

Senvest Capital Inc.

Condensed Interim Consolidated Financial Statements
(Unaudited)

September 30, 2024



SENVEST

Notice of No Auditor Review of Interim Consolidated Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors PricewaterhouseCoopers LLP have not reviewed the unaudited condensed interim consolidated financial statements as at and for the period ended September 30, 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

Senvest Capital (“Senvest” or the “Company”) recorded net income attributable to common shareholders of \$170.5 million or \$69.24 per basic and diluted common share for the third quarter ended September 30, 2024. This compares to net loss attributable to common shareholders of (\$67) million or (\$27.07) per basic and diluted common share for the quarter ended September 30, 2023. For the current quarter, the US dollar weakened against the Canadian dollar and the result was a currency translation loss of about (\$21.7) million. This amount is not reported in the Company’s statement of income rather it’s reflected in its statement of comprehensive income. As a result, the comprehensive income attributable to common shareholders was \$148.8 million for the period.

The Company’s income from equity investments was the biggest contributor to the results. The net change in fair value of equity investments and other holdings including securities sold short and derivative liabilities totaled \$472.1 million in the period versus (\$174.8) million in 2023. Most of the Company’s equity investments are held by two funds, Senvest Master Fund, L.P. and Senvest Technology Partners Master Fund, L.P., which are consolidated into the accounts of the Company.

In the third quarter, macroeconomic data continued to show progress on the slowing pace of inflation, coupled with employment data that showed relative weakening in the labor market. This fueled speculation for a Fed rate cut with, much debate around the size of such a cut. On September 18th, Fed chairman Powell delivered with a 50bps rate cut, slightly more than what most expected. The rate cut also came with expectations of two more cuts of 25bps over the balance of the year. Markets reacted favorably to this shift in financial conditions.

On a consolidated basis across the different funds, the largest holdings as at September 30, 2024 were Tower semiconductors (TSEM), Kornit Digital (KRNT), Paramount Resources (POU), Boston Properties Inc (BXP), Bank of Cyprus Holdings (BOCH), Wix.com (WIX) and MDA Space (MDA). Comments on some individual positions from the fund managers are included below.

“Kornit Digital increased +76.47% in the third quarter following the company’s earnings report in early August and a well-received Investor Day in Las Vegas in September. As a reminder, KRNT provides digital textile printing solutions for cotton tee shirts, polyesters, and fabrics. The company reported a better-than-expected June quarter and provided guidance for the second half of 2024 that was encouraging after several starts and stops over the past eighteen months. With the second quarter likely marking the bottom, the prospect of lower interest rates, and new products ramping, we believe that Kornit is at an inflection point. The management team was projecting confidence in a return to growth supported by visibility into key strategic accounts. For the second half of 2024, Kornit reaffirmed prior guidance for revenue to grow 20-25% over first-half levels while reiterating its expectations to exceed break-even on an EBITDA basis. Kornit has been refreshing its product portfolio over the past eighteen months. This portfolio refresh includes new direct-to-fabric (“DTF”) and polyester printing platforms and has culminated with the launch of its new high-volume “Apollo” direct-to-garment (“DTG”) system.

As we have mentioned in prior letters, its Apollo system has received a great deal of attention and currently has a full pipeline of orders for 2024 and is quickly filling up for 2025. Given the strong initial demand, the company is working with its contract manufacturers to add capacity and accelerate deliveries. KRNT is also more broadly rolling out its “all-inclusive click (AIC)” model that allows customers to make a pre-defined annual revenue commitment based on the number of impressions the system produces. KRNT has seen a higher-than-expected level of sales from this recurring revenue model, which provides greater revenue visibility and predictability. We expect this model to expand KRNT’s new customers for whom the large ticket capex was a barrier to purchasing a system.

At its Investor Day in September, management highlighted a long-term framework that puts revenue at \$400-\$500M, along with gross margins in the mid-50s and EBITDA margins of 25%. Although the stock has doubled off its lows, we still view the company’s current valuation of 2.9x EV-to-2025 consensus revenue as not reflective of its potential, given the massive opportunity still ahead of it. KRNT’s shares still trade at a meaningful discount to historical levels, which have been closer to 5x EV-to-revenue.

Boston Properties’ stock appreciated +30.70% in the quarter, outperforming the Bloomberg REIT Office Property Index, which returned +18.47%. BXP is a developer and operator of premium Class A office space across the US, boasting over 54 million square feet of space between Boston, New York, DC, San Francisco, and other major metropolitan areas. Office REITs in general outperformed in the quarter due to an improved outlook for interest rates and signs of demand recovery for office space.

From a macroeconomic perspective, the outlook improved considerably, with the yield on 10-year Treasuries declining -62bps quarter-over-quarter. “Soft” CPI in June seemingly gave the all-clear for the Fed to begin lowering interest rates, with Chair Powell confirming the monetary policy pivot later in the quarter. Thinking of REITs as growing annuities, a decline in the risk-free rate should impact the valuation multiple ascribed to the business. We calculate the move in the 10-year Treasury, from 4.40% to 3.78%, drove approximately +7.7% of share appreciation in the quarter. Note that since 2000, the yield on the 10-year Treasury has averaged roughly 3.2%, implying more multiple expansion from rates alone.

In addition to the base risk-free rate, investors demand a spread over the 10-year treasury to compensate them for risk, which is generally driven by the growth outlook for earnings and the perceived riskiness of that income stream. On that front, the quarter had a significant amount of positive news. First, CBRE, a commercial real estate broker, reported a +30% jump in office leasing revenue when they reported earnings in July and noted that Class A is doing especially well. When BXP reported second-quarter results later in July, they noted that they signed 1.3 million square feet of leases, up +41% versus the prior year. Further, when the company presented at a conference in early September, BXP noted that their pipeline of potential leases had expanded to 1.8 million square feet versus 1.4 million just two months prior. Given this abundance of positive news, we were not surprised to see significant multiple expansion during the quarter, with the spread versus the 10-year Treasury narrowing from +421bps to +255bps. We note that this spread averaged +137bps prior to the COVID-19 pandemic.

Despite the rally in shares, we still view the risk/reward as largely attractive. If BXP returns to the AFFO spread they averaged pre-COVID, that would equate to a \$93 stock. If the 10-year Treasury also returns to the long-term average of around 3.2%, that would imply a \$111 share price.

Tower Semiconductor, a leading specialty analog foundry, increased +12.59% during the third quarter. The stock continues to perform throughout 2024 as the company continues to execute strategic growth opportunities as investors begin to recognize its technology stack's value. As noted in recent letters, TSEM benefits from the continuous realignment of supply chains outside of China and new capacity agreements that provide meaningful incremental revenue over time. During the most recent quarter, the company reiterated prior commentary about expected growth in 2024, highlighting ongoing strength in its A.I. and data center-related technologies. Management noted that its data center-related business increased 50% year-over-year while reiterating that it expected a year-over-year increase of over 167% in its silicon photonics (“SiPho”) business. As the global leader in SiPho technology, TSEM is a key enabler of the technology needed to move and connect data in servers, switches, and GPU clusters to train and inference AI workloads. Management has great visibility in this business and stated that it expected its SiPho technology would double again in 2025, approaching \$160M. TSEM’s strong capabilities in silicon photonics should position it well to leverage the continued investment and adoption of A.I. technologies which remains a key investment pillar in technology.

Outside of A.I., TSEM’s business has been recovering from the most recent semiconductor downturn. TSEM has gained share in mobile and image sensing areas, offsetting weakness in the auto and industrial end markets. Last year, Tower outlined a long-term business model highlighted by incremental revenue from strategic capacity agreements with ST Micro and Intel. These deals have both started to ramp up and provide new revenue capabilities that add \$1.2B in incremental revenue. These capacity deals bring total potential company revenue to \$2.7B with EBITDA margins approaching 40% and earnings per share of \$4.50, well ahead of prior company targets. Even with the recent move in the stock price, we believe TSEM still has material upside, with shares currently trading at about \$44/share or about 2.5x EV/Revenue and 6.6x EV/EBITDA on consensus 2025 estimates.

MDA Space is Canada’s largest space technology service provider and manufacturer. The stock increased +27.23% in the third quarter as the company reported solid earnings as it executes against a strong pipeline of opportunities. Following the June quarter, MDA highlighted a backlog of opportunities that exceeds \$4.5B compared to just over \$1B a year ago. MDA’s backlog consists of \$3B worth of satellite communication constellations and another \$1.5B of space infrastructure & robotic programs. Over the past twelve months MDA has been announced as the prime contractor to two of the preeminent satellite constellations. In 2023, MDA was announced as the “Prime” for \$2.1B Telesat’s (“TSAT”) “Lightspeed” Low-Earth-Orbit (LEO) Satellite constellation of 198 satellites, and late in 2023 it was selected to begin work on another digital constellation for an undisclosed customer. This particular contract was initially valued at \$180M and has since increased to over \$300M but we expect it to again be increased to \$750M for 36 software-defined satellites before the end of 2024.

In addition to its satellite contracts, MDA has several catalysts over the medium term that we expect can continue to drive revenue and the stock’s multiple higher. First, MDA has long been known for its Canadarm technology that sits on the International Space Station (ISS) and is the go-to supplier of mission-critical robotics to the burgeoning private space economy. Last quarter, it was announced that MDA was awarded a \$1B contract extension to deliver the Canadarm 3 flight system for the Lunar Gateway as part of the Artemis program. Additionally in 2024, MDA will largely complete the build-out of “Chorus,” a next-generation earth observation constellation that will eventually replace its legacy Radarsat-2 constellation. This \$400M capex-heavy investment has been masking MDA's underlying free cash flow capabilities. However, last quarter management surprised investors and stated that it expected to be free cash flow positive in 2024, one year ahead of plan given strong underlying fundamentals. We believe MDA’s stock remains undervalued, as shares currently trade at an

enterprise value to EBITDA multiple of 11x on 2025's consensus estimates, compared to peers that currently trade at 12-14x EV-to-EBITDA.

AvidXchange, (AVDX) a leading provider of business-to-business ("B2B") accounts payable software, declined -32.75% in the quarter, underperforming the Indxx Global Fintech Thematic Index, which rose +11.37%. The AVDX suite of solutions automates key accounts payable workflows, from invoice ingestion to approval and, ultimately, payments. As a reminder, we began building our position in March 2023 after disappointing guidance due to macroeconomic headwinds. We became familiar with AVDX during our diligence on AR-automation company Billtrust and noted many similar characteristics.

Since our investment, AVDX has been a story of two steps forward and one step back. For example, since their investor day in June 2023, AVDX has flipped to GAAP Net Income and Free Cash Flow positive and expanded gross margins by over 400bps, all while holding operating expenses flat. The company has announced new partnerships with Appfolio, a top software provider in real estate, where AVDX will become the default AP-automation solution for their 20,000+ customers. Finally, new products have been announced that should drive both higher monetization and higher stickiness among both buyers and suppliers. Despite this, this stock is essentially flat since our initial investment.

With Q2 2024 results in August, AVDX disclosed an unexpected slowdown in revenue growth and lowered guidance for the year, catching us by surprise. This was, in fact, the first quarter that AVDX has missed street expectations since going public. Macroeconomic pressure on volumes worsened in the quarter, with transaction growth decelerating to below 5%. Additionally, P&L pressure on suppliers has led to some reverting to checks for large ticket payments, essentially returning to the stone age of slower payments with more fraud, adding further pressure to revenue growth. Said another way, despite all the blocking and tackling management has accomplished, AVDX has yet to outrun the deteriorating macro environment.

While it may take more time for AVDX to reach escape velocity, we still view the B2B payments market, and AVDX as the mid-market leader, as one of a kind. Over 50% of payments are still made by paper check, and manual invoice processing costs amount to \$16-19 per invoice, whereas AVDX only charges \$1-2 per invoice. Many in the private market agree with us. Of four publicly traded AP/AR automation companies, two have been taken private. Coupa was acquired at 8.4x forward revenue, while Billtrust was acquired at 7.9x. Even as recently as May, Paymerang, a private AVDX competitor, was acquired for 8x sales. While our thesis is not based on a take-private, we are comforted by how cheap AVDX is in comparison, as the company currently trades at 3x revenue. While the timing is uncertain, current macroeconomic pressures will likely not persist indefinitely.

Axcelis Technologies (ACLS), a market-leading ion implant semiconductor capital equipment company, declined -26.26% in the third quarter as softness in some of the company's end markets has weighed on the stock price. ACLS is a leader in equipment used in the production of power semiconductors, like Silicon Carbide ("SiC"), a key component in the Electric Vehicle (EV) supply chain. With EV's falling out of favor in many Western markets in 2024, ACLS' stock has languished, particularly as companies like Tesla have seen softer-than-expected EV sales. Unlike its peers, ACLS has significant exposure to several markets where EV demand remains robust, most notably China. We anticipated this would help stabilize revenue while other markets remain weak with China representing about 50% of the company's revenue.

Despite the near-term softness, we see a significant opportunity for Axcelis, given the need for more ion implantation steps in many critical semiconductor manufacturing processes. At its recent Investor Day in July

2024, ACLS outlined a market that will grow from \$1.5B in 2020 to upwards of \$3.3B in 2027, after years of relatively little growth. Over the past cycle, ACLS increased its market share from 5% to over 40%, and we anticipate continued growth for ACLS into the next cycle. We also see China's recent stimulus as another potential tailwind to ACLS in the coming years. This year, the company should exceed \$1B in revenue with gross margins of 45%, equating to EPS of more than \$6.00. The company's medium-term financial model calls for revenue of \$1.3B and EPS of \$9.00/share, and its long-term model calls for \$1.6B in revenues and EPS of \$11.50/share in 2027. ACLS' multiple currently trades at a 13x P/E on consensus for the next twelve months, which is a steep discount to larger cap peers such as Applied Materials ("AMAT") and Lam Research ("LRCX"), which trade at multiples closer to 20-25x.

Vacation ownership company Marriott Vacations Worldwide (VAC), fell -12.25% in the quarter. On July 31, 2024, VAC reported disappointing Q2 2024 earnings. The company cut full-year EBITDA guidance by roughly \$80M or 10% from \$760-800M to \$685-715M. The primary driver of the cut was an unexpected \$70M sales reserve, which negatively impacted EBITDA by \$57M, as macro pressures hurt the performance of VAC's financing book. The company also cut FY contract sales guidance from +6-9% down to +2%, as new buyer VPG's were challenged and a recovery in its key Maui market has been slower to return.

As outlined in our prior letters, we expected 2024 to be a challenging environment for VAC – and it has proven even more difficult than we expected. Despite the challenges, we believe it is always darkest before the dawn. High interest rates and the devastating Maui wildfires have had a material impact on VAC's business. Importantly – both of those factors are set to begin reversing in 2025. As evidence of the benefit of lower rates, on September 30th, VAC completed a \$445M securitization at an average cost of 4.52%, its lowest cost of funds since late 2021. We think 2025 should also benefit from finally cycling the Maui wildfires, new resort openings beginning with Waikiki in October, and Universal Epic Universe, the most anticipated theme park opening in years in Orlando. Also, after the most recent sales reserve, we believe VAC is conservatively reserved for any consumer weakness and could benefit if default rates improve. Despite a tumultuous 2023 and 2024, we don't believe VAC's strong cash flow generative business has fundamentally changed. VAC trades at a 12.5% FCF yield on cycle trough earnings, which leaves plenty of room for upside as trends improve."

The Senvest Master Fund (Senvest Partners Fund) is focused primarily on small and mid-cap companies. The fund recorded a return of 12.3% net of fees in the third quarter and is up 10.1% for the year to date. With most of the long portfolio invested in small and mid-cap stocks, the fund outperformed its most relevant benchmark, the Russell 2000 for the third quarter and is roughly even with it for the year to date. The fund outperformed the S&P 500 index for the third quarter and underperformed it for the year to date but does not consider this index as a benchmark. The fund has issued an institutional share class which requires a minimum investment of \$75 million US, and includes a longer duration element, which further enhances the stability of its capital base and its ability to make long-term investments to help generate returns for the benefit of all of our partners. Senvest's internal capital is subject to the same liquidity provisions of the institutional share class.

The Senvest Technology Partners Fund was initiated in 2003 to focus on investing in Israel related companies. In 2019, the Fund broadened its geographic investment mandate to focus on global technology investments. After investing in Israel-related technology for 15 years, its holdings extended across the global technology universe. The Technology Fund maintained the same investment philosophy and continued to leverage the existing diligence and understanding of global technology and end markets. This fund recorded a return of 13.7% net of fees for the third quarter and a return of 15.7% for the year to date (monthly results of the two funds can be found on the Company's website). As stated above both funds are consolidated into the accounts of the Company.

The Company has a portfolio of real estate investments as at September 30, 2024. One part of this amount represents investments in different US real estate income trusts (REITs) and partnerships. These REITs and partnerships are not publicly traded and there is no established market for them. The most likely scenario for a disposal of these holdings is an eventual sale of the underlying real estate properties of the REITs and partnerships and the distribution to its holders. Also, there are minority interests in private entities whose main assets are real estate properties. As described above for the REITs and partnerships, the most likely scenario for a disposal of these holdings is an eventual sale of the underlying real estate properties.

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

The Company consolidates the Senvest Management LLC (SML) entity that serves as the investment manager of Senvest Partners and Senvest Technology Partners as well as the general partners of the funds. The portion of the expected residual returns of structured entities that do not belong to the Company is reflected as a non-controlling interest on the statement of financial position. This non-controlling interest is owned by an executive of the Corporation. This non-controlling interest was \$22 million as at September 30, 2024 from \$17.8 million as at December 31, 2023.

At the end of September 30, 2024, Senvest had total consolidated assets of \$5,965.0 million versus \$5,132.5 million at the end of 2023. Equity investments and other holdings totaled \$5,156.7 million from \$4,586.0 million in December 2023. The Company purchased \$3,203.1 million of investment holdings in the period and sold \$3,169.3 million of such holdings. The Company's liabilities increased to \$4,146.4 million this year versus \$3,493.8 million in 2023, which was primarily due to an increase in due to brokers. The proceeds of securities sold short were \$696.5 million and the amount of shorts covered was \$825.3 million in the period. Overall, the trading figures were less than the corresponding amounts for the prior year.

Functional currency

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

Presentation currency

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

Risks

Financial risk factors

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

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

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

Market risk

Fair value and cash flow interest rate risks

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

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

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

Currency risks

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

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

Equity price risk

Equity price risk is the risk that the fair value of equity investments and other holdings and equities sold short and derivatives will vary as a result of changes in the market prices of the holdings. The majority of the Company's equity investments and other holdings and all of the securities sold short and derivatives are based on quoted market prices as at the consolidated statement of financial position date. Changes in the market price of quoted securities and derivatives may be related to a change in the financial outlook of the investee entities or

due to the market in general. Where non-monetary financial instruments – for example, equity securities – are traded in currencies other than the US dollar, the price, initially expressed in a foreign currency and then converted into US dollars, will also fluctuate because of changes in foreign exchange rates.

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

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

Liquidity risk

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

Credit risk

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

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

Capital risk management

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

	September 30, 2024	December 31, 2023
Total net liabilities	\$3,591.4	\$3,147.5
Total equity	\$1,818.6	\$1,638.6
Net liabilities to capital ratio	1.98	1.92

The Company's objective is to maintain a debt-to-capital ratio below 3.0. The Company believes that limiting its debt-to-capital ratio in this manner is the best way to monitor risk. The Company's debt to capital ratio was at 1.98 as at September 30 2024 from 1.92 at the end of 2023. The Company does not have any externally imposed restrictive covenants or capital requirements, other than those included in the credit facility.

Investment Risk

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

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

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

The Company may make investments in the securities of high growth companies. More specifically, the Company may have significant investments in smaller-to-medium sized companies with market capitalizations of less than \$2 billion US. While smaller companies may have potential for rapid growth, they often involve higher risks because they lack the management experience, financial resources, product diversification, and competitive strengths of larger corporations. These factors make smaller companies far more likely than their

larger counterparts to experience significant operating and financial setbacks that threaten their short-term and long-term viability. In addition, in many instances, the frequency and volume of their trading is substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations and exiting investments in such securities at appropriate prices may be difficult, or subject to substantial delay. Furthermore, some of the portfolio may be invested in technology, technology-related markets and biotech. These types of companies may allocate greater than usual amounts to research and product development. The securities of such companies may experience above-average price movements associated with the perceived prospects of success of the research and development programs. Also, these companies could be adversely affected by lack of commercial acceptance of a new product or products or by technological change and obsolescence. Some of these companies may have limited operating histories. As a result, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses.

The Company tries to manage the above risks by monitoring its leverage, actively following its investee companies and trying to react to market conditions. At the same time the Company expects its portfolio to exhibit a higher degree of volatility than portfolios that invest in larger more stable companies and that invest within more defined limits. As at September 30, 2024, approximately 90% of the Company's portfolio was invested in Level 1 securities. The Company monitors its Level 1 securities as a percentage of its total investments; however, it does not have a fixed number that this percentage cannot fall below.

Climate Change Risk

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

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

Critical accounting estimates and judgments

Critical accounting estimates

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

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

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

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

Fair value estimates of investment properties

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

Fair value estimates of financial instruments

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

Financial instruments in Level 1

The fair value of financial assets and financial liabilities traded in active markets are based on quoted market prices at the close of trading on the year-end date. The quoted market price used for financial assets and financial liabilities held by the Company is the close price. Investments classified in Level 1 include active listed equities and derivatives traded on an exchange. The financial assets classified as Level 1 were approximately 90% of the total financial assets.

Financial instruments in Level 2

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

The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each year-end date. Valuation techniques used for non-standardized financial instruments such as options and other over-the-counter derivatives include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analyses, option pricing models and other valuation techniques commonly used by market participants, making maximum use of market inputs and relying as little as possible on entity-specific inputs. The financial assets classified as Level 2 were approximately 4% of the total financial assets.

Financial instruments in Level 3

Investments classified in Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments consist of unlisted equity investments, debt securities and real estate investments. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value. The financial assets classified as Level 3 were approximately 6% of the total fair value of financial assets.

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

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

As at September 30, 2024, Level 3 instruments are in various entities and industries.

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

Income taxes

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

QUARTERLY RESULTS

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

Year	Total revenue and investment gains (losses)	Net income (loss)-common shareholders	Earnings (loss) per share
2024-3	500,463	170,457	69.24
2024-2	(133,821)	(71,690)	(29.02)
2024-1	164,440	52,310	21.17
2023-4	281,084	85,665	34.61
2023-3	(147,432)	(67,029)	(27.07)
2023-2	120,082	21,222	8.58
2023-1	178,571	43,750	17.66
2022-4	467,665	153,795	61.58

Liability for redeemable units

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

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

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

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

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

On August 22, 2024, Senvest commenced a new normal course issuer bid to purchase a maximum of 100,000 of its own common shares until August 21, 2025. There have been 25,400 shares repurchased in the first three quarters of 2024. The number of common shares outstanding as at September 30, 2024 was 2,446,724 and as at November 6, 2024 was 2,445,924. There were no stock options outstanding as at September 30, 2024 and none have been issued since 2005.

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

Related party transactions

The Company consolidates the Senvest Management LLC entity that serves as the investment manager of Senvest Partners and Senvest Technology Partners as well as the general partners of the funds. The portion of the expected residual returns of structured entities that do not belong to the Company is reflected as a non-controlling interest on the consolidated statement of financial position. This non-controlling interest is owned by an executive of the Company and was \$22 million as at September 30, 2024 from \$17.8 million on December 31, 2023.

Significant Equity Investments

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

Securities and Exchange Commission (SEC)

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

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

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

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

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

FORWARD LOOKING STATEMENTS

This MD&A contains “forward looking statements” which reflect the current expectations of management regarding our future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as “may”, “would”, “could”, “will”, “anticipate”, “believe”, “plan”, “expect”, “intend”, “estimate”, “aim”, “endeavour”, “likely”, “think” and similar expressions have been used to identify these forward looking statements. These statements reflect our current beliefs with respect to future events and are based on information currently available to us. Forward looking statements involve significant known and unknown risks, uncertainties and assumptions. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward looking statements including, without limitation, those Risk Factors listed in the Company's annual information form. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward looking statements contained in this MD&A. These forward looking statements are made as of November 7, 2024 and will not be updated or revised except as required by applicable securities law.

OTHER FINANCIAL INFORMATION

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

INTERNAL CONTROLS

There have been no changes in the Company's internal control over financial reporting during the quarter ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

(Signed)

Victor Mashaal
Chairman of the Board and President

November 7, 2024

(Management Discussion and Analysis (“MD&A”) provides a review of Senvest Capital Inc.'s operations, performance and financial condition for the periodr ended September 30, 2024, and should be read in conjunction with the 2023 annual filings. Readers are also requested to visit the SEDAR+ website at www.sedarplus.ca for additional information. This MD&A also contains certain forward-looking statements with respect to the Corporation. These forward-looking statements, by their nature necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by these forward-looking statements. We consider the assumptions on which these forward-looking statements are based to be reasonable, but caution the reader that these assumptions regarding future events, many of which are beyond our control may ultimately prove to be incorrect.

Senvest Capital Inc.

Interim Consolidated Statements of Financial Position (Unaudited)

(in thousands of Canadian dollars)

	Note	As at September 30, 2024 \$	As at December 31, 2023 \$
Assets			
Cash and cash equivalents		67,652	33,011
Restricted short-term investments		477	477
Due from brokers		555,046	346,315
Equity investments and other holdings	5	5,156,738	4,585,964
Investments in associates		20,567	20,383
Real estate investments		37,815	44,172
Investment properties		75,610	63,095
Income taxes receivable		25,106	19,928
Other assets		26,005	19,117
Total assets		5,965,016	5,132,462
Liabilities			
Bank advances		200	349
Trade and other payables		44,162	22,359
Due to brokers		1,423,199	878,750
Securities sold short and derivative liabilities	5	390,719	502,965
Redemptions payable		62,376	72,332
Income tax payable		-	386
Deferred income tax liabilities		115,318	89,492
Liability for redeemable units		2,110,450	1,927,203
Total liabilities		4,146,424	3,493,836
Equity			
Equity attributable to common shareholders			
Share capital		20,401	20,605
Accumulated other comprehensive income		230,295	197,312
Retained earnings		1,545,922	1,402,922
Total equity attributable to common shareholders		1,796,681	1,620,839
Non-controlling interests		21,974	17,787
Total equity		1,818,592	1,638,626
Total liabilities and equity		5,965,016	5,132,462

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

Approved by the Board of Directors

_____ Director

_____ Director

Senvest Capital Inc.

Interim Consolidated Statements of Income (Loss)

(Unaudited) For the three and nine months ended September 30, 2024 and 2023

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

	2024 \$	2023 \$	2024 \$	2023 \$
Revenue				
Interest income	14,618	15,780	43,214	49,740
Dividend income	12,296	16,808	53,047	58,673
Other income	2,392	1,825	6,880	5,942
	<u>29,306</u>	<u>34,413</u>	<u>103,141</u>	<u>114,355</u>
Investment gains (losses)				
Net change in fair value of equity investments and other holdings	472,111	(174,838)	436,070	54,892
Dividend expense on securities sold short	(259)	(2,347)	(2,430)	(10,389)
Net change in fair value of real estate investments	(3,002)	(5,322)	(8,195)	(9,717)
Share of profit (loss) of associates	(177)	(392)	559	(2,916)
Foreign exchange gain	2,484	1,054	1,937	5,176
	<u>471,157</u>	<u>(181,845)</u>	<u>427,941</u>	<u>37,046</u>
Total revenue and net investment gains (losses)	<u>500,463</u>	<u>(147,432)</u>	<u>531,082</u>	<u>151,401</u>
Operating costs and other expenses				
Employee benefit expense	10,105	9,925	31,079	31,108
Interest expense	25,475	27,992	69,751	81,563
Transaction costs	3,133	3,146	8,597	10,091
Other operating expenses	6,235	6,571	17,083	27,482
	<u>44,948</u>	<u>47,634</u>	<u>126,510</u>	<u>150,244</u>
Change in redemption amount of redeemable units	<u>258,478</u>	<u>(118,904)</u>	<u>218,493</u>	<u>(5,631)</u>
Income (loss) before income tax	<u>197,037</u>	<u>(76,162)</u>	<u>186,079</u>	<u>6,788</u>
Income tax expense (recovery)	<u>24,375</u>	<u>(7,778)</u>	<u>31,152</u>	<u>7,910</u>
Net income (loss) for the period	<u>172,662</u>	<u>(68,384)</u>	<u>154,927</u>	<u>(1,122)</u>
Net income (loss) attributable to:				
Common shareholders	170,457	(67,029)	151,077	(2,057)
Non-controlling interests	2,205	(1,355)	3,850	935
Earnings (loss) per share attributable to common shareholders	69.24	(27.07)	61.39	(0.83)
Basic and Diluted				

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

Senvest Capital Inc.

Interim Consolidated Statements of Comprehensive Income (Loss)

(Unaudited) For the three and nine months ended September 30, 2024 and 2023

(in thousands of Canadian dollars)

	2024 \$	2023 \$	2024 \$	2023 \$
Net income (loss) for the period	172,662	(68,384)	154,927	(1,122)
Other comprehensive income (loss)				
Currency translation differences	(21,952)	32,314	33,320	(3,546)
Comprehensive income (loss) for the period	<u>150,710</u>	<u>(36,070)</u>	<u>188,247</u>	<u>(4,668)</u>
Comprehensive income (loss) attributable to:				
Common shareholders	148,798	(35,121)	184,060	(5,576)
Non-controlling interests	1,912	(949)	4,187	908

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

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

Senvest Capital Inc.

Interim Consolidated Statements of Changes in Equity

(Unaudited) For the nine months ended September 30, 2024 and 2023

(in thousands of Canadian dollars)

	Attributable to common shareholders				Non-controlling interests \$	Total equity \$
	Share capital \$	Accumulated other comprehensive income \$	Retained earnings \$	Total \$		
Balance – December 31, 2022	20,657	234,254	1,321,347	1,576,258	17,513	1,593,771
Net income (loss) for the period	-	-	(2,057)	(2,057)	935	(1,122)
Other comprehensive loss	-	(3,519)	-	(3,519)	(27)	(3,546)
Comprehensive income (loss) for the period	-	(3,519)	(2,057)	(5,576)	908	(4,668)
Repurchase of common shares	(36)	-	(1,440)	(1,476)	-	(1,476)
Balance – September 30, 2023	20,621	230,735	1,317,850	1,569,206	18,421	1,587,627
Balance – December 31, 2023	20,605	197,312	1,402,922	1,620,839	17,787	1,638,626
Net income for the period	-	-	151,077	151,077	3,850	154,927
Other comprehensive income	-	32,983	-	32,983	337	33,320
Comprehensive income for the period	-	32,983	151,077	184,060	4,187	188,247
Repurchase of common shares	(204)	-	(8,077)	(8,281)	-	(8,281)
Balance – September 30, 2024	20,401	230,295	1,545,922	1,796,618	21,974	1,818,592

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

Senvest Capital Inc.

Interim Consolidated Statements of Cash Flows

(Unaudited) For the nine months ended September 30, 2024 and 2023

(in thousands of Canadian dollars)

	Note	2024 \$	2023 \$
Cash flows provided by (used in)			
Operating activities			
Net income (loss) for the period		154,927	(1,122)
Adjustments for non-cash items	6a	(184,971)	(64,770)
Purchase of equity investments and other holdings held for trading		(3,203,090)	(2,635,768)
Purchase of securities sold short and derivative liabilities		(825,300)	(2,418,739)
Proceeds on sale of equity investments and other holdings held for trading		3,169,274	3,145,442
Proceeds from securities sold short and derivative liabilities		696,478	2,232,816
Dividends and distributions from real estate investments		399	1,150
Changes in working capital items	6b	336,977	(190,828)
Net cash provided in operating activities		144,694	68,181
Investing activities			
Transfers to restricted short-term investment		10	-
Purchase of real estate investments		(1,268)	(2,338)
Purchase of investment properties		(10,484)	(4,396)
Purchase of investments in associates		-	(616)
Purchase of equity investments and other holdings as fair value through profit or loss		(6,985)	(14,047)
Proceeds from investments in associates		797	-
Proceeds from equity investments and other holdings as fair value through profit or loss		7,365	41,358
Net cash provided (used) in investing activities		(10,565)	19,961
Financing activities			
Decrease in bank advances		(157)	(167)
Payment of operating lease liability		(969)	(909)
Repurchase of common shares		(8,281)	(1,476)
Proceeds from issuance of redeemable units		42,620	8,915
Amounts paid on redemption of redeemable units		(133,137)	(76,037)
Net cash used in financing activities		(99,924)	(69,674)
Increase in cash and cash equivalents		34,205	18,468
Effect of changes in foreign exchange rates on cash and cash equivalents		436	24
Cash and cash equivalents – Beginning of period		33,011	42,531
Cash and cash equivalents – End of period		67,652	61,023
Amounts of cash flows classified within operating activities:			
Cash paid for interest		70,527	81,968
Cash paid for dividends on equities sold short		2,363	11,930
Cash received on interest		43,023	50,137
Cash received on dividends		49,127	55,682
Cash paid for income taxes		6,630	11,781

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

Senvest Capital Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited) September 30, 2024

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

1 General information

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

2 Summary of significant accounting policies

Basis of preparation

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

The Board of Directors (Board) approved these consolidated financial statements for issue on November 7, 2024.

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

Basis of measurement

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

Consolidation

Subsidiaries

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

Investments in associates

Investments in associates held by the Company’s investment entities are included in the Company’s consolidated financial statements as financial assets at FVTPL. The accounting policies applied to these investments in associates are similar to those applied to the Company’s other financial assets at FVTPL and are

Senvest Capital Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited) September 30, 2024

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

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 income (loss). The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

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

Liability for redeemable units

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

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

Senvest Capital Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited) September 30, 2024

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

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).

Consolidation and foreign operations

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

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

Presentation currency

The Company has adopted the Canadian dollar as its presentation currency, which in the opinion of management is the most appropriate presentation currency. Historically, the Company's consolidated financial statements have been presented in Canadian dollars, and since the Company's shares are listed on a Canadian stock exchange, management believes it would better serve the use of shareholders to continue issuing consolidated financial statements in Canadian dollars. The US dollar consolidated financial statements described above are translated into the presentation currency as follows: assets and liabilities – at the closing

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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.

Classification and measurement

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

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

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

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

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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.

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.

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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 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.

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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.

Income tax

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

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

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

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

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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.

Earnings per share

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

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

Accounting standards and amendments issued but not yet adopted.

The IASB has issued a new standard and various amendments to existing standards that are not mandatory for the September 30, 2024, reporting period and which were not early adopted by the Company. Neither the new standard nor the amendments are relevant to the Company's current activities and transactions.

3 Critical accounting estimates and judgments

Critical accounting estimates

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

Fair value of financial instruments

The fair value of financial instruments, including real estate investments, where no active market exists or where listed prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or by using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. To the

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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.

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 valuers located in the area of the properties. Inputs used in the property valuation models are based on appropriate assumptions that reflect the type of property and location. Management reviews the assumptions made and models used to ensure they correlate with their expectation and understanding of the market.

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

Income taxes

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

Critical accounting judgments

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

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

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

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4 Fair value measurement of financial instruments

Fair value estimation

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

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

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

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

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

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

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The following tables analyze within the fair value hierarchy the company's financial assets and financial liabilities measured at fair value as at September 30, 2024 and December 31, 2023.

	As at September 30, 2024			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Financial assets at fair value through profit or loss				
Held for trading				
Equity securities	4,611,790	1,081	-	4,612,871
Debt securities	-	22,886	-	22,886
Derivative financial assets	-	186,973	-	186,973
Other				
Equity securities	59,936	12	234,936	294,884
Debt securities	-	-	39,124	39,124
Real estate investments	-	-	37,815	37,815
	4,671,726	210,952	311,875	5,194,553
Liabilities				
Financial liabilities				
Held for trading				
Equity holdings sold short	(335,299)	-	-	(335,299)
Derivatives	-	(55,420)	-	(55,420)
	(335,299)	(55,420)	-	(390,719)
As at December 31, 2023				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Financial assets at fair value through profit or loss				
Held for trading				
Equity securities	4,071,844	25,957	-	4,097,801
Debt securities	-	22,445	-	22,445
Derivative financial assets	-	165,738	-	165,738
Other				
Equity securities	4,447	39,841	208,878	253,167
Debt securities	-	-	46,813	46,813
Real estate investments	-	-	44,172	44,172
	4,076,291	253,981	299,863	4,630,136
Liabilities				
Financial liabilities				
Held for trading				
Equity holdings sold short	(445,658)	-	-	(445,658)
Derivatives	-	(57,307)	-	(57,307)
	(445,658)	(57,307)	-	(502,965)

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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

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with the nature of the investment, and market conditions and inputs such as cash flow and discount rates to determine reasonableness.

As at September 30, 2024 and December 31, 2023, Level 3 instruments are in various entities and industries.

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

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

Equity investments and other holdings

	As at September 30, 2024 \$	As at December 31, 2023 \$
Assets		
Financial assets at fair value through profit or loss		
Held for trading		
Equity securities	4,612,871	4,097,801
Debt securities	22,886	22,445
Derivative financial assets	186,973	165,738
	<hr/> 4,822,730	<hr/> 4,285,984
Financial assets at fair value through profit or loss		
Other		
Equity securities	294,884	253,167
Debt securities	39,124	46,813
	<hr/> 5,156,738	<hr/> 4,585,964
Current portion	4,822,730	4,285,984
Non-current portion	334,008	299,980
	<hr/> <hr/>	<hr/> <hr/>

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Securities sold short and derivative liabilities

Liabilities

Financial liabilities

Held for trading

Securities sold short

Listed equity securities

Derivative financial liabilities

335,299 445,658

55,420 57,307

390,719 502,965

6 Supplementary information to consolidated statements of cash flows

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

	2024	2023
	\$	\$
Net change in fair value of equity investments and other holdings	(436,070)	(54,892)
Net change in fair value of real estate investments	8,195	9,717
Share of loss of associates, adjusted for distributions received	(559)	2,916
Amortization and depreciation	805	671
Change in redemption amount of redeemable units	218,493	(5,631)
Deferred income tax	24,165	(17,551)
	<u>(184,971)</u>	<u>(64,770)</u>

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

	2024	2023
	\$	\$
Decrease (increase) in		
Due from brokers	(203,150)	(54,752)
Income taxes receivable	(7,516)	(6,949)
Other assets	(4,804)	12,986
Increase (decrease) in		
Trade and other payables	22,433	10,820
Due to Brokers	530,405	(152,800)
Income taxes payable	(391)	(133)
	<u>336,977</u>	<u>(190,828)</u>