MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

Financial markets continued their tremendous volatility in the third quarter as widespread inflation weighed on all the indices. Investors focused on the aggressive interest rate hikes and an end to the extended period of tapering by central banks. In September US stocks suffered their worst monthly performance since March 2020 as the S&P 500 and the NASDAQ closed the quarter at their lowest point in two years. The small cap Russell 2000 was down 26% for the year to date period while the S&P 500 and the NASDAQ were down 25% and 32% respectively. The S&P 500 decline was its third worst performance during the first nine months of a year since 1931. The losses were all across the board with Senvest Capital ("Senvest" or the "Company") also recording large declines. Energy stocks which had been the best performing asset class for the first part of the year have fallen substantially since then as energy prices declined. For the third quarter, West Texas Intermediate crude oil ("WTI") declined by 17%.

In addition to the unprecedented speed and scope of rate hikes, Fed board members have amplified their actions with public comments which reinforce their intent to crush inflation. Chairman Powell said rates will increase even at the expense of "…some pain to households and businesses". Fed governor Mester went on to say that a "…recession won't stop the Fed from raising rates." Theses aggressive measures appear to be working, as longer-term inflation expectations remain contained. Ten-year inflation break even rates inferred from 10-year real and nominal treasury yields have bounced around 2.5% for the past few months, down from about 3% earlier in the year. It appears that inflation has peaked and will hopefully decline over the next two or three quarters.

Supply chain disruptions remained a key obstacle in the third quarter as tightness of supply, logistics challenges, and China's zero-Covid reopening all contributed to further delayed shipment of goods. For example, Applied Materials cited full delivery of systems to customers last quarter that remained idle as one small component could not be sourced due to stock out. This issue has been common in 2022 as far too often, specialized, non-critical components remain hard to come by with companies turning to component brokers to secure these parts at significant mark-ups. Consumer electronics continued to experience a post-Covid hangover, as demand for PCs, Smart Phones, Gaming Systems and TVs have all deteriorated. What was hoped to be a short-lived inventory correction, has now evolved into a broad-based economic slowdown as an aggressive spike in interest rate hikes have impacted broader industries such as housing and autos. Over the past month, Nvidia, AMD and Intel have all lowered expectations citing weakness in the areas described above. There could be further potential weakness in industrial, enterprise, and cloud web-scale business activity as the fear of a recession builds and the mindset shifts to austerity within organizations. Specifically, with increased data points showing slowing demand coupled with mounting FX headwinds one would expect spending on enterprise technologies (software, services, and data communications) to decelerate further in the second half of 2022. While enterprise spending on cloud migration and cloud services served as a key tailwinds during COVID, elongated deal closing times, prolonged weakness in Europe, and general fears around macro have slowed the spending on these technologies which will ultimately weigh on the growth outlook for tech spending. However, despite these near-term economic challenges we remain structurally bullish on technology as it becomes more pervasive throughout the global economy.

Senvest recorded a net loss attributable to common shareholders of ($118.5) million or ($47.72) per basic and diluted common share for the third quarter ended September 30, 2022. This compares to a net income attributable to common shareholders of ($51.2) million or ($19.27) per basic and diluted common share for the 2021 third quarter. For the current quarter, the US dollar strengthened against the Canadian dollar and the result was a currency translation gain of about $97.6 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 loss attributable to common shareholders was ($20.9) million for the quarter.

The Company's income from equity investments was the biggest contributor to the results. The net change in equity investments and other holdings including securities sold short and derivative liabilities totaled ($278.4) million in the quarter versus ($102.3) million in 2021.

Some of the largest holdings as at September 30, 2022 were Paramount Resources (POU), Capri Holdings (CPRI), Marriot Vacations (VAC), Tower Semiconductors (TSEM), Arc Resources (ARX), QuidelOrtho (QDEL) and Ebay (EBAY). (When the Company refers to its portfolio of holdings, the reference is to its aggregate portfolio including those in the funds that are consolidated into the accounts of the Company). POU, QDEL, Verint Systems (VRNT) and EBAY were the biggest decliners for the quarter. BTRS Holdings (BTRS) and Ping Identity Holdings (PING) both of which received takeover offers were the best performers in the third quarter.

POU declined -19.77% in the quarter, underperforming XEG (-5.36%), the benchmark ETF for Canadian E&P companies. The backdrop for crude weakened in the quarter, driven by recession concerns, with strip pricing for 2023 West Texas Intermediate ("WTI") falling to -16.53% to $72/bbl. That said, import demand from Europe continued to buoy natural gas, with 2023 pricing at Henry Hub increasing +13.32% to $5.18/MMBtu.

The bulk of POU's underperformance was driven by weaker than expected 2Q22 earnings and lowered out-year free cash flow guidance. Longer than expected turnaround times on midstream infrastructure and unplanned outages at gas processing plants impacted quarterly sales volumes by approximately 6,000 Boe/d. Were it not for these outages, POU would have beaten consensus production estimates by +3%. These issues have since been remediated, and the company exited July at record production of over 100,000 Boe/d. The company actually raised second half 2022 production guidance by 1,000 Boe/d. POU lowered 2022 free cash flow guidance by approximately -$110mm, mostly due to +$80mm of increased capital expenditures, the bulk of which was driven by inflation. Additionally, while the company lowered 2023 free cash flow guidance by -$95mm, higher expected pricing offset increased capital expenditures of +$115mm.

The company also announced the purchase of 90,000 net acres in the Willesden Green Duvernay play at a price of $68.5mm. This is the second acquisition in this area in 2022, and brings the company up to ~250,000 net acres. Potential production of 50,000-60,000 Boe/d means Willesden Green is as large as POU's flagship Karr and Wapiti developments combined. In summary, POU now has the inventory to support the next 4-5 years of production growth, which they bought for 3x1 cash flow and financed by selling non-core infrastructure. Needless to say, we view this a great long term deal.

QDEL was down -26.45% for the third quarter. The company reported its first quarter as a combined entity post-merger with Ortho Clinical Diagnostics but only included one month of Ortho which led to a complicated release. Management outlined second half 2022 guidance that, although met consensus expectations on the top line, implied lower EBITDA margins that likely worried investors extrapolating to 2023. Additionally, the

company announced a launch delay for their long-anticipated rapid molecular diagnostic instrument. These factors coupled with lingering skepticism on the rationale for the merger and the sustainability of their COVID-19 revenues led to further weakness in the stock. Subsequent to the quarter end, the company pre-announced third quarter revenues of $782-$785 million, a $130 million beat over consensus, mainly due to higher than expected retail and government COVID-19 test sales. Although investors will not reward the company for COVID-19 diagnostic sales to the government, we expect any excess cash generated from these contracts will be allocated towards debt pay-down and share buy-backs that will eventually be recognized in the company's valuation. Furthermore, we believe the company's retail QuickVue and point-of-care Sofia COVID-19 antigen tests will prove to be more durable than consensus estimates, and that Sofia flu and combination (flu plus COVID-19) testing are also likely to outperform expectations, positively impacting margins.

VRNT declined -20.71% in the third quarter following lower revenue guidance due to greater-than-expected FX movements on its European-denominated business. VRNT is a leading pure-play customer engagement software company that enables enterprises to automate, collect, and analyze customer service support functions through its artificial intelligence (A.I.) engines. The company is best known for its cloud-based contact center applications that analyze customer interaction data (email, chat, voice, e-commerce history) to give enterprises a holistic view of customers' interactions with its company. VRNT has also been going through a business model transition to a cloud SaaS platform from a perpetual license model that has been depressing near term revenue revenue. In the company's most recent July quarter, VRNT reported overall growth of +4% year-over-year which was slightly below expectations due to a $5M impact from FX headwinds due to 20% of revenue being generated in Europe. The company continues to see robust demand for its cloud solutions and still expects to achieve greater than 30% year over year growth in each of the next two fiscal years with its cloud business representing about 2/3rds of its overall business. Despite the disappointing results, VRNT reiterated its expectations for 30-40% cloud bookings growth this year which will ultimately be a key driver of its ~90% recurring revenue in future periods.

BTRS, a provider of business-to-business ("B2B") accounts receivable software, rose +85.94% in the quarter, after reporting strong Q2 2022 earnings and entering into an agreement to be acquired by EQT Private Equity for $9.50 per share. The BTRS suite of solutions helps companies bring their accounts receivable operations into the digital era, automating the distribution of invoices, collection of past-due payments, extension of credit, and receipt of payments. Similar to a check lockbox at a bank, which processes and deposits physical checks into a supplier's bank account, BTRS' digital lockbox removes friction around B2B credit card payments. BTRS earns both recurring software revenue and variable transaction revenue on payments coming in.

PING, an identity-focused cyber security company, increased +54.74% during the third quarter of 2022 as the company agreed to be acquired by private equity fund Thoma Bravo for $28.50 per share, representing an EV/Revenue multiple of 7.5x on C22 revenue. PING was a relatively new investment that competes in a segment of the cyber security market known as Identity & Access Management. This market has been sized at over $50B and growing at a mid-teens CAGR, with PING competing with companies such as Okta, CA, IBM, and Microsoft. We were attracted to PING's relative valuation to its cyber-security peers and its accelerating annualized recurring revenue ("ARR") that exceeded 20% year over year growth for multiple quarters. Additionally, PING had been undergoing a business model transition with a shift to Software-as-a-Service (SaaS) from its on-premise licensed software. In its most recent quarter, reported SaaS revenue grew around 70% year over year and represented about one-third of its ARR.

The Senvest Master Fund (Senvest Partners Fund) is focused primarily on small and mid-cap companies. The fund recorded a return of (9.7%) net of fees in the third quarter and a return of (31.3%) for the year to date. With most of the long portfolio invested in small and mid-cap stocks, the fund underperformed its most relevant benchmark, the Russell 2000 both for the quarter and for the year to date. The fund also underperformed the S&P 500 index for the quarter and the year to date even though it does not consider this index as a benchmark. The fund has issued an institutional share class which requires a minimum investment of $75 million US, and includes a longer duration element, which further enhances the stability of its capital base and its ability to make long-term investments to help generate returns for the benefit of all of our partners. Senvest's internal capital is subject to the same liquidity provisions of the institutional share class. Due to the positive performance of this fund in 2020 and 2021 there have been significant redemptions over the last two years as certain investors looked to "cash in" some of their gains.

The Senvest Technology Partners Fund (prior name Senvest Israel Partners) was initiated in 2003 to focus on investing in Israel related companies. In 2019, the Israel Fund broadened its geographic investment mandate to focus on global technology investments. To better reflect the evolving global complexion of its technology investments, the Israel Fund underwent a name change to Senvest Technology Partners. After investing in Israel-related technology for 15 years, its holdings extended across the global technology universe. The Technology Fund maintained the same investment philosophy and continued to leverage the existing diligence and understanding of global technology and end markets. This fund recorded a return of (6.2%) net of fees for the third quarter and a return of (35.3%) for the year to date (monthly results of the two funds can be found on the Company's website). Both of these funds are consolidated into the accounts of the Company.

The Company has a portfolio of real estate investments as at September 30, 2022. One part of this amount represents investments in different US 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 were remeasured at fair value, using the fair value model. The fair value is based on external valuations from third party valuators. Gains or losses arising from changes in fair value of investment properties are included in the Company's net profit or loss.

The Company consolidates the Senvest Management LLC (SML) entity that serves as the investment manager of Senvest Partners and Senvest Technology Partners as well as the general partners of the funds. The portion of the expected residual returns of structured entities that do not belong to the Company is reflected as a non-controlling interest on the statement of financial position. This non-controlling interest is owned by an executive of the Corporation. This non-controlling interest was unchanged at $11 million as at September 30, 2022 from December 31, 2021.

At the end of September 30, 2022, Senvest had total consolidated assets of $5,039.5 million versus $6,563.9 million at the end of 2021. Equity investments and other holdings totaled $4,602.3 million from $6,272.8 million in December 2021. The Company purchased $3,580.4 million of investment holdings in the period and sold $3,972.6 million of such holdings. The Company's liabilities decreased to $3,592.8 million this quarter versus

$4,748.2 million in 2021. The biggest difference between the periods was a significant decrease in the liability for redeemable units. The proceeds of securities sold short were $6,036.5 million and the amount of shorts covered was $6,211.8 million in the period. Overall, the trading figures were more than the corresponding amounts for the prior year's period.

Functional currency

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

Presentation currency

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

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

Market risk

Fair value and cash flow interest rate risks

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

The majority of the Company's debt is based on floating rates which expose the Company to cash flow interest rate risk. The Company does not have a long-term stream of cash flows that it can match against this type of fixed debt, so it prefers to use short-term floating rate debt. The Company does not mitigate its exposure to interest rate fluctuation on floating rate debt. If interest rates spike, then the Company could enter into interest rate swaps or more probably just reduce its debt level. As at September 30, 2022, the Company had listed sufficient equity securities that it can sell to reduce its floating rate debt to zero.

Currency risks

Currency risk refers to the risk that values of monetary financial assets and liabilities denominated in foreign currencies will vary as a result of changes in underlying foreign exchange rates. The Company's functional currency is the US dollar. The Company has foreign currency exposure to the Canadian dollar, the British pound sterling, the Euro, and the Israeli shekel.

Equity price risk

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

Securities sold short represent obligations of the Company to make future delivery of specific securities and create an obligation to purchase the security at market prices prevailing at the later delivery date. This creates the risk that the Company's ultimate obligation to satisfy the delivery requirements will exceed the amount of the proceeds initially received or the liability recorded in the consolidated financial statements. In addition, the Company has entered into derivative financial instruments, which have a notional value greater than their fair value, which is recorded in the 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 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 public holdings which can be liquidated in a relatively short time. Due to its large holding of liquid assets, the Company believes that it has sufficient resources to meet its obligations.

All financial liabilities other than securities sold short and derivative liabilities, liability for redeemable units and some other payables as at the consolidated statement of financial position date mature or are expected to be repaid within one year. The liquidity risk related to these liabilities is managed by maintaining a portfolio of liquid investment assets.

Credit risk

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

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

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

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

Capital risk management

The Company's objective when managing its capital is to maintain a solid capital structure appropriate for the nature of its business. The Company considers its capital to be its total shareholders equity. The Company manages its capital structure in light of changes in economic conditions. To maintain or adjust its capital structure, the Company initiates normal course issuer bids or adjusts the amount of dividends paid. The Company monitors capital on the basis of its net liabilities-to-capital ratio, which is as follows (in millions):

	September 30, 2022	December 31, 2021
Total net liabilities	$3,369.7	$4,678.9
Total equity	$1,446.7	$1,815.7
Net liabilities to capital ratio	2.33	2.58

In the past the Company's objective was to maintain a debt-to-capital ratio below 3.0. The Company believes that limiting its debt-to-capital ratio is the best way to monitor risk. The Company's debt to capital ratio was at 2.33 at the end of September 2022 from 2.58 at the end of 2021.

Investment Risk

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

The value of the Company's portfolio may decrease as well as increase, due to a variety of factors, including general economic conditions, and market factors. Additionally, investment decisions made by the Company may not always be profitable or prove to have been correct. Investment strategies, at any given time, may incur significant losses. Losses can occur for a number of reasons, including but not limited to, an overall decline in the underlying market, a lack of liquidity in the underlying markets, excessive volatility in a particular market, government intervention or monetary and/or fiscal policies of a specific region or country. The profitability of a significant portion of the Company's investments also depends to a great extent upon the Company's ability to

correctly assess the future course of the price movements of securities and other investments. There can be no assurance that the Company will be able to accurately predict these price movements.

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

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

The Company tries to manage the above risks by monitoring its leverage, actively following its investee companies and trying to react to market conditions. At the same time the Company expects its portfolio to exhibit a higher degree of volatility than portfolios that invest in larger more stable companies and that invest within more defined limits. As at September 30, 2022, approximately 87% of the Company's portfolio was invested in Level 1 securities. The Company monitors its Level 1 securities as 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 refer to the physical risks and transition-related risks related to the changes in climate patterns that may have a significant impact on communities and the economy. While the direct exposure of the Corporation's operations to climate change risk is relatively low, as an investor in equities and other assets, the Corporation could indirectly be impacted by this risk through its portfolio investments.

The Corporation's portfolio investments face the potential direct impact of more frequent and more intense extreme weather events, as well as the potential indirect impact of any related supply chain disruptions. The exposure of the Corporation's portfolio investments to climate change risk also arises from the movement toward

a low-emission economy, which may result in increased reputational, market, regulatory, policy, legal and technology-related risks. Existing portfolio investments in carbon-intensive industries and in other markets which are dependent on such industries may be more exposed to such transitional risks as a result of significant changes in customer perceptions and preferences, the increasing cost of carbon emissions and competition from renewable energy.

Critical accounting estimates and judgments

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

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

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

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

Fair value estimates of investment properties

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

Fair value estimates of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or by using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. To the extent practical, models use only observable data; however, areas such as credit risk (both the company's own credit risk and counterparty credit

risk), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Financial instruments in Level 1

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

Financial instruments in Level 2

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

The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each year-end date. Valuation techniques used for non-standardized financial instruments such as options and other over-the-counter derivatives include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analyses, option pricing models and other valuation techniques commonly used by market participants, making maximum use of market inputs and relying as little as possible on entity-specific inputs. The financial assets classified as Level 2 were approximately 6.7% of the total financial assets.

Financial instruments in Level 3

Investments classified in Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments consist mainly of unlisted equity investments and real estate investments. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value. The financial assets classified as Level 3 were approximately 6.3% 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. On an annual basis, close to the year-end date, the Company obtains independent, third party appraisals to determine the fair value of the Company's most significant Level 3 holdings. The annual valuations of the significant level 3 holdings are carried out externally.

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

As at September 30, 2022, Level 3 instruments are in various entities and industries. The real estate investments are made up of investments in private real estate companies, and in real estate income trusts and partnerships. For the main Level 3 instruments, the Company relied on appraisals carried out by independent third party valuators or on recent transactions. There was no established market for any of these investments, so the most likely scenario is a disposal of the underlying assets. For the investments in real estate income trusts and partnerships, the Company relied mainly on audited financial statements, valuing the assets at fair value. The most likely scenario is an eventual sale of the underlying properties and their subsequent distribution to the holders.

Liability for redeemable units

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

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

Income taxes

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

QUARTERLY RESULTS

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

Year	Total revenue and investment gains (losses)	Net income (loss)-common shareholders	Earnings (loss) per share
2022-3	(265,349)	(118,477)	(47.72)
2022-2	(956,862)	(356,091)	(142.71)
2022-1	24,201	(5,310)	(2.13)
2021-4	232,882	58,954	24.03
2021-3	(76,453)	(51,179)	(19.27)
2021-2	440,016	150,715	60.29
2021-1	1,885,731	574,498	224.27
2020-4	1,172,742	363,574	138.36

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

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

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

On August 16, 2022, Senvest commenced a new normal course issuer bid to purchase a maximum of 100,000 of its own common shares until August 15, 2023. There have been 38,000 shares repurchased so far in 2022 under both the old and new bid. The number of common shares outstanding as at September 30, 2022 was 2,483,524 and as at November 9, 2022 was 2,483,524. There were no stock options outstanding as at September 30, 2022 and none have been issued since 2005.

The Company has financing with a bank, composed of a credit facility and a guarantee facility. A first ranking movable hypothec in the amount of $30 million on all of its assets has been granted as collateral for both of the facilities. According to the terms of the facilities, the Company is required to comply with certain financial covenants. During the period, 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 statement of financial position. This non-controlling interest is owned by an executive of the Company and was unchanged at $11 million as at September 30, 2022 from December 31, 2021.

Significant Equity Investments

For information on a summary of financial information from certain significant investees please refer to the 2021 audited financial statements. The accounts of Senvest Partners, Senvest Technology Partners and Senvest Cyprus Recovery Investment Fund are consolidated with the Company's accounts.

Geopolitical events

The recent invasion of Ukraine by Russia and the imposition of economic sanctions by Western countries are causing concern in financial markets. It is difficult to predict the impact of this war on the value of the financial assets held by the Company. Although the risk of recession is increased by this conflict, inflationary pressures have also been on the rise. However, the Company does not hold any assets from Ukraine, Russia and Belarus which may reduce, the extent possible, variations in the value of its financial assets.

FORWARD LOOKING STATEMENTS

This MD&A contains "forward looking statements" which reflect the current expectations of management regarding our future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "may", "would", "could", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate", "aim", "endeavour", "likely", "think" and similar expressions have been used to identify these forward looking statements. These statements reflect our current beliefs with respect to future events and are based on information currently available to us. Forward looking statements involve significant known and unknown risks, uncertainties and assumptions. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward looking statements including, without limitation, those Risk Factors listed in the Company's annual information form. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward looking statements contained in this MD&A. These forward looking statements are made as of November 11, 2022 and will not be updated or revised except as required by applicable securities law.

OTHER FINANCIAL INFORMATION

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

INTERNAL CONTROLS

There have been no changes in the Company's internal control over financial reporting during the quarter ended September 30, 2022, 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 11, 2022

(Management Discussion and Analysis ("MD&A") provides a review of Senvest Capital Inc.'s operations, performance and financial condition for the period ended September 30, 2022, and should be read in conjunction with the 2021 annual filings. Readers are also requested to visit the SEDAR website at www.sedar.com ***for additional information. This MD&A also contains certain forward-looking statements with respect to the Corporation. These forward-looking statements, by their nature necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by these forward-looking statements. We consider the assumptions on which these forward-looking statements are based to be reasonable, but caution the reader that these assumptions regarding future events, many of which are beyond our control may ultimately prove to be incorrect.*)**