.52%**	**-1.73%**	**17.79%**	**16.87%**	**162%**	**-25%**	**187%**	**137%**

Below and on the following page, we show the top 10 winning and losing investments (in rank order) for the Fund in Q4 of 2022[4]:

Top 10 Contributors

Company	Ticker	Long/Short	9/30/2022 Stock Price	12/31/2022 Stock Price	% Price Change[5]
CAPRI HOLDINGS	CPRI	Long	38.44	57.32	49.12%
PARAMOUNT RESOURCE	POU	Long	24.40	28.64	17.38%
SOLAREDGE TECHNOLOGIES	SEDG	Long	231.46	283.27	22.38%
QUIDELORTHO	QDEL	Long	71.48	85.67	19.85%
PENNYMAC FINANCIAL SERVICES	PFSI	Long	42.90	56.66	32.07%
MARRIOTT VACATIONS WORLDWIDE	VAC	Long	121.86	134.59	10.45%
AXCELIS TECHNOLOGIES	ACLS	Long	60.56	79.36	31.04%
EBAY	EBAY	Long	36.81	41.47	12.66%

[3] Net Attribution Figures have been prepared on a pro forma basis and provided above, consistent with note in footnote 1. Important considerations regarding Senvest's calculation methodology for the Net Sector attributions should be reviewed under the Important Disclosures on page 15—these figures are not properly understood without reference to these disclosures.

[4] Short investments are labeled by GICS Sector and the price changes are rounded to the nearest tenth.

[5] Price changes simply reflect the change in the stock price from the end of Q3 2022 until the end of Q4 2022. This figure is not reflective of Senvest's performance in any investment, and is not an indication that Senvest (i) has attained any performance metrics in these investments or (ii) has held these positions during the entire quarter.

ARC RESOURCES	ARX	Long	16.59	18.25	10.01%
HELLENIC BANK	HB	Long	0.92	1.45	57.27%

Top 10 Detractors

Company	Ticker	Long/Short	9/30/2022 Stock Price	12/31/2022 Stock Price	% Price Change
IANTHUS CAPITAL	ITHUF	Long	N/A	N/A	N/A
CONSUMER DISCRETIONARY CO	N/A	Short	N/A	N/A	20.00%
KORNIT DIGITAL	KRNT	Long	26.61	22.97	-13.68%
AMERICAN WELL	AMWL	Long	3.59	2.83	-21.17%
INDUSTRIALS CO	N/A	Short	N/A	N/A	10.00%
MARKFORGED HOLDING	MKFG	Long	1.98	1.16	-41.41%
BEAUTY HEALTH COMPANY	SKIN	Long	11.79	9.10	-22.82%
RADWARE	RDWR	Long	21.79	19.75	-9.36%
WM TECHNOLOGY	MAPS	Long	1.61	1.01	-37.27%
DR. MARTENS	DOCS	Long	222.80	190.60	-14.45%

Top Five Contributors and Detractors Commentary

Capri Holdings ("CPRI")

Apparel, footwear, and accessories designer Capri Holdings' ("CPRI"), owner of the Michael Kors, Versace, and Jimmy Choo brands, stock price rose +49.12% in the quarter.

CPRI reported strong fiscal Q2 earnings. Revenue growth of 8.6% slightly beat consensus, while gross margins were much better than expected at -50bps year over year vs. -160bps consensus. Better gross margins coupled with disciplined expense management drove EBIT margins of 19.8% vs. 18.1% consensus and EPS of $1.79 vs. $1.54 consensus. CPRI aggressively bought back its shares in the quarter, repurchasing 7.1M shares or 4.9% of its shares outstanding in fiscal Q2 alone, with another 2.2M or 1.6% of shares repurchased after fiscal Q3.

Despite a turbulent year in its share price (high of roughly $71, low of roughly $37), CPRI's fundamentals were remarkably consistent. In early February 2022, CPRI outlined FY2023 (March 2023) EPS guidance of $6.60. As of a month ago, that guidance was, and remains $6.85.

As we look to 2023, the macro outlook remains uncertain, but CPRI will likely benefit from various headwinds that should turn into tailwinds, primarily FX, China exposure, and lower freight costs. Our thesis on CPRI remains the same. Michael Kors is a high margin, stable cash cow providing capital to grow luxury brands Versace and Jimmy Choo into much larger businesses, driving double digit sales and earnings growth for years to come. Versace and Jimmy Choo combined will likely comprise 25% of CPRI earnings for the first-time next year, and that profile should not trade at the single digit P/E multiple where CPRI trades at today. We expect both EPS growth and multiple expansion from CPRI in 2023.

Paramount Resources (“POU”)

Paramount Resources’ (“POU”) stock rose +17.38% in the quarter, outperforming XEG (+14.16%), the benchmark ETF for Canadian E&P companies. Expectations for West Texas Intermediate crude pricing in 2023 and 2024 similarly increased, +9.99% to $79/bbl and +10.88% to $74/bbl, respectively. The improved outlook was driven by a combination of newly announced OPEC+ production cuts starting in November 2022 and anticipation of China reopening. Futures for Henry Hub natural gas pricing in 2023 and 2024 decreased, -16.39% to $4.33/MMBtu and -8.56% to $4.28/MMBtu, respectively. A mild start to winter in Europe allowed the continent to fill storage and reduced expectations for out-year imports. Additionally, the seven-month-long outage at the Texas-based Freeport Liquified Natural Gas (“LNG”) plant, which accounts for 20%[6] of US LNG exports, continues.

POU’s outperformance in the quarter was due to continued accretive M&A and a more aggressive return of capital to shareholders, offset somewhat by operational challenges related to third-party infrastructure and extreme weather. After completing the second acquisition in the Willesden Green Duvernay area in the third quarter, the company surprised us in December by announcing the sale of around 64,600 net acres in the Kaybob Smoky area for a price of C$375M. In our Q3 2022 letter, we remarked that POU had assembled the Willesden Green inventory at a highly attractive valuation and financed it by selling non-core infrastructure. Given the sale of the non-core Smoky assets, this statement is worth revisiting. In 2022, POU purchased around 151,000 net acres in the Willesden Green Duvernay for C$109M, sold C$64.2M of non-core infrastructure in the Kaybob region, and has now sold around 64,600 net acres for C$375M in the Kaybob Smoky region. While there are nuances, it is fair to say that the company was paid a net C$331M to for the privilege of owning roughly 86,400 acres in a region that is not a focus for other operators. These transactions showcase management’s track record of creating value through well-timed and clever M&A.

The company used the net proceeds to declare a C$1/share special dividend (~C$140M) and allocated the remainder to paying down debt. The special dividend is in addition to the +25% increase to the monthly dividend the company announced concurrent with third quarter earnings in November. Over the last 12 months, POU has paid dividends totaling C$2.07; not bad for a company that traded at around C$0.75 during March of 2020.

Consensus expectations currently call for POU to earn C$9.55 per share in cash from operations in 2024, implying a yield of 36% after adjusting for C$4.61 per share of net cash and investments. When we see initial well results from Willesden Green in late 2023, we expect that this will be a catalyst for the sell side to raise estimates further. Additionally, with C$700M in net cash and investments, and C$1B in debt capacity, we expect

[6] https://www.reuters.com/business/energy/freeport-lng-may-extend-texas-plant-restart-february-sources-2023-01-11/

POU will continue to be active in M&A. In terms of relative valuation, the XEG trades at a yield of 25%, while large-cap leader Tourmaline ("TOU") trades at a 20% yield. Given the combination of growth, capital returns, and sensible M&A, we believe POU should trade at least in-line with the index, if not at a premium similar to TOU.

SolarEdge ("SEDG")

SolarEdge ("SEDG"), a provider of module-level power electronics for solar and energy storage solutions, had a stock price gain of +22.38% in the quarter after reporting a better-than-expected Q3 2022 earnings. SEDG is a leading provider of solar technology that includes inverters and optimizers attached to rooftop and ground-mount solar systems as well as an emerging provider of lithium-based battery systems for residential and commercial use. SEDG stands to benefit from multiple long-term tailwinds including: 1) the expansion of residential, commercial, and utility solar markets, 2) higher attach rates of battery storage solutions, and 3) the decentralization of energy production.

During the quarter, SEDG benefitted from continued strong demand for solar and battery storage solutions that drove revenue upside. While rooftop solar adoption has steadily increased in the US over the past several years, we have seen an explosion in Europe, particularly in Germany, driven by the relatively quick 2–3-year average payback period which compensates for the increase in utility rates in Europe. SEDG has managed through a challenging environment the past several quarters that included supply chain issues, increased logistic costs, and FX headwinds given its geographic diversity. In 2023, we expect multiple catalysts to drive the stock higher including 1) continued share gains in international and commercial markets, 2) a ramp up of a new production facility in Mexico, 3) the buildout of a new production facility in the US that will be partially financed through government incentives related to the Inflation Reduction Act, and 4) the initial entrance into the utility solar market. SEDG currently trades at a 35x P/E on consensus 2023 EPS estimates, however this implies a PEG of 0.5x and the company trades at a discount to its main competitor Enphase ("ENPH"), which trades at a 43x P/E on consensus 2023 EPS estimates.

QuidelOrtho ("QDEL")

QuidelOrtho's ("QDEL"), a diagnostics healthcare company, stock rebounded +19.85% in the fourth quarter, partially recovering after a -26.45% drop in the third quarter. The company's stock appreciated following the release of third quarter numbers that vastly exceeded guidance and consensus expectations with a $130M revenue beat and a 600bp beat on EBITDA margins. On the negative side, though to a smaller extent, the company's legacy Ortho business revenues were impacted by what we view as transient macro factors including foreign exchange, supply chain dynamics, and China lockdowns. Additionally, US approval for their new Savanna molecular platform continued to face delays. During the quarter, the stock also rose due to the early and severe flu season which returned after a two-year absence. As a reminder, QDEL's point of care diagnostics business unit is highly exposed to both flu and COVID testing. Subsequently, in mid-December, the company held its first investor day since the merger between Quidel and Ortho Diagnostics and released a three-year financial outlook that was disappointing compared to Senvest and Wall Street expectations, leading to a sharp sell-off in shares. We believe management wanted to reset expectations in light of the above-mentioned macro factors but failed in their communication and delivery. Management is embedding foreign exchange and inflation impacts that we think are overly conservative and which resulted in long-term EBITDA margin guidance of 27-29%, whereas consensus was estimating 29%. At the beginning of January, QDEL pre-announced fourth quarter revenue numbers that again beat street estimates by $109 million, due to respiratory (flu and COVID) testing. We believe the strong pull-through on flu testing highlights the sustainability of the company's share gains made during the pandemic. With the stock currently trading at 10.5x consensus adjusted EBITDA, a nine-turn discount to peers, we think investors are waiting for a couple more solid quarters under their belt as a combined entity, an improvement of macro headwinds impacting the Ortho side of the business and finally, FDA approval of the Savanna system. Senvest 2023 estimates are higher than consensus and we expect the company to continue to beat numbers leading to multiple expansion.

PennyMac Financial Services ("PFSI")

Residential mortgage originator and servicer PennyMac Financial Services' ("PFSI") stock rose +32.07% in the quarter.

PFSI reported Q4 GAAP earnings of $2.46 and core earnings ex-hedging gains of $1.50, well ahead of consensus of $1.20. PFSI generated a 16% ROE and grew book value to $68.26, as expense discipline and rising interest income from its servicing business offset lower production.

As a shareholder of PFSI since its IPO in 2013, we have seen firsthand the ability of the company to generate profitable growth in any interest rate environment. 2022 was no exception. In a year where mortgage rates doubled from 3.3% to 6.6% and industry originations were almost cut in half, PFSI used its balanced business model to grow book value by 13.5% by the end of 2022.

As the mortgage market finds a bottom, 2023 is likely to be another challenging year for the industry. This suits PFSI just fine, as the lack of industry profitability drives out smaller competitors, paving the way for a more profitable business coming out of the trough. We expect PFSI to continue generating high single digit ROEs in this environment before returning to its historical average of 20%+ thereafter. PFSI ended the year trading at just 0.8x 2022 book value, well below its historical average of 1.1x and far too low for a company of PFSI's pedigree and track record. We see compelling value in PFSI shares.

iAnthus ("ITHUF")

iAnthus traded down in Q4, along with the entire US cannabis industry, due to federal legislation not passing through the US Congress. Since Biden became President, and Democrats controlled the House and Senate, the industry expected some form of federal legalization to pass, most likely through the "SAFE" act, which would increase access to capital, and potentially allow US Cannabis companies which trade on Canadian exchanges to 'uplist' on a US stock exchange. This federal legislation did not go through, and the market traded down in sympathy. Given that Republicans now control the House, expectations have been reset to not expect legalization for at least this congressional session.

Short Automobile Company

A short position in an automobile company rose approximately +20.00%. Shares rose as COVID gains proved stickier than market expectations in the quarter.

Kornit Digital ("KRNT")

Kornit Digital ("KRNT"), a leading supplier of digital textile printing technology solutions, declined -13.68% in the fourth quarter, despite reporting better-than-expected Q3 2022 earnings. KRNT develops and manufactures industrial printing solutions, including large printing systems, proprietary inks, and printing software primarily for tee-shirts and fabrics. KRNT's technology addresses the global apparel retail market with the company estimating that its customers print 200 million garments annually, which roughly equates to around 5% of the total market being addressed by digital printing technologies. The growth of digital printing is an important contributor to the fast fashion trend and specifically helps with large brands reorienting supply chains and fulfillment networks, largely part of a broader strategy of carrying leaner inventory. Notably, KRNT has a strategic relationship with Amazon whereby it supplies the company with much of the technology it uses to run its print-on-demand platform. Amazon has been KRNT's largest customer representing between 25-30% of revenue for the past several years.

KRNT's stock has been under pressure for the past year with shares declining -85% in 2022. We had decided to reinitiate a position in the company after the stock had come under pressure. The company has contended with demand pull-forward during the COVID pandemic and a broad slowdown given tightening financial conditions, resulting in a significant decline in KRNT's business in 2022 and early 2023. Although KRNT's customers are going through a digestion period, we expect system sales to accelerate in the 2H of 2023. Additionally, KRNT will also be launching its new high-end Apollo platform in June 2023 – this platform will open up a significant portion of KRNT's addressable market as it will allow more traditional screen printers to adopt digital printing technology. The Apollo platform will have significantly higher throughput and a declining cost-per-print, which in turn should create an inflection in consumable demand. Although fundamentals are soft near-term and we attribute the end-of-year weakness in KRNT's stock to tax-loss selling, we believe that at 2x EV-to-2023 consensus revenue, KRNT shares trade at a meaningful discount to historical levels, which have been closer to 5x EV-to-Revenue. Kornit's revenue also includes about 40% from high margin recurring proprietary inks that we estimate provide the company with at least about half of its operating profit. Kornit also exited its most recent quarter with about $14 per share in net cash, equating to approximately 60% of its current market capitalization.

American Well ("AMWL")

Shares of American Well ("AMWL"), a telehealth company better known as Amwell, retreated -21.17% in the fourth quarter. While the company did not report any negative updates in the quarter, we believe several broad investor themes continued to weigh on the stock. As an unprofitable digital health company with a high cash burn, shares sit squarely in the "out of favor" category among investors. Further, a sizeable portion of AMWL's customer base consists of health systems that have had to contend with dramatically constrained budgets after two years flush with COVID funding. The company has been undergoing a complete overhaul of its telehealth software and has spent the better part of last year building its new "Converge" platform and migrating existing customers. With migrations continuing into 2023 and uncertainty on the timing of revenue reacceleration, investors seem to have preferred to take a wait and see approach. Lastly, year-end tax loss selling could have been responsible for the stock's particularly dismal performance in December and subsequent rebound in January. Contrary to prevailing street sentiment, Senvest is willing to take a longer-term view and is bullish on the company's prospects. AMWL currently counts most of the largest payors and 150 health systems, including over two thousand hospitals, as clients and has recently announced a new deal with CVS and a renewal of their contract with their largest customer, Elevance (formerly Anthem).[7] Further, the company boasts a solid balance sheet with more than sufficient cash to reach cash flow breakeven. As a white label technology and services provider, AMWL is positioning itself as an invaluable enabler of digital care with industry-leading integration and customizable workflow capabilities that we think will lead the company to become a partner of choice in the space, greatly increasing the company's strategic value.

Short Industrial Tool and Equipment Provider

A short position in an industrial tool and equipment provider rose approximately +10.00% as the end market for the company's products remained more resilient than the market expected.

<u>Portfolio Activity</u>

Notable moves in the quarter included additions to core holdings on stock price weakness including EBAY and QDEL. We ramped up our investment in a relatively recent core holding, Boston Properties ("BXP"), a super-

[7] https://seekingalpha.com/news/3868379-cvs-stock-price-in-focus-as-retailer-picks-american-well-for-virtual-care

premium commercial property owner and developer which we have owned in the past, as well as SEDG and KRNT. We exited our investments in Billtrust ("BTRS"), which was acquired; casino operator MGM Resorts International ("MGM"); mobile gaming company Playtika ("PLTK"); and crypto-focused bank Silvergate Capital ("SI"). Concerned about the industry dynamics and SI, we had decided to exit the position, which was before the stock had suffered a serious decline. We modestly trimmed certain core holdings that had stock price gains during the quarter and/or for portfolio management reasons. We added to a short position in an industrial REIT and initiated short positions in a consumer and industrial services company and a healthcare tech provider. We covered a short position in a branded apparel company, among other short positions covered.

Review of 2022

See below for the Fund's sector attribution for 2022 along with average gross long and short exposure for the year:

Sector Exposure and Average Exposures for 2022[8]

	Attribution 2022				Average Exposure 2022				Exposure 12/31/2022			
Sector	**Long**	**Short**	**Total Gross**	**Total Net**	**Long**	**Short**	**Gross**	**Net**	**Long**	**Short**	**Gross**	**Net**
Communication Services	-1.47%	0.35%	-1.12%	-1.19%	5%	0%	5%	5%	3%	0%	3%	3%
Consumer Discretionary	-7.10%	3.91%	-3.19%	-3.41%	41%	-13%	54%	28%	46%	-14%	60%	32%
Consumer Staples	-1.27%	-0.13%	-1.40%	-1.50%	2%	0%	2%	2%	2%	0%	2%	2%
Energy	6.76%	-0.06%	6.70%	6.23%	27%	-1%	28%	26%	23%	0%	23%	23%
Financials	-2.36%	1.73%	-0.63%	-0.67%	15%	-1%	16%	14%	13%	0%	13%	13%
Health Care	-11.63%	0.80%	-10.83%	-11.58%	19%	-1%	20%	18%	18%	-2%	20%	16%
Industrials	-4.88%	-0.29%	-5.17%	-5.53%	8%	-3%	11%	5%	10%	-7%	17%	3%
Information Technology	-3.75%	1.29%	-2.46%	-2.63%	40%	-3%	43%	37%	39%	0%	39%	39%
Materials	-0.70%	0.00%	-0.70%	-0.75%	3%	0%	3%	3%	2%	0%	2%	2%
Real Estate	-1.48%	1.40%	-0.08%	-0.09%	2%	-2%	4%	0%	7%	-3%	10%	4%
Utilities	0.00%	0.23%	0.23%	0.21%	0%	0%	0%	0%	0%	0%	0%	0%
Index/ETF	-0.02%	1.05%	1.03%	0.96%	0%	-2%	2%	-2%	1%	0%	1%	1%
Total	**-27.90%**	**10.28%**	**-17.62%**	**-19.95%**	**162%**	**-26%**	**188%**	**136%**	**164%**	**-26%**	**190%**	**138%**

The following page shows a list of the top 10 winning and losing investments (in rank order) for the Fund in 2022:

[8] Net Attribution Figures have been prepared on a pro forma basis and provided above, consistent with note in footnote 1. Important considerations regarding Senvest's calculation methodology for the Net Sector attributions should be reviewed under the Important Disclosures on page 15—these figures are not properly understood without reference to these disclosures.

Top 10 Contributors in 2022

Company	Ticker	Long/Short	12/31/2021 Stock Price	12/31/2022 Stock Price	% Price Change[9]
ARC RESOURCES	ARX	Long	11.50	18.25	58.70%
PARAMOUNT RESOURCE	POU	Long	24.59	28.64	16.47%
BTRS HOLDINGS	N/A	Long	7.82	9.50	21.48%
FINANCIALS CO	N/A	Short	N/A	N/A	-90.00%
SOLAREDGE TECHNOLOGIES	SEDG	Long	280.57	283.27	0.96%
REAL ESTATE CO	N/A	Short	N/A	N/A	-60.00%
TOWER SEMICONDUCTOR	TSEM	Long	39.68	43.20	8.87%
PING IDENTITY HOLDING	N/A	Long	22.88	28.50	24.56%
AXCELIS TECHNOLOGIES	ACLS	Long	74.56	79.36	6.44%
CONSUMER DISCRETIONARY CO	N/A	Short	N/A	N/A	-20.00%

Top 10 Detractors in 2022

Company	Ticker	Long/Short	12/31/2021 Stock Price	12/31/2022 Stock Price	% Price Change
QUIDELORTHO	QDEL	Long	134.99	85.67	-36.54%
EBAY	EBAY	Long	66.50	41.47	-37.64%
RADWARE	RDWR	Long	41.64	19.75	-52.57%
AYR WELLNESS	AYR/A	Long	19.14	1.68	-91.22%
LUMIRADX	LMDX	Long	8.91	0.90	-89.90%
FINANCIALS CO	N/A	Short	N/A	N/A	-60.00%
WW INTERNATIONAL	WW	Long	16.13	3.86	-76.07%
VERINT SYSTEMS	VRNT	Long	52.51	36.28	-30.91%
VERANO HOLDINGS	VRNO	Long	15.95	4.30	-73.04%
COGNYTE SOFTWARE	CGNT	Long	15.67	3.11	-80.15%

Outlook and Positioning for 2023

In 2022, virtually all asset classes posted negative returns, with the MSCI All-Country World Index dropping -19.46%. US equity markets experienced similar declines of -18.13% for the S&P 500 and -20.46% for the Russell 2000. Ned Davis Research ("NDR") notes it was the seventh-worst year for the S&P 500 since 1926. Bonds also had a difficult 2022. NDR further notes "Last year was the worst on record for the Bloomberg Barclays U.S.

[9] Price changes simply reflect the change in the stock price from the end of Q3 2022 until the end of Q4 2022. This figure is not reflective of Senvest's performance in any investment, and is not an indication that Senvest (i) has attained any performance metrics in these investments or (ii) has held these positions during the entire quarter.

Aggregate Index, at -13.0%. It was only the fifth time since 1926 that both stocks and bonds declined in the same year, and the first time they both fell by over 10%."[10] Bank of America research further shows the historic context of the US Treasury market drubbing, "…US Treasuries 17% loss in '22 was worst since 1788 and 2nd straight annual loss; last time 2 straight years of UST losses…1958-59, last time >5% UST loss followed by -ve return…1861; last time 3 straight years of US government bond Treasuries…never; 250 years of history say US Treasury returns up in 2023."[11]

Even after such an awful year with relatively historic losses, Wall Street strategists, financial media outlets and investors remain firmly downbeat in sentiment going into 2023. A sample of recent headlines reflects the dour mood:

> "Big Banks Predict Recession…more than two-thirds of economists at 23 major financial institutions expect the U.S. to have a downturn this year. (WSJ Jan 2, 2023)"
>
> "Morgan Stanley Warns US stocks Risk 22% Slump. (Bloomberg Jan 9, 2023)"
>
> "JP Morgan, Goldman Sachs Say Stocks Recovery Won't Be Easy in 2023 (Bloomberg Dec 20, 2022)"
>
> "After $18 Trillion Rout, Global Stocks Face More Hurdles in 2023 (Bloomberg Dec 29, 2022)"
>
> "Smart Money Is Still Wary of the Equity Rally (FT January 27, 2023)"

The Bank of America global fund manager survey further confirms the skepticism and reports "Asset allocators are the most underweight US stocks since Oct 2005."[12]

As contrarians, we take comfort in the rampant negativity. If a recession is all but certain, wouldn't that get reflected in stock prices?

In our third quarter letter, we expressed our view that dramatic Fed tightening measures were succeeding in reining inflation and that inflation expectations were well contained. This helped support our relatively bullish net long position in the fourth quarter. As we start the year, it appears that the equity markets could be coming around to this view and we aren't surprised to see the pundits proven wrong, with equity markets performing strongly in January. The Fund has outperformed, posting an estimated net return of approximately 15.59% in January. We have taken the opportunity to trim longs, add modestly to short positions and reduce our gross

[10] Ned Davis Research (2023, January 3)
[11] BofA Global Research (2023, January 17). ChatFMS: We Are Less Bearish
[12] BofA Global Research (2023, January 17). ChatFMS: We Are Less Bearish

and net long exposures to approximately 185% and 123%, respectively, down from 190% and 138% at the end of December. A noticeable divergence between Fed targeted rates and market projected rates has many commentators expecting the Fed to maintain strong, hawkish language in order to keep "financial conditions" tight. In other words, the Fed is expected to stymie the market rally. In this event, we believe the Fund is well positioned to add to longs and cover shorts if the market pulls back.

On a final note, we think it's worthwhile to take a deeper look at last year's performance of the underlying portfolio excluding major contributors in 1) energy (primarily POU, ARX) provided +6.70% on a gross basis (+6.23% on a net basis); 2) Tower Semiconductor (which is in the process of being acquired) provided +1.20% on a gross basis (+1.13% on a net basis); and the short portfolio provided +10.28% on a gross basis (+9.65% on a net basis). Excluding these contributors, the Fund declined approximately -33% on a net basis, suggesting a serious hit to core holdings in which we have high conviction. In essence, much of the Fund is on sale. We continue to have meaningful exposure to the energy sector with the Fund's two core holdings in Canadian E&P players POU and ARX, at approximately 17% and 6% of equity at the end of the year, as we have net sold the strength. In addition to their intrinsic appeal, we believe this exposure can provide some protection if inflation remains stubborn, given historical correlations of energy commodities with inflation, and as a hedge against geopolitical strife.

In the attached Appendix, we show the Fund's top 15 long positions and the market valuations. In general, the bulk of the portfolio consists of relatively low P/E stocks of companies generating free cash flow, most of which they use to buy back stock at what we think are attractive valuations, thereby further enhancing shareholder value.

We thank our partners for your support and continued confidence in Senvest by entrusting us with your capital. As always, feel free to reach out to us with any questions.

Very truly yours,

Richard Mashaal | Brian Gonick

Appendix A – Senvest Master Fund Top 15 Long Positions

Senvest Master Fund Top 15 Long Positions

		% Change			Trailing[1]				1-Year Forward[2]			
	Price	52 Wk High	LTM	2023	EV / Rev	EV / EBITDA[3]	P / Adj. EPS[4]	P / TBV	EV / Rev	EV / EBITDA[3]	P / Adj. EPS[4]	Market Cap
Paramount Resources (POU CN)	$29.35	(27%)	10%	2%	2.2x	4.5x	4.3x	1.4x	2.7x	3.5x	3.5x	$4,312
Capri Holdings (CPRI US)	$67.96	(4%)	4%	19%	1.8x	8.3x	10.4x	NM	1.8x	8.5x	9.5x	$9,314
Marriott Vacations (VAC US)	$161.85	(6%)	1%	20%	2.1x	10.0x	16.2x	NM	1.9x	9.3x	13.8x	$7,024
eBay (EBAY US) [5]	$50.66	(16%)	(15%)	22%	2.9x	8.1x	12.2x	36.0x	2.9x	8.6x	11.8x	$28,606
Quidel (QDEL US) [6]	$89.70	(24%)	(9%)	5%	2.0x	4.6x	5.3x	3.9x	3.0x	10.5x	17.3x	$6,055
Solaredge (SEDG US)	$316.00	(14%)	33%	12%	6.7x	45.9x	NM	9.4x	4.6x	26.3x	36.2x	$18,812
PennyMac Financial Services (PFSI US)	$66.29	(9%)	12%	17%	NA	NA	6.3x	1.0x	NA	NA	9.8x	$3,644
Tower Semi (TSEM US)	$41.50	(16%)	21%	(4%)	2.3x	7.1x	16.3x	2.6x	2.4x	7.2x	14.0x	$4,599
Verint (VRNT US)	$38.86	(30%)	(25%)	7%	3.5x	13.8x	16.6x	NM	3.3x	11.7x	14.5x	$2,560
Axcelis (ACLS US)	$118.04	(1%)	88%	49%	4.2x	16.7x	22.7x	6.3x	3.8x	17.2x	20.0x	$3,877
Radware (RDWR US)	$22.14	(38%)	(34%)	12%	2.6x	17.0x	22.3x	4.0x	2.6x	14.9x	18.8x	$1,010
Arc Resources (ARX CN) [7]	$15.04	(32%)	(1%)	(18%)	1.4x	2.9x	2.9x	1.6x	1.8x	2.7x	2.8x	$9,832
Boston Properties (BXP US)	$75.48	(43%)	(33%)	12%	9.0x	16.5x	10.5x	1.9x	8.7x	14.7x	15.4x	$11,832
Kornit (KRNT US)	$27.59	(74%)	(72%)	20%	3.1x	NM	NM	1.6x	3.4x	NM	NM	$1,375
Ciena (CIEN US)	$50.32	(28%)	(23%)	(1%)	2.0x	14.7x	26.2x	3.2x	1.7x	11.0x	17.7x	$7,468
Median[8]		**(24%)**	**(1%)**	**12%**	**2.4x**	**10.0x**	**10.5x**	**3.2x**	**2.8x**	**10.5x**	**14.6x**	**$6,055**
Russell 2000[9]		(7%)	(1%)	13%	1.7x	12.7x	13.5x	4.7x	1.7x	8.3x	14.0x	
S&P 500[9]		(11%)	(8%)	8%	2.6x	11.8x	20.1x	13.7x	2.6x	12.5x	18.9x	

Note: NM = Not Meaningful. NA = Not Available. Senvest Top 15 ranking as of 2/3/23. Prices, market cap and fundamentals as of 2/3/23. ARX CN and POU CN Price, Market Cap and EPS in CAD, all other positions in USD.

(1) Trailing multiples based on last twelve months reported data for all companies.
(2) Bloomberg Estimates for calendar year 2023; Adjustments exclude non-cash charges, including intangible amortization and stock-based compensation.
(3) Trailing and Forward EBITDA estimates for ARX CN and POU CN represent Debt Adjusted (Unlevered) Cash Flow.
(4) P / Adj. EPS based on cash adjusted stock prices for those companies with positive net cash per share (TSEM, EBAY, and RDWR). Earnings estimates for ARX CN and POU CN based on FFO.
(5) Valuation of eBay includes $5.83 / share of post-tax value related to investments in Adevinta, Adyen, eBay Korea, and Kakao Bank, as well as cash proceeds to be received from the eBay Korea sale. Trailing estimates for Revenue, EBITDA, EPS and Tangible Book Value exclude Classifieds assets and eBay Korea.
(6) Figures prior to 2022 reflect standalone Quidel and are not PF for acquisition of Ortho Clinical Diagnostics in 2Q22.
(7) ARX CN historical financials and capital structure are pro forma for VII CN acquisition (closed 4/6/21)
(8) Median calculations for valuation multiples exclude TSEM due to acquisition by Intel Corporation announced on 2/15/22. Median calculations also exclude members with negative earnings.
(9) P / EPS for Russell 2000 and S&P 500 represent current Price / Adj. EPS multiples from Bloomberg excluding members with negative earnings.

AUM ($ Million) - as of 12/31/2022 **$2,225.8**

Portfolio Exposure (% of AUM)	Q3 2022	Q4 2022	Change
Gross Long	161%	164%	3%
Gross Short	-24%	-26%	-2%
Total Gross	185%	190%	5%
Net	137%	138%	1%
Cash & Currency	-37%	-38%	-1%

Concentration (% of Equity)	Q3 2022	Q4 2022	Change
Top 10 Longs	94%	102%	8%
Top 20 Longs	126%	134%	9%
Largest Long Position Size	16%	18%	1%
Top 10 Shorts	20%	23%	3%
Top 20 Shorts	24%	26%	3%

IMPORTANT DISCLOSURES

This letter is an informational document and does not constitute an offer to sell or a solicitation to purchase any securities in any entity organized, controlled, or managed by Senvest Management, LLC ("Senvest") or in (i) Senvest Partners LP, a Delaware limited partnership, (ii) Senvest Partners Ltd., a Cayman Islands exempted company (both Senvest Partners LP and Senvest Partners Ltd. invest substantially all of their assets in Senvest Master Fund, L.P.), or any other partnership interests described herein (collectively, the "Funds"), and may not be relied upon in connection with any offer or sale of securities. Any offer or solicitation may only be made pursuant to a Confidential Private Offering Memorandum (or similar document) which will only be provided to qualified offerees and should be reviewed carefully by any such offerees prior to investing.

An investment in a Fund involves risk and volatility. Because this communication is only a high-level summary it does not contain all material terms pertinent to an investment decision, including important disclosures of conflicts and risk factors associated with an investment in a Fund. This document in and of itself should not form the basis for any investment decision. An investment in a Fund is speculative and entails substantial risks, including the fact that such an investment would be illiquid and be subject to significant restrictions on transferability. No market is expected to develop for interests in any Fund. Financial instruments and investment opportunities discussed or referenced herein may not be suitable for all investors, and potential investors must make an independent assessment of the appropriateness of any transaction in light of their own objectives and circumstances, including the possible risk and benefits of entering into such a transaction.

An investor in a Fund could lose all or a substantial amount of his or her investment. Returns generated from an investment in a Fund may not adequately compensate investors for the business and financial risks assumed. While the Funds are subject to market risks common to other types of investments, including market volatility, the Funds employ certain trading techniques such as the use of leverage and other speculative investment practices that may increase the risk of investment loss. The products and strategies in which the Funds expect to invest may involve above-average risk. Please see the Risk Factors section of the applicable Confidential Private Offering Memorandum (or similar document) for certain risks associated with an investment in a Fund.

Certain information contained in this Presentation constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "target", "project", "estimate", "intend", "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual policies, procedures and processes of the Investment Manager and the performance of the Funds may differ materially from those reflected or contemplated in such forward-looking statements and no undue reliance should be placed on these forward-looking statements, nor should the inclusion of these statements be regarded as the Investment Manager's representation that the Funds will achieve any strategy, objectives or other plans.

This document should be read in conjunction with, and is qualified in its entirety by, information appearing in the Confidential Private Offering Memorandum (or similar document) for each Fund and the organizational documents for such fund (e.g. limited partnership agreements, articles of association, etc.), which should be carefully reviewed prior to investing. Potential investors should consult a professional adviser regarding the possible economic, tax, legal or other consequences of entering into any investments or transactions described herein. Investment allocations and ownership percentages are subject to change without notice. The information contained herein is confidential and cannot be reproduced, shared or published in any manner without the prior written consent of Senvest.

Unless otherwise indicated, the information contained in this document is current as of the date indicated on its cover. Such information is believed to be reliable and has been obtained from sources believed to be reliable, but no representation or warranty is made, expressed or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of the information and opinions. Additionally, there is no obligation to update, modify or amend this document or to otherwise notify a reader in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

The Investment Manager is not acting and does not purport to act in any way as an advisor or in a fiduciary capacity vis-a-vis any investor in the Funds. Therefore, it is strongly suggested that any prospective investor obtain independent advice in relation to any investment, financial, legal, tax, accounting or regulatory issues discussed herein. Analyses and opinions contained herein may be based on assumptions that if altered can change the analyses or opinions expressed. Nothing contained herein shall constitute any representation or warranty as to future performance of any financial instrument, credit, currency rate or other market or economic measure.

Certain performance information is provided for the Funds. Performance numbers are net of all fees and expenses unless noted otherwise. Past performance is not necessarily indicative of or a guarantee of future results. Short position percentage of price change is rounded to maintain the anonymity of the security. Unless otherwise noted, all calculations in this report are made by Senvest. All profit and loss, or other performance information is unaudited and is net of fees and expenses based on an investment made at inception. Total returns reflect compounded monthly returns. The distribution of this document in certain jurisdictions may be prohibited or restricted by law; therefore, people in whose possession this document comes should inform themselves about and observe such restrictions. Any such distribution could result in a violation of the law of such jurisdictions.

Gross and Net Attribution Figures: Attributions of sector-level performance are shown on a gross basis unless otherwise noted herein ("Gross Attributions"). Gross Attributions reflect the return contribution by the aggregate investments in each Sector for the period indicated (calculated by dividing the gains/losses of the indicated Sector over the portfolio, as applicable), but is calculated prior to the deduction of management fees, expenses and incentive compensation paid to Senvest, which will reduce performance.

Net sector attributions ("Net Attributions") reflect Gross Attributions, reduced by a percentage equal to the quotient of the the applicable Fund's net return divided by the applicable Fund's gross returnin order to approximate a pro forma "net" return. This pro forma return should not be relied upon as a precise metric of the impact of fees and expenses on the performance of each Sector, for the reasons detailed below.

Net Attributions are presented pro forma because, although such figures reflect actual performance, these calculations apply management fees, expenses and incentive compensation to each Sector's Gross Attributions, even though each Fund's fees, expenses and incentive compensation are only calculated for the applicable Fund as a whole. Correspondingly, this approximation does not precisely reflect the impact such fees and expenses actually had on the performance of positions included in each Sector. Net Attributions do not take into account the specific impact of leverage and other costs on specific Sectors' performance, nor do they incorporate the differing impact that each investor's or Fund's high water mark has on specific Sectors. For example, if the Fund as a whole accrued incentive compensation for a given period, the Net Attributions methodology would result in the reduction of Gross Attributions,, on a percentage basis, of an amount incorporating that accrued incentive compensation from each Sector's performance, even where a Sector experienced negative performance (and therefore, viewed in isolation, would not have accrued incentive allocation). In addition, expenses are not tracked on a Sector-by-Sector basis, and therefore the Net Attributions shown herein do not reflect an approximation of the precise impact of expenses on specific Sectors' performance—many expenses are incurred on a fund-wide level and do not relate to any specific portion of the investment program. Pro forma performance of this nature is subject to inherent limitations and should not form the basis for an investment decision. Additional information on the risks and limitations of pro forma performance is available upon request.

Senvest Master Fund, L.P. performance returns presented in certain tables reflect those Funds' historical performance during the time periods indicated.

The S&P 500 Index, HFRI Equity Hedge Total Index, and Russell 2000 Index (collectively, the "Indices") are included for informational purposes only. All index returns include dividend reinvestment. The Funds' portfolios will not replicate any of these indices and no guarantee is given that performance will match any of the indices; it is not possible to invest in any index. There are significant differences between the Funds' investments and the Indices (for instance, the Funds will use short sales and leverage and may invest in securities that have a greater degree of risk and volatility, as well as less liquidity, than those securities contained in the Indices). Moreover, the Indices are not subject to any of the fees or expenses that the Funds must pay. It should not be assumed that the Funds will invest in any specific securities that comprise the Indices, nor should it be understood to mean that there is a correlation between the Funds' returns and the Indices' performance. Additional information on each index follows:

The S&P 500 index is one of the most commonly used benchmarks for the overall U.S. stock market. This index is a broad based measurement of changes in stock market conditions based on the average performance of 500 widely held stocks including industrial, transportation, financial, and utility stocks. The composition of the 500 stocks is flexible and the number of issues in each sector varies over time.

The HFRX Equity Hedge Total Index is calculated by Hedge Fund Research, Inc. and is a benchmark of hedge fund industry performance that is engineered to achieve representative performance of equity hedge fund managers that would typically maintain at least 50%, and may in some cases be substantially entirely invested, in equities, both long and short. In order to be considered for inclusion in the HFRX Equity Hedge Index, a hedge fund must be currently open to new transparent investment, maintain a minimum asset size and meet the duration requirement (generally, a 24 month track record). Because the HFR Indices are calculated based on information that is voluntarily provided, actual returns may be higher or lower than those reported.

The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which is made up of 3,000 of the largest U.S. stocks by market capitalization. The Russell 2000 Index represents approximately 8% of the total market capitalization of the Russell 3000 Index.

INTERNAL CONTROLS

Disclosure controls and procedures

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified under those laws, and include controls and procedures that are designed to ensure that the information is accumulated and communicated to management, including Senvest's President and CEO and Vice-President and CFO, to allow timely decisions regarding required disclosure. As at December 31, 2022, management evaluated, under the supervision of and with the participation of the CEO and the CFO, the effectiveness of our disclosure controls and procedures, under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings. Based on that evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as at December 31, 2022.

Internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting under National Instrument 52-109. Our internal control over financial reporting is a process designed under the supervision of the CEO and CFO to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. However, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Management evaluated, under the supervision of and with the participation of the CEO and the CFO, the effectiveness of our internal control over financial reporting as at December 31, 2022, based on the criteria established in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, the CEO and CFO concluded that our internal control over financial reporting was effective as at December 31, 2022. There have been no changes during the year ended December 31, 2022 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial report.

Victor Mashaal
Chairman of the Board and President
Senvest Capital Inc.

March 31, 2023

(Management Discussion and Analysis ("MD&A") provides a review of Senvest Capital Inc.'s operations, performance and financial condition for the year ended December 31, 2022, and should be read in conjunction with the 2022 annual filings. Readers are also requested to visit the SEDAR website at www.sedar.com ***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.)***

The Consolidated financial statements for the fiscal year ended December 31, 2022 and December 31, 2021, were prepared by the management of Senvest Capital Inc., reviewed by the Audit Committee and approved by the Board of Directors. They were prepared in accordance with International Financial Reporting Standards and are consistent with the Company's business.

The Company and its subsidiaries maintain a high level of quality of internal controls, designed to provide reasonable assurance that the financial information is accurate and reliable. The information included in this Annual Report is consistent with the financial statements contained herein.

The financial statements have been audited by PricewaterhouseCoopers LLP, the company's auditors, whose report is provided herein.

Victor Mashaal
Chairman of the Board and President

Senvest Capital Inc.

March 31, 2023

Independent auditor's report

To the Shareholders of Senvest Capital Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Senvest Capital Inc. and its subsidiaries (together, the Company) as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of income (loss) for the years then ended;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to consolidated financial statements, including material accounting policy information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Quebec, Canada H3B 4Y1
T: +1 514 205 5000, F: +1 514 876 1502

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of level 3 debt and equity securities *Refer to note 2 – Material accounting policy information, note 3 – Critical accounting estimates and judgments and note 16 – Financial risks and fair value to the consolidated financial statements.* As at December 31, 2022, the Company's investment portfolio included $5,280,915,000 of equity investments and other holdings measured at fair value through profit or loss, which included $253,677,000 of level 3 debt and equity securities (the Securities) for which quoted prices or observable inputs were not available. Management uses valuation techniques, including the comparable company approach, comparable bond methodologies, Black-Scholes option pricing models, index performance method, and recent transactions to determine the fair value of the Securities. In the determination of the fair value of these Securities, management applies significant judgment which includes the selection of appropriate valuation techniques and the use of significant unobservable inputs in those techniques, such as: a) earnings before interest, tax and amortization (EBITA) multiples, revenue multiples, EBITA estimates, revenue estimates, average change in market capitalization, index weighting and price to book value (P/BV) multiples for Securities valued using the comparable company approach;	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the fair value estimates for a sample of the Securities, which included the following: – Evaluated the appropriateness of the valuation techniques used and tested the mathematical accuracy thereof. – For Securities valued using the comparable company approach, assessed the reasonableness of EBITA and revenue estimates of the underlying companies by comparing them to past performance of the underlying companies. – For Securities valued using the recent transaction approach, assessed publicly available information having a potential to affect the fair value between the transaction date and December 31, 2022 and, if applicable, the reasonableness of the discount for lack of marketability applied. – Assessed the reasonableness of significant unobservable inputs by considering comparable companies for expected volatilities, average change in market capitalization, index weighting and P/BV multiples.

Key audit matter	How our audit addressed the key audit matter
b) discount rates and yield to maturity (YTM) rates for Securities valued using comparable bond methodologies; c) expected volatilities for Securities valued using the Black-Scholes option pricing models; d) index weighting for Securities valued using the index performance method; and e) discount for lack of marketability for Securities valued using the recent transactions. We considered this a key audit matter due to the significant judgment applied by management in determining the fair value estimates of the Securities. This determination required the use of appropriate valuation techniques which included significant unobservable inputs. This in turn led to a high degree of auditor subjectivity and judgment in performing procedures relating to the valuation of the Securities. The audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.	– Professionals with specialized skill and knowledge in the field of valuation were used to further assist in evaluating the reasonableness of management's valuation techniques and significant unobservable inputs, by considering comparable companies for the EBITA multiples, revenue multiples, P/BV multiples, discount rates, YTM rates, index weighting, average change in market capitalization and expected volatilities. – Tested the underlying data used in the valuation techniques.
Valuation of investment properties *Refer to note 2 – Material accounting policy information, note 3 – Critical accounting estimates and judgments and note 9 – Investment properties to the consolidated financial statements.* As at December 31, 2022, the Company held investment properties amounting to $56,318,000, which are measured at fair value. Management uses valuation techniques, including the comparable sales approach and recent transactions, to determine the fair value of investment properties. Management uses significant unobservable inputs in estimating the value of the investment properties, such as value/m^2 for investment properties valued using the comparable sales approach.	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the fair value of a sample of investment properties, which included the following: – Professionals with specialized skill and knowledge in the field of real estate valuation assisted us in evaluating the appropriateness of the valuation techniques, in testing the mathematical accuracy thereof, assessing recent transactions and evaluating the reasonableness of the value/m^2 used. – Tested the underlying data used in the valuation techniques.

Key audit matter	How our audit addressed the key audit matter
We considered this a key audit matter due to the significant judgments applied by management in determining the fair value of the investment properties. This determination required the use of appropriate valuation techniques which included significant unobservable inputs. This in turn led to a high degree of auditor subjectivity and judgment in performing procedures relating to the valuation of investment properties. The audit effort involved the use of professionals with specialized skill and knowledge in the field of real estate valuation.	

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Linda Beauparlant.

/s/PricewaterhouseCoopers LLP[1]

Montréal, Quebec
March 31, 2023

[1] CPA auditor, public accountancy permit No. A117693

(in thousands of Canadian dollars)

	Note	2022 $	2021 $
Assets			
Cash and cash equivalents	4	42,531	52,189
Restricted short-term investments		477	475
Due from brokers	5(b)	163,579	69,333
Equity investments and other holdings	6	5,280,915	6,272,837
Investments in associates	7	29,563	25,360
Real estate investments	8	47,763	50,765
Investment properties	9	56,318	54,349
Income taxes receivable	12(b)	14,871	22,865
Other assets	11(b)	17,136	15,729
Total assets		5,653,153	6,563,902
Liabilities			
Bank advances	5(a)	532	253
Trade and other payables	11	29,694	96,847
Due to brokers	5(b)	1,058,328	998,409
Securities sold short and derivative liabilities	6	858,733	888,254
Redemptions payable		34,006	187,130
Subscriptions received in advance		703	1,411
Income taxes payable	12(b)	4,797	2,727
Deferred income tax liabilities	12(b)	90,606	143,545
Liability for redeemable units	10	1,981,983	2,429,673
Total liabilities		4,059,382	4,748,249
Equity			
Equity attributable to common shareholders			
Share capital	13	20,657	20,853
Accumulated other comprehensive income		234,254	127,620
Retained earnings		1,321,347	1,656,171
Total equity attributable to common shareholders		1,576,258	1,804,644
Non-controlling interest	17	17,513	11,009
Total equity		1,593,771	1,815,653
Total liabilities and equity		5,653,153	6,563,902

Approved by the Board of Directors

Victor Mashaal
Director

Frank Daniel
Director

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

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

	Note	2022 $	2021 $
Revenue			
Interest income		28,232	9,208
Dividend income		42,292	29,419
Other income		6,583	6,079
		77,107	44,706
Investment gains			
Net change in fair value of equity investments and other holdings		(810,022)	2,423,815
Dividend expense on securities sold short		(17,315)	(4,265)
Net change in fair value of real estate investments		10,587	6,510
Net change in fair value of investment properties		4,511	5,052
Share of profit (loss) of associates	7	(86)	682
Foreign exchange gain		4,873	5,676
		(807,452)	2,437,470
Total revenue and net investment gains (losses)		(730,345)	2,482,176
Operating costs and other expenses			
Employee benefit expense		40,953	156,403
Interest expense		51,780	15,552
Transaction costs		18,097	21,005
Other operating expenses		29,085	21,377
		139,915	214,337
Change in redemption amount of redeemable units		(502,428)	1,431,017
Income (loss) before income tax		(367,832)	836,822
Income tax expense (recovery)	12(a)	(40,507)	100,950
Net income (loss) for the year		(327,325)	735,872
Net income (loss) attributable to:			
Common shareholders		(326,083)	732,988
Non-controlling interest		(1,242)	2,884
Earnings (loss) per share			
Basic and diluted	14	(130.98)	289.32

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

(in thousands of Canadian dollars)

	2022 $	2021 $
Net income (loss) for the year	(327,325)	735,872
Other comprehensive income		
Currency translation differences	107,279	1,562
Comprehensive income (loss) for the year	(220,046)	737,434
Comprehensive income (loss) attributable to:		
Common shareholders	(219,449)	734,591
Non-controlling interest	(597)	2,843

Other comprehensive income includes currency translation differences arising from the Company's interest in foreign entities. Accumulated other comprehensive income 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 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 consolidated financial statements.

(in thousands of Canadian dollars)

	Note	Share capital $	Accumulated other comprehensive income $	Retained earnings $	Total $	Non-controlling interests $	Total equity $
		Equity attributable to owners of the parent					
Balance – December 31, 2020		21,619	126,017	950,418	1,098,054	48,060	1,146,114
Net income for the year		-	-	732,988	732,988	2,884	735,872
Other comprehensive income (loss)		-	1,603	-	1,603	(41)	1,562
Comprehensive income for the year		-	1,603	732,988	734,591	2,843	737,434
Repurchase of common shares	13	(766)	-	(27,235)	(28,001)	-	(28,001)
Distributions to non-controlling interest		-	-			(39,894)	(39,894)
Balance – December 31, 2021		20,853	127,620	1,656,171	1,804,644	11,009	1,815,653
Net loss for the year		-	-	(326,083)	(326,083)	(1,242)	(327,325)
Other comprehensive income		-	106,634	-	106,634	645	107,279
Comprehensive income (loss) for the year		-	106,634	(326,083)	(219,449)	(597)	(220,046)
Repurchase of common shares	13	(196)	-	(8,741)	(8,937)	-	(8,937)
Contribution from non-controlling interest						7,101	7,101
Balance – December 31, 2022		20,657	234,254	1,321,347	1,576,258	17,513	1,593,771

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

(in thousands of Canadian dollars)

	Note	2022 $	2021 $
Cash flows provided by (used in)			
Operating activities			
Net income (loss) for the year		(327,325)	735,872
Adjustments for non-cash items	15(a)	232,974	(918,161)
Purchase of equity investments and other holdings held for trading		(5,472,576)	(5,189,492)
Purchase of securities sold short and derivative liabilities		(6,663,804)	(6,941,058)
Proceeds on sale of equity investments and other holdings held for trading		5,667,239	5,323,891
Proceeds from securities sold short and derivative liabilities		6,953,279	7,547,723
Dividends and distributions received from real estate investments		20,824	4,700
Changes in non-cash working capital items	15(b)	(153,303)	26,826
Net cash provided by operating activities		257,308	590,301
Investing activities			
Transfers to restricted short-term investments		29	(5)
Purchase of real estate investments		(4,019)	(2,421)
Purchase of investment properties		(2,639)	(4,599)
Purchase of investment in associates		(448)	(9,290)
Purchase of equity investments and other holdings at fair value through profit or loss		(20,668)	(140,796)
Proceeds on sale of equity investments and other holdings at fair value through profit or loss		1,869	5,273
Proceeds from investments in associates		1,075	577
Proceeds from sale of investment properties		5,617	-
Net cash used in investing activities		(19,184)	(151,261)
Financing activities			
Increase (decrease) in bank advances		265	(432)
Payment of lease liability	11(b)	(1,236)	(1,190)
Contributions from non-controlling interest		7,101	-
Repurchase of common shares		(8,937)	(28,001)
Proceeds from issuance of redeemable units		29,187	16,591
Amounts paid on redemption of redeemable units		(276,760)	(385,185)
Net cash used in financing activities		(250,380)	(398,217)
Increase (decrease) in cash and cash equivalents during the year		(12,256)	40,823
Effect of changes in foreign exchange rates on cash and cash equivalents		2,598	451
Cash and cash equivalents – Beginning of year		52,189	10,915
Cash and cash equivalents – End of year	4	42,531	52,189
Amounts of cash flows classified in operating activities:			
Cash paid for interest		47,951	15,258
Cash paid for dividends on securities sold short		15,937	3,720
Cash received on interest		24,414	8,847
Cash received on dividends		41,879	31,040
Cash paid for income taxes		12,067	21,866

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

(in thousands of Canadian dollars unless otherwise stated)

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”. Refer to note 17 for the composition of the Company.

2 Material accounting policy information

Basis of preparation

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

The Board of Directors (Board) approved these consolidated financial statements for issue on March 30, 2023.

The preparation of consolidated financial statements in conformity with IFRS 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, including derivative instruments, and investment properties which have been measured at fair value.

(in thousands of Canadian dollars unless otherwise stated)

Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

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

Associates are entities over which the Company has significant influence but not control, generally accompanying a holding of between 20% to 50% of the voting rights.

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.

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 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 equals 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 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.

(in thousands of Canadian dollars unless otherwise stated)

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 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).

All foreign exchange gains and losses are presented in the consolidated statement of income (loss) in foreign exchange gain (loss).

(in thousands of Canadian dollars unless otherwise stated)

Consolidation and foreign operations

The financial statements of an 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 loss as currency translation differences.

When an entity disposes of 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 are recognized in net income (loss). If an entity 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 related to the subsidiary are 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.

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.

(in thousands of Canadian dollars unless otherwise stated)

Classification and measurement

The classification of financial assets is based on the Company's business models 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 fair value through profit and loss (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.

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.

(in thousands of Canadian dollars unless otherwise stated)

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.

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

(in thousands of Canadian dollars unless otherwise stated)

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.

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.

(in thousands of Canadian dollars unless otherwise stated)

Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment.

Income tax

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of income (loss) 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.

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.

(in thousands of Canadian dollars unless otherwise stated)

Earnings per share

Basic earnings per share is calculated by dividing the net loss 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.

New accounting standards adopted

The Company has early adopted the following IFRS amendments. The adoption of those amendments had no significant effect on the Company's consolidated financial statements.

- IAS 1, *'Presentation of Financial Statements'* and IFRS Practice Statement 2 *'Making Materiality Judgements'*. The IASB amended IAS 1 to assist entities in determining which material accounting policies are required to be disclosed. To support the IAS 1 amendment, guidance to demonstrate the application of materiality in a 'four-step materiality process' is provided in IFRS Practice Statement 2 to accounting policy disclosures.

- IAS 8, *'Accounting Policies, Changes in Accounting Estimates and Errors'*. The IASB amended IAS 8 to help entities distinguish between changes in accounting policies and accounting estimates.

Accounting standards and amendments issued but not yet adopted

The IASB has issued a new standard and various amendment to existing standards that are not mandatory for the December 31, 2022, 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 estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are the estimates applied by management that most significantly affect the Company's consolidated financial statements. These estimates have a significant risk of causing a significant adjustment to the carrying amounts of assets and liabilities within the next fiscal year.

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.

Refer to note 16 for more information on fair value measurements and risk sensitivity for the Company's financial instruments.

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.

Refer to note 9 for more information on fair value measurements and risk sensitivity for the Company's 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.

Geopolitical events

The ongoing military conflict between Ukraine and Russia and the imposition of economic sanctions by Western countries continue to cause concern in financial markets. It is difficult to predict the impact of this conflict on the value of the financial assets held by the Company. Although the risk of recession is increased by this conflict and the increased levels of interest rates, inflationary pressures remain present. However, the Company does not hold any assets in or financial instruments issued by entities from Ukraine, Russia and Belarus which reduces the extent of possible variations in the value of its financial assets.

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

(in thousands of Canadian dollars unless otherwise stated)

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.

4 Cash and cash equivalents

	2022 $	2021 $
Cash on hand and on deposit	42,309	52,056
Short-term investments	222	133
	42,531	52,189

5 Credit facility and due from and due to brokers

a) Credit facility

Bank advances

The Company has a credit facility with a Canadian bank and has available a demand revolving loan (credit facility) and a guarantee facility. The credit facility is in the amount of $3,000 and is payable on demand. As at December 31, 2022, $532 was outstanding (2021 – $253). Under the credit facility, the Company may, upon delivery of a required notice, opt to pay interest at the bank's prime rate plus 0.25%. All of the credit facility available is also available by way of term SOFR loans or banker's acceptance at varying rates depending on the length of term plus 1.75% per annum, or by US dollar advances.

A first-ranking movable hypothec in the amount of $30,000 on all of the Company's assets has been granted as collateral for the credit facility. According to the terms of the facility, the Company is required to comply with certain financial covenants. As at December 31, 2022 and 2021, the Company had met the requirements of all the covenants.

b) Due from and due to brokers

The Company has margin facilities with its prime brokers. As at December 31, 2022 and 2021, the Company's amounts due to brokers have no specific repayment terms, and they are governed by the margin terms set forth in the prime brokerage agreements. As at December 31, 2022, listed equity securities and due from brokers amounting to $4,890,741 have been pledged as collateral (2021 – $5,781,724). The fair value of the collateral-listed equity securities is calculated daily and compared to the

(in thousands of Canadian dollars unless otherwise stated)

Company's margin limits. The prime brokers can at any time demand full or partial repayment of the margin balances and any interest thereon or demand the delivery of additional assets as collateral.

Due from and due to brokers balances are presented on a net basis by broker in the consolidated statement of financial position. Under the prime broker agreements, the broker may upon events of default offset, net and/or regroup any amounts owed by the Company to the broker by amounts owed to the Company by the broker. The following tables set out the offsetting of the Company's various accounts with prime brokers.

			2022
	Gross amounts due from brokers $	Gross amounts due to brokers $	Net amount $
Due from brokers	520,503	356,924	163,579
Due to brokers	108,687	1,167,015	(1,058,328)

			2021
	Gross amounts due from brokers $	Gross amounts due to brokers $	Net amount $
Due from brokers	69,787	454	69,333
Due to brokers	355,210	1,353,619	(998,409)

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

Equity investments and other holdings

	Note	2022 $	2021 $
Assets			
Financial assets at fair value through profit or loss			
Held for trading			
Equity securities		4,695,370	5,670,043
Debt securities		82,651	57,142
Derivative financial assets	6(a)	214,865	211,428
		4,992,886	5,938,613
Financial assets at fair value through profit or loss			
Other			
Equity securities		233,233	268,910
Debt securities		54,741	58,815
Derivative financial assets		55	6,499
		5,280,915	6,272,837
Current portion		4,992,886	5,938,613
Non-current portion		288,029	334,224

(in thousands of Canadian dollars unless otherwise stated)

Securities sold short and derivative liabilities

	Note	2022 $	2021 $
Liabilities			
Financial liabilities			
Held for trading			
Securities sold short			
Listed equity securities (proceeds of $914,461; 2021 – $900,914)		810,045	883,880
Derivative financial liabilities (proceeds of $3,084; 2021 – $697)	6(a)	48,688	4,374
		858,733	888,254

a) From time to time, the Company enters into derivative financial instruments consisting primarily of warrants and options to purchase or sell equity indices and currencies, equity swaps, foreign currency forward contracts and foreign currency futures contracts. The following tables list the notional amounts, fair values of derivative financial assets and financial liabilities and net change in fair value by contract type, including swaps, options, warrants, rights, foreign currency futures contracts, foreign currency forward contracts and swaps and options sold short included in equity investments and other holdings or securities sold short and derivative liabilities:

				As at December 31, 2022	For the year ended December 31, 2022
	Notional value $	Fair value of derivative financial assets $	Notional value $	Fair value of derivative financial liabilities $	Net change in fair value $
Equity swaps	392,067	201,572	-	(47,029)	11,648
Equity options	3,251	241	92,482	(1,659)	5,524
Warrants and rights	124,110	13,107	-	-	(29,338)
	519,428	214,920	92,482	(48,688)	(12,166)

				As at December 31, 2021	For the year ended December 31, 2021
	Notional value $	Fair value of derivative financial assets $	Notional value $	Fair value of derivative financial liabilities $	Net change in fair value $
Equity swaps	250,083	166,427	137	(3,758)	177,522
Equity options	1,863	12	14,118	(616)	4,177
Warrants and rights	366,810	51,488	-	-	(37,824)
	618,756	217,927	14,255	(4,374)	143,875

(in thousands of Canadian dollars unless otherwise stated)

7 Investments in associates

The following have been included in the consolidated financial statements using the equity method.

	2022 $	2021 $
Grant and Geary Partners LP(i)	13,144	13,924
Other associates	16,419	11,436
	29,563	25,360
The Company's share of:		
Net income (loss) and comprehensive income (loss)		
Grant and Geary Partners LP(i)	(1,478)	(227)
Other associates	1,392	910
	(86)	682

i) Grant & Geary Partners LP is a limited partnership in which the Company has an approximate 28.5% economic interest in the underlying property, which is commercial real estate property held in the United States. Grant & Geary Partners LP's assets and liabilities are $56,310 (2021 – $60,232) and $10,190 (2021 – $11,375), respectively.

Commitments, contingent liabilities and borrowing arrangements of associates

There are no commitments, contingent liabilities or borrowing arrangements relating to the Company's interests in these associates.

8 Real estate investments

Real estate investments comprise the following:

	Note	2022 $	2021 $
Financial assets at fair value through profit or loss			
Investments in private entities	8(a)	12,759	12,765
Investments in real estate income trusts and partnerships	8(b)	35,004	38,000
		47,763	50,765
Non-current portion		47,763	50,765

a) These investments are minority interests in private entities whose main assets are real estate properties. There is no established market for these investments. The most likely scenario for a disposal of these investments is an eventual sale of the underlying real estate properties.

b) These real estate investments are in US real estate income trusts (commonly referred to as REITs) and partnerships. A REIT is an entity that owns and operates income-producing real estate and annually distributes to its holders at least 90% of its taxable income. The Company's investments are non-publicly-

(in thousands of Canadian dollars unless otherwise stated)

traded REITs. There is no established market for these REITs and partnerships. 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 their holders.

9 Investment properties

	2022 $	2021 $
Opening balance as at January 1	54,349	49,134
Purchases	2,200	3,042
Proceeds from dispositions	(5,617)	-
Capitalized subsequent expenditure	439	872
Net gain from dispositions	2,068	-
Net gain from fair value adjustment	2,443	5,052
Currency translation adjustments	436	(3,751)
Closing balance as at December 31	56,318	54,349
Non-current portion	56,318	54,349

a) Amounts recognized in profit or loss for investment properties

	2022 $	2021 $
Rental income	6,004	5,596
Direct operating expenses from property that generated rental income	3,586	3,519
Direct operating expenses from property that does not generate rental income	953	794
Net gain from dispositions	2,068	-
Net change in fair value of investment properties	2,443	5,052

b) Investment properties are commercial properties situated in Spain.

c) Contractual obligations

Refer to note 19 for disclosure of contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

d) Leasing arrangements

The investment properties are leased to tenants under short-term month-to-month operating leases with rentals payable monthly.

e) Fair value measurements

Investment properties are measured at fair value in these consolidated financial statements. Assumptions and estimates are made in determining the fair values of the investment properties. Based on the source of the inputs used in determining the fair value, the Company has classified its investment properties in Level 3 of the fair value hierarchy (a description of the levels is provided in note 16). There were no transfers between levels for recurring fair value measurements of investment properties during the years ended December 31, 2022 and 2021.

(in thousands of Canadian dollars unless otherwise stated)

i) Valuation techniques used to determine Level 3 fair values

The Company obtains independent valuations for its investment properties annually. At the end of each reporting period, management updates their assessment of the fair value of each property, taking into account the most recent independent valuations. Management determines a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the independent valuators consider information from a variety of sources including:

- current prices in active markets for similar properties in similar markets and in less active market, adjusted to reflect those differences;
- discounted cash flow projections based on reliable estimates of future cash flows; and
- capitalized income projections based upon a property's estimated net market income, and a capitalization rate derived from an analysis of market evidence.

ii) Fair value measurements using significant unobservable inputs (Level 3)

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring Level 3 fair value measurement. See (i) above for the valuation technique adopted.

Description	Fair value 2022 $	Valuation technique	Significant unobservable inputs	Weighted average input	Reasonably possible shifts +/−	Change in value $
Leased buildings and land –Storage facilities	46,569	Comparable sales approach	Value/m^2	$1,182	10%	+/-4,642
	9,749	Recent Transaction	Value/m^2	$651	-	-

Description	Fair value 2021 $	Valuation technique	Significant unobservable inputs	Weighted average input $	Reasonably possible shifts +/−	Change in value $
Leased buildings and land –Storage facilities	44,196	Comparable sales approach	Value/m^2	$1,139	10%	+/-4,411
	10,153	Recent Transaction	Value/m^2	$799	-	-

(in thousands of Canadian dollars unless otherwise stated)

10 Financial instruments by category and related income, expenses and gains and losses

	2022				
	Assets (liabilities) at fair value through profit or loss				
	Held for trading $	Other $	Financial Assets at amortized cost $	Financial liabilities at amortized cost $	Total $
Assets (liabilities) as per consolidated statement of financial position					
Cash and cash equivalents	-	-	42,531	-	42,531
Restricted short-term investments	-	-	477	-	477
Due from brokers	-	-	163,579	-	163,579
Equity investments and other holdings	4,992,886	288,029	-	-	5,280,915
Real estate investments	-	47,763	-	-	47,763
Other assets*	-	-	11,392	-	11,392
Bank advances	-	-	-	(532)	(532)
Trade and other payables	-	-	-	(29,694)	(29,694)
Due to brokers	-	-	-	(1,058,328)	(1,058,328)
Securities sold short and derivative liabilities	(858,733)	-	-	-	(858,733)
Redemptions payable	-	-	-	(34,006)	(34,006)
Subscriptions received in advance	-	-	-	703	703
Liability for redeemable units	-	-	-	(1,981,983)	(1,981,983)
	4,134,153	335,792	217,979	(3,103,840)	1,584,084
Amounts recognized in consolidated statement of income (loss)					
Net change in fair value	(705,696)	(93,739)	-	-	(799,435)
Net interest income (expense)	24,859	2	244	(48,662)	(23,557)
Net dividend income	22,067	2,910	-	-	24,977
	(658,770)	(90,827)	244	(48,662)	(798,015)

* Includes other financial receivables but excludes capital assets and other non-financial assets.

(in thousands of Canadian dollars unless otherwise stated)

	Assets (liabilities) at fair value through profit or loss				2021
	Held for trading $	Other $	Financial Assets at amortized cost $	Financial liabilities at amortized cost $	Total $
Assets (liabilities) as per consolidated statement of financial position					
Cash and cash equivalents	-	-	52,189	-	52,189
Restricted short-term investments	-	-	475	-	475
Due from brokers	-	-	69,333	-	69,333
Equity investments and other holdings	5,938,613	334,224	-	-	6,272,837
Real estate investments	-	50,765	-	-	50,765
Other assets*	-	-	8,514	-	8,514
Bank advances	-	-	-	(253)	(253)
Trade and other payables	-	-	-	(96,847)	(96,847)
Due to brokers	-	-	-	(998,409)	(998,409)
Securities sold short and derivative liabilities	(888,254)	-	-	-	(888,254)
Redemptions payable	-	-	-	(187,130)	(187,130)
Subscriptions received in advance	-	-	-	(1,411)	(1,411)
Liability for redeemable units	-	-	-	(2,429,673)	(2,429,673)
	5,050,359	384,989	130,511	(3,713,723)	1,852,136
Amounts recognized in consolidated statement of income (loss)					
Net change in fair value	2,345,086	85,239	-	-	2,430,325
Net interest income (expense)	3,413	31	1,017	(10,805)	(6,344)
Net dividend income	21,077	4,077	-	-	25,154
	2,369,576	89,347	1,017	(10,805)	2,449,135

* Includes other financial receivables but excludes capital assets and other non-financial assets.

(in thousands of Canadian dollars unless otherwise stated)

11 Trade and other payables

		2022 $	2021 $
Trade and interest payable		5,264	1,171
Employee benefits accrued		9,546	80,942
Mortgages	a)	5,878	7,132
Lease Liability	b)	2,768	3,707
Other		6,238	3,895
		29,694	96,847

a) Mortgages of $5,878 (2021 – $7,132) are on investment properties. The terms of the mortgages range from one to eleven years and bear interest rates of 0.76% to 2.24%. Investment properties of $31,680 (2021 – $34,805) are pledged as collateral against the mortgages.

b) Lease liabilities of $2,768 (2021 - $3,707) represent future lease payments for the Company's office spaces. Total lease payments during the year totaled $1,236 (2021 - $1,190) including interest of $123 (2021 - $164). The right-of-use asset resulting from the Company's leases is valued at $2,845 (2021 - $3,890), which is net of accumulated amortization of $3,794 (2021 - $2,674). The right-of-use asset is grouped with other assets in the consolidated statements of financial position.

12 Income taxes

a) Income tax expense (recovery)

	2022 $	2021 $
Current tax		
Current tax on income for the year	19,665	15,241
Adjustments in respect of prior years	130	(329)
	19,795	14,912
Deferred tax		
Benefit arising from a previously unrecognized tax loss of a prior period used to reduce current tax expenses	-	(2,480)
Origination and reversal of temporary differences	(60,302)	88,518
	(60,302)	86,038
	(40,507)	100,950

The tax on the Company's income before income tax differs from the theoretical amount that would arise using the federal and provincial statutory tax rate applicable to income of the consolidated entities. The statutory tax rate for 2022 was 26.5% (2021 –26.5%). The difference between the Company's income tax and theoretical tax is as follows:

(in thousands of Canadian dollars unless otherwise stated)

	2022 $	2021 $
Income (loss) before income tax	(367,832)	836,822
Income tax expense (recover) based on statutory rate of 26.5% (2021 – 26.5%)	(97,475)	221,758
Prior year adjustments	130	(329)
Recognition of previously unrecognized deferred tax asset	-	(2,480)
Difference in tax rate	5,556	2,657
Portion of income recoverable in hands of non-controlling interests	(2,217)	(805)
Non-taxable dividends	(348)	(278)
Non-taxable portion of capital loss (gains)	34,693	(120,334)
Non-deductible expenses	(2,126)	38
Foreign exchange	22,381	112
Other	(1,101)	611
Income tax expense (recovery)	(40,507)	100,950

b) The analysis of deferred income tax assets and liabilities is as follows:

	2022 $	2021 $
Deferred income tax assets		
Deferred tax assets to be recovered		
After more than 12 months	-	-
Within 12 months	-	-
Deferred income tax assets	-	-
Deferred income tax liabilities		
Deferred tax liabilities to be settled		
After more than 12 months	90,606	143,545
Within 12 months	-	-
Deferred income tax liabilities	90,606	143,545

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows.

(in thousands of Canadian dollars unless otherwise stated)

Deferred income tax assets	Equity investments and other holdings $	Investments in associates $	Real estate investments $	Deferred Performance Compensation $	Tax loss carry-forward $	Total $
As at December 31, 2020	1,202	2,180	1,542	4,836	9,841	19,601
Credited (charged) to consolidated statement of income (loss)	(110)	(163)	154	(4,762)	(9,690)	(14,571)
Foreign exchange differences	(7)	(11)	(5)	(74)	(151)	(248)
As at December 31, 2021	1,085	2,006	1,691	-	-	4,782
Credited (charged) to consolidated statement of income (loss)	2,981	(627)	517	-	-	2,871
Foreign exchange differences	195	112	136	-	-	443
As at December 31, 2022	4,261	1,491	2,344	-	-	8,096

Deferred income tax liabilities	Equity investments and other holdings $	Investments in associates $	Real estate investments $	Investment properties $	Other $	Total $
As at December 31, 2020	4,478	66,489	4,132	777	505	76,381
Charged (credited) to consolidated statement of income (loss)	4,899	66,000	353	357	(145)	71,464
Foreign exchange differences	36	461	(13)	2	(4)	482
As at December 31, 2021	9,413	132,950	4,472	1,136	356	148,327
Charged (credited) to consolidated statement of income (loss)	(4,239)	(52,242)	(2,127)	1,180	(3)	(57,431)
Foreign exchange differences	471	6,965	220	125	25	7,806
As at December 31, 2022	5,645	87,673	2,565	2,441	378	98,702

Deferred income tax liabilities have not been recognized on unremitted earnings totalling $73,497 as at December 31, 2022 (2021 – $69,365) with respect to the investment in subsidiaries, branches and associates and interest in joint arrangements because the Company controls whether the liability will be incurred, and it is satisfied that it will not be incurred in the foreseeable future. During the year, the Company did not distribute earnings from its subsidiaries (2021 - $nil).

(in thousands of Canadian dollars unless otherwise stated)

13 Share capital

Authorized

Unlimited number of common shares, without par value

Movements in the Company's share capital are as follows:

	2022		2021	
	Number of shares	Amount $	Number of shares	Amount $
Balance – Beginning of year	2,503,024	20,853	2,598,524	21,619
Shares repurchased	(24,400)	(196)	(95,500)	(766)
Balance – End of year	2,478,624	20,657	2,503,024	20,853

In 2022, the Company began a normal course issuer bid to purchase a maximum of 100,000 of its own common shares before August 15, 2022. In 2022, the Company purchased 24,400 common shares; (2021 – 95,500) for a total cash consideration of $8,937; (2021 – $28,001). The excess of the consideration paid over the stated capital was charged to retained earnings in the consolidated statement of changes in equity.

No dividends were declared in 2022 and 2021.

14 Earnings per share

a) Basic

	2022	2021
Net income (loss) attributable to common shareholders	$(326,083)	$732,988
Weighted average number of outstanding common shares	2,489,652	2,533,466
Basic earnings (loss) per share	$(130.98)	$289.32

b) Diluted

For the years ended December 31, 2022 and 2021, there were no dilutive instruments.

(in thousands of Canadian dollars unless otherwise stated)

15 Supplementary information to consolidated statements of cash flows

a) Adjustments for non-cash items are as follows:

	Note	2022 $	2021 $
Net change in fair value of equity investments and other holdings		810,022	(2,423,815)
Net change in fair value of real estate investments		(10,587)	(6,510)
Net change in fair value of investment properties		(4,511)	(5,052)
Share of profit (loss) of associates, adjusted for distributions received		86	(682)
Amortization and depreciation	11(b)	694	843
Change in redemption amount of redeemable units		(502,428)	1,431,017
Deferred income tax	12(a)	(60,302)	86,038
		232,974	(918,161)

b) Changes in working capital items are as follows:

	2022 $	2021 $
Decrease (increase) in		
Due from brokers	(86,027)	(42,767)
Income taxes receivable	6,384	(8,477)
Other assets	(1,151)	6,062
Increase (decrease) in		
Trade and other payables	(69,157)	54,164
Due to brokers	(7,958)	15,147
Income taxes payable	4,606	2,697
	(153,303)	26,826

(in thousands of Canadian dollars unless otherwise stated)

16 Financial risks and fair value

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.

The ongoing military conflict between Ukraine and Russia and the imposition of economic sanctions by Western countries continue to cause concern in financial markets. It is difficult to predict the impact of this conflict on the value of the financial assets held by the Company. Although the risk of recession is increased by this conflict and the increased levels of interest rates, inflationary pressures remain present. However, the Company does not hold any assets in or financial instruments issued by entities from Ukraine, Russia and Belarus which reduces the extent of possible variations in the value of its financial assets.

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 exposes 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. As at December 31, 2022, the Company has listed equity securities of $4,740,125 (2021 – $5,670,043). It can sell these securities to reduce its floating rate debt. As at December 31, 2022, a 1% increase or decrease in interest rates, with all other variables remaining constant, would impact interest expense by approximately $10,600 over the next 12 months (2021 – $10,000).

The Company's exposure to interest rate risk is summarized as follows:

	2022	2021
Cash and cash equivalents	Between 0.00% and 2.58%	Between nil and 0.2%
Debt securities	Between 0.25% and 12.5%	Between 0.25% and 12.5%
Credit facilities		
Canadian Bank advances	Prime rate plus 0.25%	Prime rate plus 0.25%
European Bank advances	Between 2.75% and 2.97%	2.97%
Trade and other payables	Non-interest bearing	Non-interest bearing
Due to brokers	0.00% to 5.6%	0.00% to 1.15%
Mortgages	0.76% to 2.24%	0.76% to 1.47%

(in thousands of Canadian dollars unless otherwise stated)

The Company holds held for trading financial assets in debt securities of $82,651 (2021 – $57,142).

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. A change of 100 basis points in the yield to maturity will affect the fair value of the debt securities held for trading as follows.

Estimated effect on the fair value of debt securities due to:

	2022	2021
	Financial assets Held for trading Debt securities $	Financial assets Held for trading Debt securities $
An increase of 100 basis points in the yield to maturity	(3,218)	(2,811)
A decrease of 100 basis points in the yield to maturity	3,655	1,275

Currency risk

Currency risk is the risk that the value of monetary financial assets and financial 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 tables summarize the Company's main monetary financial assets and financial liabilities whose fair value is predominantly determined in currencies other than the US dollar, the Company's functional currency, and the effect on pre-tax net income of a 10% change in currency exchange rates:

				2022
	Financial assets $	Financial liabilities $	Net exposure $	Net effect of a 10% increase or decrease $
Canadian dollar	124,870	-	124,870	12,487
Euro	9,813	(17,231)	(7,418)	(742)
British Pound	1,068	(22,402)	(21,334)	(2,133)
Israeli shekel	3,248	(2,916)	332	33
	138,999	(42,549)	96,450	9,645

(in thousands of Canadian dollars unless otherwise stated)

	2021			
	Financial assets $	Financial liabilities $	Net exposure $	Net effect of a 10% increase or decrease $
Canadian dollar	36,281	(556,194)	(519,913)	(51,991)
Euro	3,283	(29,062)	(25,779)	(2,578)
British Pound	-	(6,533)	(6,533)	(653)
Israeli shekel	98	(20,044)	(19,946)	(1,995)
	39,662	(611,833)	(572,171)	(57,217)

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 equities 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 information is disclosed in note 6(a) to these 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 equities sold short and derivatives. The Company closely monitors both its equity investments and other holdings and its equities sold short and derivatives.

(in thousands of Canadian dollars unless otherwise stated)

The impact of a 30% change in the market prices of the Company's listed equity investments and other holdings and equities sold short and derivatives would be as follows:

			2022
	Fair value $	Estimated fair value with a 30% price increase $	Estimated fair value with a 30% price decrease $
Equity investments and other holdings			
Listed equity securities and derivatives	4,929,114	6,407,848	3,450,380
Equities sold short and derivative liabilities	(858,733)	(1,116,353)	(601,113)
Pre-tax impact on net loss		1,221,114	(1,221,114)

			2021
	Fair value $	Estimated fair value with a 30% price increase $	Estimated fair value with a 30% price decrease $
Equity investments and other holdings			
Listed equity securities and derivatives	5,880,143	7,644,186	4,116,100
Equities sold short and derivative liabilities	(888,254)	(1,154,730)	(621,778)
Pre-tax impact on net income		1,497,567	(1,497,567)

The above analysis assumes that listed equity securities, derivatives, equities sold short and derivative liabilities would increase or decrease at the same rate. As these portfolios are not hedged together, a change in market prices will affect each one differently.

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.

(in thousands of Canadian dollars unless otherwise stated)

Credit ratings are presented using Standard & Poor's rating scale as follows:

Financial assets	Rating	2022 $	2021 $
Cash and cash equivalents	A	42,531	52,189
Due from brokers	A	163,579	69,333
Debt securities	A^- to AAA	39	1,282
Debt securities	B^- to BBB	7,178	4,962
Debt securities	CCC	10,002	-
Debt securities	Unrated	120,173	109,713

The company estimates that the unrated investments are below investment grade.

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 investments in 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 (2021 – one year). The liquidity risk related to these liabilities is managed by maintaining a portfolio of liquid investment assets.

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:

	2022	2021
Net total liabilities	$3,895,803	$4,678,916
Total equity	$1,593,771	$1,815,653
Debt-to-capital ratio	2.44	2.58

The Company's objective is to maintain a debt-to-capital ratio below 3.0; (2021 – 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 2.44 at the end of December 31, 2022 from 2.58 at the end of 2021. The Company does not have any externally imposed restrictive covenants or capital requirements, other than those included in the credit facility (note 5).

(in thousands of Canadian dollars unless otherwise stated)

Fair value estimation

The tables below analyze financial instruments carried at fair value by the inputs used in 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); and

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.

(in thousands of Canadian dollars unless otherwise stated)

The following tables analyze within the fair value hierarchy the Company's financial assets and financial liabilities measured at fair value as at December 31, 2022 and 2021:

				2022
	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit or loss				
Held for trading				
Equity securities	4,686,413	8,957	-	4,695,370
Debt securities	-	82,651	-	82,651
Derivative financial assets	-	214,865	-	214,865
Other				
Equity securities	30,174	1,758	201,301	233,233
Debt securities	-	2,365	52,376	54,741
Derivatives	-	-	55	55
Real estate investments	-	-	47,763	47,763
	4,716,587	310,596	301,495	5,328,678
Liabilities				
Financial liabilities				
Held for trading				
Equity holdings sold short	810,045	-	-	810,045
Derivative liabilities	-	48,688	-	48,688
	810,045	48,688	-	858,733

				2021
	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit or loss				
Held for trading				
Equity securities	5,537,707	132,336	-	5,670,043
Debt securities	-	57,142	-	57,142
Derivative financial assets	-	211,428	-	211,428
Other				
Equity securities	40,079	3,583	225,248	268,910
Debt securities	-	2,601	56,214	58,815
Derivatives	-	-	6,499	6,499
Real estate investments	-	-	50,765	50,765
	5,577,786	407,090	338,726	6,323,602
Liabilities				
Financial liabilities				
Held for trading				
Equity holdings sold short	883,880	-	-	883,880
Derivative liabilities	-	4,374	-	4,374
	883,880	4,374	-	888,254

(in thousands of Canadian dollars unless otherwise stated)

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.

(in thousands of Canadian dollars unless otherwise stated)

As at December 31, 2022 and 2021, Level 3 instruments are held in various entities and industries.

Real estate investments are disclosed in more detail in note 8, 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.

The following tables present the changes in Level 3 instruments:

			2022
	Real estate investments $	**Unlisted securities $**	**Total $**
As at December 31, 2021	50,765	287,961	338,726
Purchases (ii)	4,019	20,668	24,687
Distributions	(20,824)	(3,620)	(24,444)
Gains (losses) recognized in net income			
On financial instruments disposed of during the year	-	(6,785)	(6,785)
On financial instruments held at end of year	10,587	(68,850)	(58,263)
Currency translation adjustments	3,216	24,358	27,574
As at December 31, 2022	47,763	253,732	301,495

			2021
	Real estate investments $	**Unlisted securities $**	**Total $**
As at December 31, 2020	46,684	215,526	262,210
Transferred out of Level 3 (i)	-	(135,895)	(135,895)
Purchases (ii)	2,421	140,689	143,110
Distributions	(4,700)	(3,489)	(8,189)
Gains (losses) recognized in net income			
On financial instruments held at end of year	6,510	71,230	77,740
Currency translation adjustments	(150)	(100)	(250)
As at December 31, 2021	50,765	287,961	338,726

(in thousands of Canadian dollars unless otherwise stated)

i. During the years ended December 31, 2021, the Company transferred private holdings in equity securities in the information technology, pharmaceuticals and food and beverage industries out of level 3 pursuant to public offerings. The fair value of these investments became available through quoted prices from the active markets however due to restrictions on trading they have been classified as level 2.

ii. During the years ended December 31, 2022 and 2021, the company made investments in private holdings in the information technology, healthcare, pharmaceutical, industries, communication services and financial industries totaling $18,103 (2021 – $140,689). There is no established market for these holdings. The most likely disposal of these investments is through a disposition or a listing of these holdings on a public stock exchange.

(in thousands of Canadian dollars unless otherwise stated)

The table below presents the investments whose fair values are measured using valuation techniques classified as Level 3 as at December 31, 2022.

Description	Fair value (rounded) 2022 $	Valuation technique	Significant unobservable inputs	Weighted average input	Reasonably possible shifts +/−	Change in value $
Unlisted private equity holdings Industrials -Convertible Prefs	46,000	Comparable company approach	Average change in market cap	21.40%	10%	+/-1,200
Unlisted private equity holdings Financial services -Equity securities	28,000	Comparable company approach	Price/Book Value (P/BV) multiple	12	10%	+/-2,700
Unlisted private equity holdings Financial services -Equity securities	25,000	Comparable company approach	Index Weighting Revenue multiple	33.53% 8.48	10% 10%	+/-445
Unlisted private equity holdings Financial services -Equity securities	6,600	Comparable company approach	Average change in market cap	16.03%	10%	+/-114
Unlisted private equity holdings Financial services -Equity securities	5,500	Comparable company approach	Revenue multiple	4.5	10%	+/-390
Unlisted private equity holdings Healthcare -Convertible bonds	21,500	Comparable Bond Methodologies	Discount rate	10.25%	10%	+/-244
Unlisted private equity holdings Healthcare -Convertible bonds	17,000	Comparable Bond Methodologies	Yield to Maturity (YTM)	8.91%	10%	+/-600
Unlisted private equity holdings Healthcare -Equity securities	14,500	Recent transaction	Discount for lack of marketability	50%	10%	+/-1,460
Unlisted private equity holdings Healthcare -Equity securities	6,000	Black-Scholes OPM	Expected volatility	33%	10%	+/-100
Unlisted private equity holdings Healthcare -Equity securities	2,500	Black-Scholes OPM	Expected volatility	88%	10%	+/-45
Unlisted private equity holdings Food and beverages -Equity securities	19,500	Comparable company approach	Revenue multiple EBITA multiple	2.0 17.6	10% 10%	+/-2,300
Unlisted private equity holdings Food and beverages --Equity securities	3,500	Index performance method	Index weighting	9.39%	10%	+/-9

(in thousands of Canadian dollars unless otherwise stated)

Description	Fair value (rounded) 2022 $	Valuation technique	Significant unobservable inputs	Weighted average input	Reasonably possible shifts +/−	Change in value $
Unlisted private equity holdings Pharmaceuticals --Convertible bonds	9,500	Comparable Bond Methodologies	YTM	10.16%	10%	+/-1000
Unlisted private equity holdings Pharmaceuticals - Convertible prefs	11,600	Black-Scholes OPM	Expected volatility	90%	10%	+/-145
Unlisted private equity holdings Pharmaceuticals - Convertible prefs	8,500	Recent transaction	none	-	-	-
Unlisted private equity holdings Information technology -Equity securities	5,000	Black-Scholes OPM	Expected volatility	60%	10%	+/-35
Unlisted private equity holdings Information technology -Equity securities	3,500	Black-Scholes OPM	Expected volatility	67%	10%	+/-25
Unlisted private equity holdings Information technology -Equity securities	2,000	Comparable company approach	Average change in market cap	50.8%	10%	+/-140
Unlisted private equity holdings Communication services -Equity securities	5,000	Index performance method	Index weighting	16.4%	10%	+/-92
Unlisted private equity holdings Other --Equity securities	5,700	Recent transaction	none	-	-	-
Unlisted private equity holdings Other -Equity securities	3,300	Comparable company approach	Revenue multiple EBITA multiple	1.50 0.83	10% 10%	+/-205
Unlisted private equity holdings Other -Corporate bonds	4,000	Comparable Bond Methodologies	YTM	11.01%	10%	+/-100
REITs and partnerships	35,000	Discounted cash flows	Discount rate Cash flow term Capitalization rate	5.8%-10.5% 5-10 years 3.8%-7.5%	The inputs disclosed cover the range used for all the real estate holdings in the REITs and partnerships	
Real estate investments in private entities	12,760	Capitalization model	Rate of return	4.6%	1.0%	+3,000 -2,000

(in thousands of Canadian dollars unless otherwise stated)

The table below presents the investments whose fair values are measured using valuation techniques classified as Level 3 as at December 31, 2021.

Description	Fair value (rounded) 2021 $	Valuation technique	Significant unobservable inputs	Weighted average input	Reasonably possible shifts +/−	Change in value $
Unlisted private equity holdings Industrials -Convertible Prefs	54,600	Recent transaction	none	-	-	-
Unlisted private equity holdings Financial services -Equity securities	47,000	Recent transaction	none	-	-	-
Unlisted private equity holdings Financial services -Equity securities	19,000	Comparable company approach	P/BV multiple	4.00	10%	+/-1,900
Unlisted private equity holdings Financial services -Equity securities	9,000	Comparable company approach	EV/Revenue	7.5	10%	+/-600
Unlisted private equity holdings Healthcare -Convertible bonds	21,000	Recent transaction	none	-	-	-
Unlisted private equity holdings Healthcare -Convertible bonds	9,600	Mark-to-Model Comparable Bond Methodologies	Discount rate Probability of default	24% 65%	5% 5%	+/-400 +/-900
Unlisted private equity holdings Healthcare -Equity securities	7,900	Recent transaction	none	-	-	-
Unlisted private equity holdings Healthcare -Equity securities	11,000	Finnerty Approach	Discount for lack of marketability	13.12%	20%	+/-300
Unlisted private equity holdings Healthcare -Warrants	6,000	Black-Scholes OPM	Standard deviation	44.16%	10%	+/-600
Unlisted private equity holdings Food and beverages -Equity securities	23,700	Comparable company approach	Revenue multiple EBITA multiple	2.34 19.17	10% 10%	+/-1,000 +/-1,400
Unlisted private equity holdings Food and beverages -Convertible bonds	2,500	Recent transaction	none	-	-	-

(in thousands of Canadian dollars unless otherwise stated)

Description	Fair value (rounded) 2021 $	Valuation technique	Significant unobservable inputs	Weighted average input	Reasonably possible shifts +/−	Change in value $
Unlisted private equity holdings Pharmaceuticals -Convertible prefs	18,200	Backsolve option pricing model	Expected volatility	90%	10%	+/-150
Unlisted private equity holdings Pharmaceuticals -Convertible bonds	6,300	Recent transaction	none	-	-	-
Unlisted private equity holdings Information technology -Convertible bonds	16,000	Recent transaction	none	-	-	-
Unlisted private equity holdings Information technology -Equity securities	5,500	Backsolve option pricing model	Expected volatility	70%	10%	+/-400
Unlisted private equity holdings Communication services -Equity securities	17,700	Recent transaction	none	-	-	-
Unlisted private equity holdings Other --Equity securities	4,800	Comparable company approach	Revenue multiple	2.10	10%	+/-300
Unlisted private equity holdings Other -Equity securities	4,200	Recent transaction	none	-	-	-
Unlisted private equity holdings Other -Corporate bonds	4,000	Recent transaction	none	-	-	-
REITs and partnerships	38,000	Discounted cash flows	Discount rate Cash flow term Capitalization rate	5.5%-10.8% 5-10 years 3.8%-7.2%	The inputs disclosed cover the range used for all the real estate holdings in the REITs and partnerships	
Real estate investments in private entities	12,800	Capitalization model	Rate of return	4%	1.0%	+4,000 -2,000

(in thousands of Canadian dollars unless otherwise stated)

Financial assets and financial liabilities not carried at fair value but for which fair value is disclosed

The carrying amount of cash and cash equivalents, restricted short-term investments, due from brokers, bank advances, credit facilities, trade and other payables, due to brokers, redemptions payable, and subscriptions received in advance represent a reasonable approximation of their respective fair value due to their short-term nature.

17 Disclosure of the composition of the Company

Principal subsidiaries and structured entities

The consolidated financial statements include the accounts of the Company and all of its subsidiaries and structured entities as at December 31, 2022 and 2021. The principal operating subsidiaries and structured entities and their activities are as follows.

Name	Country of incorporation	% Interest held		Nature of business
		2022	2021	
Senvest Global (KY) L.P.	Cayman Islands	100	100	Investment company
Senvest Global L.P.	United States	100	100	Investment company
RIMA Senvest Master Fund GP, L.L.C.	United States	-	-	General partner of Senvest Master Fund, L.P.
Senvest Technology Partners GP, L.L.C.	United States	-	-	General partner of Senvest Technology Partners Master Fund L.P.
Argentina Capital Inc.	Canada	100	100	Real estate
Pennsylvania Properties Inc.	United States	100	100	Real estate
Senvest Management L.L.C.	United States	-	-	Investment manager of the Funds
Senvest Master Fund, L.P.	Cayman Islands	39	39	Investment fund
Senvest Technology Partners Master Fund, L.P.	Cayman Islands	49	49	Investment fund
Senvest Cyprus Recovery Investment Fund, L.P.	Cayman Islands	75	73	Investment fund
Coldstream SL	Spain	100	100	Real estate

The total non-controlling interest in net income (loss) for the year is mostly attributed to Senvest Management L.L.C. The change in redemption amount of liability for redeemable units for the year is attributable to the Funds. No guarantees or collateral were provided to the subsidiaries and structured entities except for the lease liabilities of Senvest Management L.L.C. The amounts in question have been included in trade and other payables, note 11(b). The Company is not liable for any other contingent liabilities arising in its subsidiaries and structured entities and will not settle any other liabilities on their behalf.

(in thousands of Canadian dollars unless otherwise stated)

18 Related party transactions

Key management compensation

Key management includes the Board, the president and chief executive officer, the vice-president, the secretary-treasurer and the CFO. The compensation paid or payable to key management for employee services is as follows:

	2022 $	2021 $
Salaries and other employee benefits	19,619	83,130
	19,619	83,130

Management fees

Certain employees and related parties that have invested in the Funds do not pay management fees that are charged to outside investors. The amount invested by these participants in 2022 totals $518,346 (2021 – $622,278). The amount invested in the fund by these participants is included in liability for redeemable units.

19 Commitments

As of December 31, 2022, the Company's future commitments relating to other equity investments and other holdings totaled $12,596 and those relating to real estate totaled $11,979

(in thousands of Canadian dollars unless otherwise stated)

20 Segmented and geographical information

The Company operates in a single reportable segment, which is the management of its own investments and those of the Funds.

The following tables summarize the Company's revenues by geographical area for the years ended December 31:

						2022
	United States $	Canada $	European Union $	Bermuda $	Other $	Total $
Revenue						
Interest income	22,267	940	4,683	-	342	28,232
Dividend income	22,977	18,754	35	289	237	42,292
Other income	109	454	6,020	-	-	6,583

						2021
	United States $	Canada $	European Union $	Bermuda $	Other $	Total $
Revenue						
Interest income	4,102	497	4,609	-	-	9,208
Dividend income	16,472	9,405	38	2,454	1,050	29,419
Other income	120	350	5,609	-	-	6,079

Board of Directors

Victor Mashaal
Chairman of the Board & President
Senvest Capital Inc.

Richard Mashaal
Vice-President
Senvest Capital Inc.

Frank Daniel
Secretary-Treasurer
Senvest Capital Inc.

David E. Basner*
Business Executive

Eileen Bermingham*
Business Executive

Jeffrey L. Jonas*
Partner, Brown Rudnick L.L.P.

*Member of the Audit Committee

Officers

Victor Mashaal
Chairman of the Board & President

Richard Mashaal
Vice-President

Frank Daniel
Secretary-Treasurer

George Malikotsis
Vice-President, Finance

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