SENVEST

2021

Annual Report

Financial Highlights

SELECTED FINANCIAL DATA

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

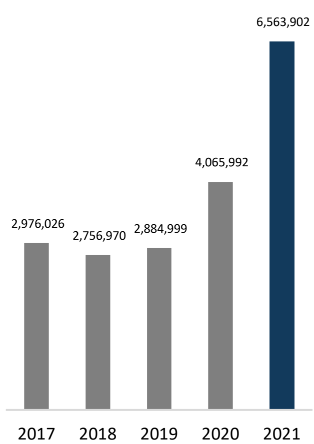
	2021	**2020**	**2019**	**2018**	**2017**
	$	**$**	**$**	**$**	**$**
SUMMARY OF OPERATIONS					
Total revenues and investment gains (loss)	2,482,176	739,405	426,150	(316,619)	488,972
Net income (loss) attributable to common shareholders	732,988	211,717	104,794	(140,086)	165,967
Diluted earnings (loss) per share	289.32	80.66	39.16	(51.72)	60.03
FINANCIAL DATA					
Total assets	6,563,902	4,065,992	2,884,999	2,756,970	2,976,026
Total equity	1,815,653	1,146,114	942,655	969,421	1,063,385

COMMON STOCK INFORMATION

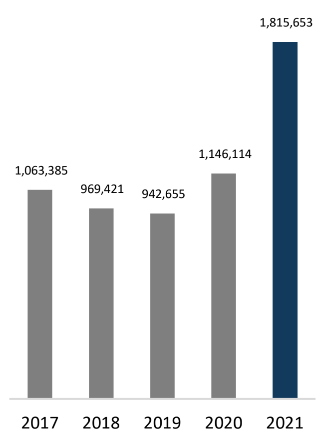
The company’s common shares are listed on the Toronto Stock Exchange under the symbol SEC.

	2021		**2020**	
	$		**$**	
FISCAL QUARTER	High	Low	High	Low
First	317.00	174.00	183.00	100.00
Second	388.88	308.00	134.94	100.00
Third	400.00	370.00	142.00	121.00
Fourth	415.00	359.00	180.00	125.00

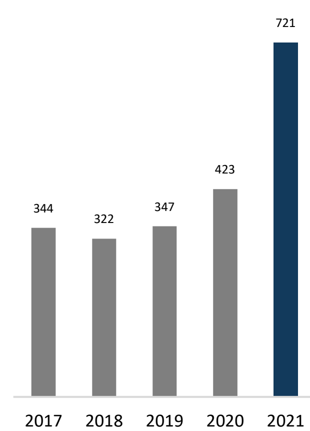
Total Assets ($ Thousands)



Total Equity ($ Thousands)



Book Value per Share



OVERALL PERFORMANCE

The report of the biggest surge in the Consumer Price Index ("CPI") in 30 years knocked the Russell 2000 index, the widely accepted small-cap benchmark, from its all-time high in early November. After Fed Chairman Powell secured his renomination, he revealed the first hints of a change in monetary policy and a move to tightening by admitting inflation was no longer "transitory", as it was "probably a good time to retire that word", when testifying before Congress. Around the same time, a new, more contagious Covid-19 variant – Omicron – also surfaced. Markets seemed to digest both the steep rise in reported cases given the relatively less deadly nature of this mutation as well as the Fed commentary. After slipping in November, the Russell 2000 managed to eke a slight gain for the quarter while the S&P 500 charged ahead to a record high level. Senvest Capital ("Senvest" or the "Company") followed a similar path with a positive quarterly performance. However, January 2022 would tell a different story.

The release of the Fed's December meeting minutes on January 5, 2022 revealed a "faster timetable for raising interest rates this year" (WSJ). The following week's CPI report showed a further spike higher, with inflation at the highest rate in almost 40 years, further testing the Fed and suggesting more hawkishness. Fed futures markets reacted, and CME futures pointed to four rate increases in 2022, with an end of year Fed Funds rate about a full percentage point higher. Fed Chairman Powell, at a post-meeting press conference Wednesday January 26, confirmed the hawkishness and then some. "Now we're priced for ~five hikes with an increased probability of 50bps hikes in March" (Bloomberg). Subsequently the number of estimated rate increases were ratcheted up to seven and then to nine!

While it was no secret that the twin tailwinds of fiscal stimulus and easy monetary policy would fade as we entered 2022, the relatively abrupt shift to faster and higher rate increases spooked equity investors and sparked a broad market sell-off. Many US equity markets entered correction territory (defined as a -10% decline). High multiple growth stocks, especially those without earnings, were hit hardest. Russia then invaded Ukraine, creating a geopolitical crisis. This resulted in additional market uncertainty, soaring commodity costs plus the potential for more inflation. At this point the macro environment represents an incredible challenge.

However, if one looks further ahead rather than focusing on the current volatility (not very easy to do given the terrible macro environment), a different narrative may emerge. Strong earnings growth from many companies can help offset the multiple compression hitting stocks. Global economies have yet to fully recover as they remain impacted by the pandemic. Full mobility remains hindered with sporadic regional lock downs still occurring. The Omicron wave exacerbated labor shortages as workers stayed home, and supply chains have not been restored. As Covid-19 transitions to endemic status, pandemic related constraints should abate and thereby lift economic activity. Consumer and corporate cash levels have never been better – Bank of America Research notes that combined consumer and corporate cash has hit a record $19 trillion (!) and that financial obligations for both sit at historic lows. State government budgets have money to spend. The Wall Street Journal notes that "State revenues between April and November increased 24% from 2020 to 2021…thirty-two states said revenue collections for fiscal years ending in 2022 were ahead of projections…[and]…states' reserve funds have reached a record level of nearly $113 billion." China, the world's number two economy, after a period of tight monetary policy, appears to be shifting toward monetary easing with cuts in two key benchmark rates. Even with the near certainty of Fed interest rate increases, real 10-year treasury rates remain below zero.

As we have discussed in recent letters, we think oil and natural gas price increases may not be transitory. Years of underinvestment stemming from low commodity prices, shareholder demands for return of cash rather than reinvestment for growth and ESG pressures on fossil fuel investments create a situation for supply to lag demand growth. According to Goldman Sachs research "By summer…OECD oil inventories [will be at] their lowest level since 2000." Since we expect global demand to increase as covid related economic pressures fade, this sets up a positive dynamic for oil prices to go higher.

As noted earlier, the market correction has seen a severe markdown of high valuation growth stocks, especially those without profits. In other words, the "froth" in the market is receding. We view this as a healthy development to restore rationality to valuation. Moreover, this can provide interesting opportunities as many high growth companies with valuable franchises reinvest profits to gain market leadership. This wouldn't be the first time there are great opportunities to discover exceptional companies caught up in a market blow off – recall the experience in the tech meltdown of 2000.

Some of the largest holdings as at December 31, 2021 were Paramount Resources (POU), Capri Holdings (CPRI), Tower Semiconductors (TSEM), Arc Resources (ARX), eBay (EBAY) and Marriot Vacations (VAC). (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, CPRI and TSEM were the top performers for the fourth quarter. Excluding GameStop (GME), which we will discuss later, these three stocks (along with ARX) were also the best performers for the year as a whole.

Canadian oil and natural gas exploration and production (E&P) company POU stock appreciated by +30.94% in the quarter, against a flat oil and negative Henry Hub / AECO natural gas backdrop. The company's commentary included in its otherwise "in-line" Q3 2021 earnings report likely spurred the strong stock performance. Management provided details surrounding a five-year outlook, with plans to grow overall production by 5% per year (roughly 9% production growth annually excluding its core asset, Karr), while generating cumulative free cash flow (FCF) of greater than C$2.7 billion, or about C$20/share (around C$1 billion, or C$7.40/share, of cumulative FCF excluding Karr). The company also announced a permanent tripling of the dividend to C$0.72/share and expects to pay down net debt to C$300 million by the end of 2022. These factors put POU in a unique camp (not just among E&P peers) whereby it can sustainably grow production AND return capital to shareholders.

Apparel, footwear, and accessories designer CPRI, owner of the Michael Kors, Versace, and Jimmy Choo brands, stock rose +34.08% in the quarter. CPRI reported its fiscal Q2 2021 earnings on November 3rd and delivered its fifth consecutive EPS beat of at least 60% vs. consensus. CPRI reported adjusted EPS of $1.53 vs. consensus expectations of $0.91 with revenue growth of 17.1% vs. consensus of 14.3%. Even more impressive was gross margin expansion of 440bp, trouncing consensus expectations of an 80bp improvement. Importantly, full year EPS guidance was raised to $5.30 vs. prior guidance of $4.50 and consensus of $4.57. It is worth noting that the $5.30 earning guidance is 41% higher than the guidance given in May 2021 of $3.75 at the midpoint.

Leading specialty analog foundry Tower Semiconductor ("TSEM" or "Tower") posted a stock price gain of +32.71% in Q4 2021 on the continued strengthening demand for its diversified product portfolio of semiconductors across multiple end markets. Q3 2021 revenue increased +25% year over year and 7% quarter over quarter with organic revenue growth of +38% year over year (which excludes fixed legacy contracts) driven by strength in its RF Wireless (+75% year over year organic growth), Sensor (+65% year over year organic growth), and Power (+50% year over year) applications. Tower's fourth quarter guidance was well above consensus at $410 million and represents the first time quarterly revenue will exceed $400 million, a historic target the company had previously aspired to. TSEM's organic growth is being driven from multiple vectors including 1) capacity additions and 2) a richer mix of higher Average Selling Prices ("ASP"). Additionally, more customers are entering into new long-term agreements that are translating into more predictable revenue streams. Tower is benefitting from opportunities focused around 5G smartphones and cloud infrastructure driving its RF and optical businesses, while a rebound in the automotive market along with the growing adoption of electric vehicles and industrial IoT is driving its sensing and power management businesses.

During Q4 2021, shares of space systems supplier and earth-observation satellite operator MDA ("MDA") declined -41.61% as the company reported disappointing third quarter earnings and lowered its mid-term 2022 financial targets. We suspect that a large shareholder also liquidated its position indiscriminately, which in the face of historically low trading volume for a relatively newly listed company on the Toronto Stock Exchange, further contributed to the slide in the stock price. The reduction in financial targets stemmed from delays in several key projects including one of its flagship programs, low-earth orbit satellite constellation, TeleSat Lightspeed, in which the prime contractor pushed out the project timing due to supply-chain issues. Recall that in March 2021, MDA completed its IPO raising C$320 million valuing the company at C$1.6 billion. Senvest was an investor in MDA while it was a private company and also participated in the IPO offering. MDA is best known for developing space related technologies including designing, building, and servicing satellite and robotic solutions for contractors, government agencies, and emerging space companies. MDA is pursuing several key opportunities in geo-intelligence, robotics, and satellite systems including the CanadArm3 (as part of the Lunar Gateway program) and TeleSat's Lightspeed. At the time of the IPO, the company targeted C$850 million in revenue and C$170M in adjusted EBITDA in 2022. However, given project delays the company lowered its revenue target to C$750-$800 million with adjusted EBITDA of C$140-$160 million. While these delays should not affect the lifetime value of MDA's flagship programs, they will impact the near-term revenue profile of the company.

We note some positive takeaways from the quarter, however, including the backlog increasing to C$829M, +29% quarter over quarter and +47% YTD. In addition, the company was awarded several contracts including an altimeter contract from JAXA's Martian moon mission and landing sensors for two upcoming lunar missions. Additionally, MDA also announced the successor to its RadarSat2 earth observation platform, CHORUS which will include C-band and X-band (through a partnership with satellite constellation operator ICEYE) radar imaging. CHORUS will be used for maritime surveillance and other time-critical applications such as land intelligence and disaster response to provide monitoring of crops, infrastructure, deforestation, and illegal fishing. We see demand for space technologies increasing meaningfully over the next decade given the dramatically lowered cost of a launch and improved functionality of low-earth orbit satellites providing global imaging services and broadband connectivity.

The investment in videogame retailer GME) contributed over 35% of the net change in fair value of equity investments and other holdings for the year. Although we discussed this investment with our first quarter results the impact it has had on our financial results necessitate that we repeat that discussion in our year end letter. The text below is from our Q1 MDA.

"GME's financial results and its stock price had been suffering for years for several reasons. Most notably, the late-stage maturation of the gaming console cycle and the increased digital distribution of video games adversely affected the company's retail and physical disc-based distribution business model. The Covid-19 pandemic exacerbated GME's issues as mandated economic shutdowns led to the closing of retail stores and as stay-at-home consumers increasingly downloaded games digitally. However, a reconstituted board and new executive team came in during 2019. They started to implement meaningful changes in the business, including cost-cutting, the sale of assets, reduction in working capital, a significant reduction in debt, and the buyback of stock. These changes positioned the company to capitalize on the new console cycle and fortuitously enabled it to better handle the challenges posed by Covid-19. Moreover, these are some of the hallmarks of change and transformation that we look for in the investment process.

Two additional pieces of our fundamental value case included the imminent launch of a new gaming console cycle by Microsoft and Sony, which we believed would catalyze sales at Gamestop, and the involvement of an activist investor, Ryan Cohen, the co-founder of Chewy.com, a leading online retailer of pet supplies (and also originally from Montreal). Cohen not only had the experience of beating Amazon in e-commerce, but he also made a fortune selling Chewy.com to Petsmart. We believed that if Cohen were to become more involved with the company, he could provide valuable input as well as credibility in any plan to transform Gamestop's business model. Such a plan would entail evolving beyond physical retail by leveraging relatively nascent e-commerce and digital strategies. We also thought GME's 64-million-member loyalty program and its preeminent online gaming publication "Game Informer" represented underappreciated assets.

We also believed that Wall Street sell side estimates significantly underestimated Gamestop's future earnings and cash flow potential once new console inventory became readily available. While we established the core of our investment in the fourth quarter, all but one (of eight) analysts had either a "hold" or "sell" recommendation on the stock. The disconnect between consensus expectations and what our research suggested helped support our conviction in the fundamental, value-based investment thesis.

A final important consideration in our thesis was the unprecedented level of short interest in GME shares, with more than 100% of shares outstanding short and an even greater amount of the effective "float" being short. We believed that GME was the most shorted stock on the US market, and in the entirety of all our careers, we had never seen such a level of short interest. This setup gave GME "coiled spring" potential for any change in the company's narrative. From what we could tell, the short thesis was that all videogames would be distributed digitally and that GME would go bankrupt. Our research indicated that GME faced little risk of bankruptcy. We believed that the circumstances for a potential "short squeeze" created a non-trivial chance of a huge upside move and created an asymmetric risk-reward profile in GME.

We spoke to sell side research analysts as well as understanding the short interest/stock loan at the major prime brokers and through third-party short interest data providers. Furthermore, as we do with virtually all our investments, we engage in dialog with management teams and, at times, we engage with other shareholders. In this case, we communicated both with the company and with Ryan Cohen. Based on a letter Cohen sent to the GME board and made public on November 16, 2020, it appeared he was dissatisfied with the company's progress in transforming into an e-commerce and digital gaming outlet and also rejected the company's overtures to him with the offer of a single board seat. After the release of this letter, we felt compelled to communicate our opinion to the company: a potential proxy fight with Ryan Cohen would be damaging to the company, and since Ryan Cohen would win such a battle anyway, it would make sense to settle with him. We believed he could add great experience and credibility in helping the company's transformation. Considering that Senvest was one of GME's largest shareholders with roughly 7% of its shares, we suspect our views carried some weight with the company.

We did not foresee the unusual catalyst for the short squeeze which occurred in GME starting on January 25th. Reddit's "Wallstreetbets" participants effectively crowdsourced the short squeeze that sprang the coiled spring. After trimming the position on Friday, January 22nd, we went into that weekend with greater awareness of what was happening. Pre-market trading, while it officially opens at 4am EST, rarely gets going until an hour before the market opens at 9:30am EST. On Monday, January 25th, however, GME stock began its incredible surge at 4am EST, and we began to trade the stock in those early pre-market hours. We exited roughly half of the position on that day, which provided us with an extraordinary gain from which we had the flexibility to "play with the house's money" and to see where the stock could go. A tweet on Tuesday, January 26th, from social media business darling Chamath Palihapitiya sent the stock higher and we sold more. Finally, after the market close on that same Tuesday, the titan of all business social media, Elon Musk, who has a particular disdain for short sellers who he has regularly battled publicly, tweeted a single word – "Gamestonk!" – which sent GME investors into a frenzy. We believed that things couldn't get any better than that in terms of the immediate term trading mania, and as a result, we sold our remaining GME shares in the post-market trading hours and into Wednesday, January 28th regular trading. Many have questioned when the individual investor would come back to the stock market. It appears that the individual investor is back with a vengeance, armed with the power of the internet."

Senvest recorded a net income attributable to common shareholders of $733.0 million or $289.32 per basic and diluted common share for the year ended December 31, 2021. This compares to a net income attributable to common shareholders of $211.7 million or $80.66 per basic and diluted common share for the 2020 year. For the year, the US dollar did not change very much against the Canadian dollar and the result was a currency translation gain of about $1.6 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 income attributable to common shareholders was $734.6 million for the year ($186.7 million in 2020).

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 $2,423.8 million in the year versus $693.9 million in 2020.

The Senvest Master Fund (Senvest Partners Fund) is focused primarily on small and mid-cap companies. The fund recorded a return of 4.7% net of fees in the fourth quarter and 86.2% 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 quarter and for the year. The fund underperformed the S&P 500 index for the quarter but outperformed it for the year, even though it does not consider this index as a benchmark. The fund has issued an institutional share class which requires a minimum investment of $75 million US, and includes a longer duration element, which further enhances the stability of its capital base and its ability to make long-term investments to help generate returns for the benefit of all of our partners. Senvest's internal capital is subject to the same liquidity provisions of the institutional share class. Due to the extraordinary performance of this fund over the last twelve months there have been significant redemptions over the year as certain investors look 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 2.6% net of fees for the fourth quarter and 26.4% for the year (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 December 31, 2021. 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 $11 million as at December 31, 2021 from $48.1 million as at December 31, 2020.

At the end of December 31, 2021, Senvest had total consolidated assets of $6,563.9 million versus $4,066.0 million at the end of 2020. Equity investments and other holdings totaled $6,272.8 million from $3,880.0 million in December 2020. The Company purchased $5,189.5 million of investment holdings in the year and sold $5,323.9 million of such holdings. The Company's liabilities increased to $4,748.2 million this year versus $2,919.9 million in 2020. The main difference between the periods was a significant increase in the liability for redeemable units due to the funds' appreciation. There was also an increase in securities sold short and derivative liabilities of about $569.2 million from last December. The proceeds of securities sold short were $7,547.7 million and the amount of shorts covered was $6,941.1 million in the year. Overall, the trading figures were more than the corresponding amounts for the prior year.

Functional currency

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

Presentation currency

The Company has adopted the Canadian dollar as its presentation currency, which in the opinion of management is the most appropriate presentation currency. Historically, the Company's consolidated financial statements have been presented in Canadian dollars, and since the company's shares are listed on a Canadian stock exchange, management believes it would better serve the use of shareholders to continue issuing consolidated financial statements in Canadian dollars. The US dollar consolidated financial statements are translated into the presentation currency as follows: assets and liabilities – at the closing rate at the date of the consolidated statement of financial position; and income and expenses – at the average rate for the period. All resulting changes are recognized in other comprehensive income 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 December 31, 2021, 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.

The impact of a 30% change in the market prices of the Company's equity holdings with quoted value and derivatives, securities sold short and derivative liabilities as at December 31, 2021 would be as follows (in thousands):

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

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

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulties in meeting its financial obligations. The Company's largest assets are equity investments and other holdings. Most of these assets are made up of equities in public holdings which can be liquidated in a relatively short time. Due to its large holding of liquid assets, the Company believes that it has sufficient resources to meet its obligations.

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

Credit risk

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

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

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

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

Capital risk management

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

	December 31, 2021	December 31, 2020
Total net liabilities	$4,678.9	$2,893.7
Total equity	$1,815.7	$1,146.1
Net liabilities to capital ratio	2.58	2.52

In the past the Company's objective was to maintain a debt-to-capital ratio below 2.0. 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 2.58 at the end of December 2021 from 2.52 at the end of 2020. However, the Company is cognizant of the fact that the largest liability on its financial statements, the "Liability for redeemable units" is considered "equity" and not a liability in the individual financial statements of the underlying funds that it consolidates. As a result the debt to equity ratio of the individual funds is lower than that of the parent company. The Company has concluded that it has been too conservative in limiting its net liabilities to capital ratio at 2.0 and believes that a higher ratio of 3.0 is more appropriate.

Investment Risk

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

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

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

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

The Company tries to manage the above risks by monitoring its leverage, actively following its investee companies and trying to react to market conditions. At the same time the Company expects its portfolio to exhibit a higher degree of volatility than portfolios that invest in larger more stable companies and that invest within more defined limits. As at December 31, 2021, approximately 88.2% 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 that the Company has de facto control of Senvest Management LLC (SML), RIMA Senvest Master Fund GP LLC, and Senvest Technology Partners GP LLC., 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. SML is the investment adviser to the Funds, whereas RIMA Senvest Master Fund GP LLC 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.

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

Fair value estimates of investment properties

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

Fair value estimates of financial instruments

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

Financial instruments in Level 1

The fair value of financial assets and financial liabilities traded in active markets are based on quoted market prices at the close of trading on the consolidated statement of financial position date. The quoted market price used for financial assets and financial liabilities held by the Company is the close price. Investments classified in Level 1 include active listed equities and derivatives traded on an exchange. The financial assets classified as Level 1 were approximately 88.2% 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 6.4% 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 mainly of unlisted equity investments and real estate investments. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value. The financial assets classified as Level 3 were approximately 5.4% 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 December 31, 2021, 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
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
2020-3	118,853	28,889	10.83
2020-2	418,401	161,247	60.85
2020-1	(970,591)	(341,993)	(129.38)

SELECTED ANNUAL INFORMATION

(In thousands except for earnings per share information)

	2021	2020	2019
Total revenue and investment gains	2,482,176	739,405	426,150
Net income – common shareholders	732,988	211,717	104,794
Earnings per share	289.32	80.66	39.16
Total assets	6,563,902	4,065,992	2,884,999

The Company has equity investment capital commitments of $13,806 and has real estate equity investment capital commitments of $18,618.

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. The highest earning quarter showed a profit of over $570 million and the least profitable quarter had a loss of over $340 million. 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, 2021, Senvest commenced a new normal course issuer bid to purchase a maximum of 100,000 of its own common shares until August 15, 2022. There have been 95,500 shares repurchased in 2021 (under both the old bid that expired in August and the new bid). The number of common shares outstanding as at December 31, 2021 was 2,503,024 and as at March 23, 2022 was 2,496,224. There were no stock options outstanding as at December 31, 2021 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 totalled $11 million as at December 31, 2021 from $48.1 million as at December 31, 2020.

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.

COVID-19

Since February 2020, the financial markets have been very volatile in response to the developing COVID-19 pandemic. More specifically, the equity markets and credit markets have experienced significant volatility due to concerns about credit risk and liquidity, amongst others. The Corporation continuously monitors this situation and its potential impact on the Corporation and, more particularly, the Funds. However, it is not possible to forecast with certainty the duration and full scope of the economic impact of COVID-19 both in the short- and long-term. The extent of such impact will depend on future developments, which are highly uncertain, rapidly evolving and cannot be predicted, including new information which may emerge concerning the severity of this coronavirus and actions taken to contain the COVID-19 or its impact, among others. Such developments, depending on their nature, duration, and intensity, could have a material adverse effect on the business, financial position, results of operations or cash flows of the Corporation.

Operationally, the Corporation continues to function quite well during the current environment and the stay-at-home conditions, as over the past few years the Corporation has planned and tested its systems for remote work-from-home scenarios. The Corporation has moved its technology infrastructure to the cloud almost three years ago and thus far has had no significant issues with its systems operating from home. However, the increased use of electronic and remote communication tools and services may lead to heightened cybersecurity risk.

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 March 29, 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

Disclosure controls and procedures

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified under those laws, and include controls and procedures that are designed to ensure that the information is accumulated and communicated to management, including Senvest's President and CEO and Vice-President and CFO, to allow timely decisions regarding required disclosure. As at December 31, 2021, management evaluated, under the supervision of and with the participation of the CEO and the CFO, the effectiveness of our disclosure controls and procedures, under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings. Based on that evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as at December 31, 2021.

Internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting under National Instrument 52-109. Our internal control over financial reporting is a process designed under the supervision of the CEO and CFO to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. However, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Management evaluated, under the supervision of and with the participation of the CEO and the CFO, the effectiveness of our internal control over financial reporting as at December 31, 2021, based on the criteria established in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, the CEO and CFO concluded that our internal control over financial reporting was effective as at December 31, 2021. There have been no changes during the year ended December 31, 2021 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial report.

Victor Mashaal

Chairman of the Board and President

March 29, 2022

(Management Discussion and Analysis ("MD&A") provides a review of Senvest Capital Inc.'s operations, performance and financial condition for the period ended December 31, 2021, 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.)***

Senvest Capital Inc.
Management's Report
December 31, 2021

The Consolidated financial statements for the fiscal year ended December 31, 2021 and December 31, 2020, were prepared by the management of Senvest Capital Inc., reviewed by the Audit Committee and approved by the Board of Directors. They were prepared in accordance with International Financial Reporting Standards and are consistent with the Company's business.

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

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

Victor Mashaal

Chairman of the Board and President

Senvest Capital Inc.

March 29, 2022

Independent auditor's report

To the Shareholders of Senvest Capital Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Senvest Capital Inc. and its subsidiaries (together, the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

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

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of income for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

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

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of level 3 debt and equity securities *Refer to note 2 – Summary of significant accounting policies, note 3 – Critical accounting estimates and judgments and note 16 – Financial risks and fair value to the consolidated financial statements.* As at December 31, 2021, the Company's investment portfolio included $6,272,837,000 of equity investments and other holdings measured at fair value through profit or loss, which included $281,462,000 of level 3 debt and equity securities (the Securities) for which quoted prices or observable inputs were not available. Management uses valuation techniques, including the comparable company approach, backsolve option pricing models and recent transactions to determine the fair value of the Securities. In the determination of the fair value of these Securities, management makes significant judgment which includes the selection of appropriate valuation techniques and the use of significant unobservable inputs in those techniques, such as: earnings before interest, tax and amortization (EBITA) multiples, revenue multiples, EBITA estimates and revenue estimates for Securities valued using the comparable company approach and expected volatilities for Securities valued using the backsolve option pricing model.	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the fair value estimates for a sample of the Securities, which included the following: – Evaluated the appropriateness of the valuation techniques used and tested the mathematical accuracy thereof. – For Securities valued using the comparable company approach, assessed the reasonableness of EBITA and revenue estimates of the underlying companies by comparing them to past performance. – For Securities valued using the recent transaction approach, assessed publicly available information having a potential to affect the fair value between the transaction date and December 31, 2021. – Professionals with specialized skill and knowledge in the field of valuation were used to assist in evaluating the reasonableness of management's valuation techniques and significant unobservable inputs, by considering comparable companies for the EBITA multiples, revenue multiples and expected volatilities. – Tested the underlying data used in the valuation techniques.

Key audit matter	How our audit addressed the key audit matter
We considered this a key audit matter due to the significant judgment applied by management in determining the fair value estimates of the Securities. This determination required the use of appropriate valuation techniques which included significant unobservable inputs. This in turn led to a high degree of auditor subjectivity and judgment in performing procedures relating to the valuation of the Securities. The audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.	
Valuation of investment properties *Refer to note 2 – Summary of significant accounting policies, note 3 – Critical accounting estimates and judgments and note 9 – Investment properties to the consolidated financial statements.* As at December 31, 2021, the Company held investment properties amounting to $54,349,000, which are measured at fair value. Management uses valuation techniques, including the comparable sales approach, the comparable rent approach and recent transactions, to determine the fair value of investment properties. Management uses significant unobservable inputs in estimating the value of the investment properties, such as: Value/m^2 for investment properties valued using the comparable sales approach and capitalization rates and market rent for investment properties valued using the comparable rent approach.	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the fair value of a sample of investment properties, which included the following: – Professionals with specialized skill and knowledge in the field of real estate valuation assisted us in evaluating the appropriateness of the valuation techniques, in testing the mathematical accuracy thereof, assessing recent transactions and evaluating the reasonableness of the Value/m^2 used. – Tested the underlying data used in the valuation techniques.

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

Other information

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

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

/s/PricewaterhouseCoopers LLP[1]

Montréal, Quebec
March 29, 2022

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

(in thousands of Canadian dollars)

	Note	2021 $	2020 $
Assets			
Cash and cash equivalents	4	52,189	10,915
Restricted short-term investments	5(a)	475	472
Due from brokers	5(b)	69,333	26,196
Equity investments and other holdings	6	6,272,837	3,880,017
Investments in associates	7	25,360	15,926
Real estate investments	8	50,765	46,684
Investment properties	9	54,349	49,134
Income taxes receivable	12(b)	22,865	14,354
Other assets	11(b)	15,729	22,294
Total assets		6,563,902	4,065,992
Liabilities			
Bank advances	5(a)	253	992
Trade and other payables	11	96,847	55,784
Due to brokers	5(b)	998,409	987,279
Securities sold short and derivative liabilities	6	888,254	319,053
Redemptions payable		187,130	22,026
Subscriptions received in advance		1,411	185
Income taxes payable	12(b)	2,727	-
Deferred income tax liabilities	12(b)	143,545	56,780
Liability for redeemable units	10	2,429,673	1,477,779
Total liabilities		4,748,249	2,919,878
Equity			
Equity attributable to common shareholders			
Share capital	13	20,853	21,619
Accumulated other comprehensive income		127,620	126,017
Retained earnings		1,656,171	950,418
Total equity attributable to common shareholders		1,804,644	1,098,054
Non-controlling interest	17	11,009	48,060
Total equity		1,815,653	1,146,114
Total liabilities and equity		6,563,902	4,065,992

Approved by the Board of Directors

Victor Mashaal
Director

Frank Daniel
Director

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

Senvest Capital Inc.

Consolidated Statements of Income

For the years ended December 31, 2021 and 2020

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

	Note	2021 $	2020 $
Revenue			
Interest income		9,208	9,727
Dividend income		29,419	32,920
Other income		6,079	10,636
		44,706	53,283
Investment gains			
Net change in fair value of equity investments and other holdings		2,423,815	693,887
Dividend expense on securities sold short		(4,265)	(5,280)
Net change in fair value of real estate investments		6,510	(1,622)
Net change in fair value of investment properties		5,052	1,186
Share of profit (loss) of associates	7	682	(3,560)
Foreign exchange gain		5,676	1,511
		2,437,470	686,122
Total revenue and net investment gains		2,482,176	739,405
Operating costs and other expenses			
Employee benefit expense		156,403	57,302
Interest expense		15,552	20,373
Transaction costs		21,005	18,937
Other operating expenses		21,377	12,972
		214,337	109,584
Change in redemption amount of redeemable units		1,431,017	364,825
Income before income tax		836,822	264,996
Income tax expense	12(a)	100,950	26,677
Net income for the year		735,872	238,319
Net income attributable to:			
Common shareholders		732,988	211,717
Non-controlling interest		2,884	26,602
Earnings per share			
Basic and diluted	14	289.32	80.66

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

(in thousands of Canadian dollars)

	2021 $	2020 $
Net income for the year	735,872	238,319
Other comprehensive income (loss)		
Currency translation differences	1,562	(26,860)
Comprehensive income for the year	737,434	211,459
Comprehensive income attributable to:		
Common shareholders	734,591	186,664
Non-controlling interest	2,843	24,795

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

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

Senvest Capital Inc.
Consolidated Statements of Changes in Equity
For the years ended December 31, 2021 and 2020

(in thousands of Canadian dollars)

		Equity attributable to owners of the parent					
	Note	Share capital $	Accumulated other comprehensive income(loss) $	Retained earnings $	Total $	Non-controlling interests $	Total equity $
Balance – December 31, 2019		22,051	151,070	746,269	919,390	23,265	942,655
Net income for the year		-	-	211,717	211,717	26,602	238,319
Other comprehensive loss		-	(25,053)	-	(25,053)	(1,807)	(26,860)
Comprehensive income (loss) for the year		-	(25,053)	211,717	186,664	24,795	211,459
Repurchase of common shares	13	(432)	-	(7,568)	(8,000)	-	(8,000)
Balance – December 31, 2020		21,619	126,017	950,418	1,098,054	48,060	1,146,114
Net income for the year		-	-	732,988	732,988	2,884	735,872
Other comprehensive income (loss)		-	1,603	-	1,603	(41)	1,562
Comprehensive income for the year		-	1,603	732,988	734,591	2,843	737,434
Repurchase of common shares	13	(766)	-	(27,235)	(28,001)	-	(28,001)
Distributions to non-controlling interest		-	-			(39,894)	(39,894)
Balance – December 31, 2021		20,853	127,620	1,656,171	1,804,644	11,009	1,815,653

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

(in thousands of Canadian dollars)

	Note	2021 $	2020 $
Cash flows provided by (used in)			
Operating activities			
Net income for the year		735,872	238,319
Adjustments for non-cash items	15(a)	(918,161)	(299,965)
Purchase of equity investments and other holdings held for trading		(5,189,492)	(3,310,394)
Purchase of securities sold short and derivative liabilities		(6,941,058)	(3,479,861)
Proceeds on sale of equity investments and other holdings held for trading		5,323,891	2,628,380
Proceeds from securities sold short and derivative liabilities		7,547,723	3,303,480
Dividends and distributions received from real estate investments		4,700	3,738
Changes in non-cash working capital items	15(b)	26,826	1,135,050
Net cash provided by operating activities		590,301	218,747
Investing activities			
Transfers to restricted short-term investments		(5)	(17)
Purchase of real estate investments		(2,421)	(1,533)
Purchase of investment properties		(4,599)	(4,859)
Purchase of investment in associates		(9,290)	
Purchase of equity investments and other holdings at fair value through profit or loss		(140,796)	(103,156)
Proceeds on sale of equity investments and other holdings at fair value through profit or loss		5,273	1,774
Proceeds from investments in associates		577	689
Net cash used in investing activities		(151,261)	(107,102)
Financing activities			
Decrease in bank advances		(432)	(4)
Payment of lease liability	11(b)	(1,190)	(854)
Repurchase of common shares		(28,001)	(8,000)
Proceeds from issuance of redeemable units		16,591	36,304
Amounts paid on redemption of redeemable units		(385,185)	(145,562)
Net cash used in financing activities		(398,217)	(118,116)
Increase (decrease) in cash and cash equivalents during the year		40,823	(6,471)
Effect of changes in foreign exchange rates on cash and cash equivalents		451	109
Cash and cash equivalents – Beginning of year		10,915	17,277
Cash and cash equivalents – End of year	4	52,189	10,915
Amounts of cash flows classified in operating activities:			
Cash paid for interest		15,258	24,369
Cash paid for dividends on securities sold short		3,720	5,624
Cash received on interest		8,847	11,664
Cash received on dividends		31,040	31,713
Cash paid for income taxes		21,866	5,213

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

(in thousands of Canadian dollars unless otherwise stated)

1 General information

Senvest Capital Inc. (the "Company") was incorporated under Part I of the *Canada Corporations Act* on November 20, 1968 under the name Sensormatic Electronics Canada Limited, and was continued under the *Canada Business Corporations Ac*t under the same name effective July 23, 1979. On April 21, 1991, the Company changed its name to Senvest Capital Inc. The Company and its subsidiaries hold investments in equity and real estate holdings that are located predominantly in the United States. The Company's head office and principal place of business is located at 1000 Sherbrooke Street West, Suite 2400, Montréal, Quebec H3A 3G4. The Company's shares are traded on the Toronto Stock Exchange under the symbol "SEC". Refer to note 17 for the composition of the Company.

2 Summary of significant accounting policies

Basis of preparation

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

The Board of Directors (Board) approved these consolidated financial statements for issue on March 29, 2022.

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

Basis of measurement

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

(in thousands of Canadian dollars unless otherwise stated)

Consolidation

Subsidiaries

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

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

Investments in associates

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

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

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

Equity method

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

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

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. In accordance with IAS 36 *Impairment of Assets*, impairment losses are reversed in subsequent years if the recoverable amount of the investment subsequently increases and the increase can be related objectively to an event occurring after the impairment was recognized.

(in thousands of Canadian dollars unless otherwise stated)

Liability for redeemable units

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

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

Non-controlling interests

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

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

(in thousands of Canadian dollars unless otherwise stated)

Consolidation and foreign operations

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

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

Presentation currency

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

Cash and cash equivalents

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

Financial assets and liabilities

Classification and measurement

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

Financial assets, including hybrid contracts, are classified as either amortized cost, fair value through other comprehensive income (FVOCI), or the residual classification of fair value through profit and loss (FVTPL).

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

(in thousands of Canadian dollars unless otherwise stated)

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

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

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

Equity investments held for trading are classified as FVTPL. For all other equity investments that are not held for trading, the Company, on initial recognition, may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial liabilities are measured at amortized cost unless they must be measured at fair value through profit or loss (such as instruments held for trading or derivatives) or if the Company elects to measure them at fair value through profit or loss.

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 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.

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 investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorized as held for trading. The Company does not classify any derivatives as hedges in a hedging relationship.

(in thousands of Canadian dollars unless otherwise stated)

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. These instruments are marked to market, and the corresponding gains and losses for the year are recognized in the consolidated statement of income. The carrying value of these instruments is 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. 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.

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 fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the consolidated statement of income. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of financial assets or financial liabilities at fair value through profit or loss are presented in the consolidated statement of income 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.

Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated statement of income 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 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 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 "solely from the payment of principal and interest" (SPPI) and that are managed under a "held to collect" business model.

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

(in thousands of Canadian dollars unless otherwise stated)

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.

Financial liabilities at amortized cost

Classification

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

Recognition and measurement

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

Impairment

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

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.

(in thousands of Canadian dollars unless otherwise stated)

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 as part of net change in fair value of investment properties in the period in which they arise.

Provision

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

Interest income and dividend income

Interest income

Interest income on debt financial assets measured at amortized cost or fair value through other comprehensive income is recognized using the effective interest method. It includes interest income from cash and cash equivalents.

Dividend income

Dividend income is recognized when the Company's right to receive payments is established.

Transaction costs

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

Transaction costs related to financial assets and financial liabilities at fair value through profit or loss are expensed as incurred. Transaction costs for all other financial instruments are capitalized.

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.

(in thousands of Canadian dollars unless otherwise stated)

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

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

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

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

Employee benefits

Post-employment benefit obligations

Employees of companies included in these consolidated financial statements have entitlements under Company pension plans which are defined contribution pension plans. The cost of defined contribution pension plans is charged to expense as the contributions become payable and is included in the same line item as the related compensation cost in the consolidated statement of income.

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.

Dividend distribution

Dividends on the Company’s common shares are recognized in the Company’s consolidated statement of changes in equity in the year in which the dividends are declared and approved by the Company’s Board.

(in thousands of Canadian dollars unless otherwise stated)

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 Company presents the developments that are relevant to its activities and transactions. The following revised standards and amendments are not mandatory for the December 31, 2021 reporting periods and the Company has not early adopted these standards and amendments.

- IFRS 10, *'Consolidated Financial Statements'*, and IAS 28, *'Investments in Associates and Joint Ventures'*, were amended in 2014 to address an inconsistency between those standards when accounting for the sale or a contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when the transaction involves a business combination, whereas a partial gain is recognized when the transaction involves assets that do not constitute a business. The mandatory effective date of this amendment will be determined by the IASB at a future date. Voluntary application is permitted.

- IAS 1, *'Presentation of Financial Statements'* and IFRS Practice Statement 2 *'Making Materiality Judgements'*. In February 2021, the IASB issued amendments to IAS 1 to assist entities in determining which material accounting policies are required to be disclosed. To support the IAS 1 amendment, the IASB has provided guidance to demonstrate the application of materiality in a 'four-step materiality process' described in IFRS Practice Statement 2 to accounting policy disclosures. The amendments issued are effective for annual periods beginning on or after January 1, 2023, but early application is permitted. The Company is currently evaluating the impact that this standard will have on its financial statements.

- IAS 8, *'Accounting Policies, Changes in Accounting Estimates and Errors'*. In February 2021, the IASB issued amendments to IAS 8 to help entities distinguish between changes in accounting policies and accounting estimates. The amendments issued are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Early application is permitted. The Company is currently evaluating the impact that this standard will have on its financial statements.

(in thousands of Canadian dollars unless otherwise stated)

3 Critical accounting estimates and judgments

Critical accounting estimates

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

Fair value of financial instruments

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

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

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

Fair value of investment properties

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

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

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

Income taxes

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

(in thousands of Canadian dollars unless otherwise stated)

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 reduces the extent of possible variations in the value of its financial assets.

COVID-19

The COVID-19 pandemic continues to evolve and the economic environment in which the Company operates continues to be subject to sustained volatility, which could negatively impact the Company's financial results, as the duration of the COVID-19 pandemic and the effectiveness of steps undertaken by governments and central banks in response to the COVID-19 pandemic remain uncertain. The current environment requires particularly complex judgments and estimates in certain areas. The Company is closely monitoring the changing conditions and their impacts.

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. As compensation for its sub-advisory services, the Company is entitled to receive 60% of the management and incentive fees earned by RIMA 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.

(in thousands of Canadian dollars unless otherwise stated)

4 Cash and cash equivalents

	2021 $	2020 $
Cash on hand and on deposit	52,056	10,530
Short-term investments	133	385
	52,189	10,915

5 Credit facilities and due from and due to brokers

a) Credit facilities

Bank advances

The Company has a credit facility with a Canadian bank and has available a demand revolving loan (credit facility) and a guarantee facility. The credit facility is in the amount of $3,000 and is payable on demand. As at December 31, 2021, $253 was outstanding (2020 – $992). Under the credit facility, the Company may, upon delivery of a required notice, opt to pay interest at the bank's prime rate plus 0.25%, the bank's US base rate plus 0.25%. All of the credit facility available is also available by way of banker's acceptances plus a stamping fee of 1.75% per annum, or by US dollar advances.

Guarantee facility

The Company also has available a USD 450 thousand guarantee facility (2020 – EUR 450 thousand) to issue standby letters of credit. A fee of 1.00% per annum on the face amount of each standby letter of credit applies. All amounts paid by the bank under the guarantee facility are payable immediately on demand. As at December 31, 2021, no standby letters of credit were outstanding; however, the Company has provided a $475 (2020 – $472) term deposit to guarantee future letters of credit. This term deposit has been disclosed in restricted short-term investments on the consolidated statement of financial position.

In addition, a first-ranking movable hypothec in the amount of $30,000 on all of the Company's assets has been granted as collateral for both the credit and guarantee facilities. According to the terms of the facilities, the Company is required to comply with certain financial covenants. As at December 31, 2021 and 2020, the Company had met the requirements of all the covenants.

b) Due from and due to brokers

The Company has margin facilities with its prime brokers. As at December 31, 2021 and 2020, the Company's amounts due to brokers have no specific repayment terms, and they are governed by the margin terms set forth in the prime brokerage agreements. As at December 31, 2021, listed equity securities and due from brokers amounting to $5,781,724 have been pledged as collateral (2020 – $3,561,755) . The fair value of the collateral-listed equity securities is calculated daily and compared to the Company's margin limits. The prime brokers can at any time demand full or partial repayment of the margin balances and any interest thereon or demand the delivery of additional assets as collateral.

(in thousands of Canadian dollars unless otherwise stated)

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

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

			2020
	Gross amounts due from brokers $	**Gross amounts due to brokers $**	**Net amount $**
Due from brokers	36,203	10,007	26,196
Due to brokers	78,881	1,066,160	(987,279)

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

Equity investments and other holdings

	Note	2021 $	2020 $
Assets			
Financial assets at fair value through profit or loss			
Held for trading			
Equity securities		5,670,043	3,525,694
Debt securities		57,142	53,088
Derivative financial assets	6(a)	211,428	66,638
		5,938,613	3,645,420
Financial assets at fair value through profit or loss			
Other			
Equity securities		268,910	209,431
Debt securities		58,815	24,543
Derivative financial assets		6,499	623
		6,272,837	3,880,017
Current portion		5,938,613	3,645,420
Non-current portion		334,224	234,597

(in thousands of Canadian dollars unless otherwise stated)

Securities sold short and derivative liabilities

	Note	2021 $	2020 $
Liabilities			
Financial liabilities			
Held for trading			
Securities sold short			
Listed equity securities (proceeds of $900,914; 2020 – $306,520)		883,880	301,644
Derivative financial liabilities (proceeds of $697; 2020 – $105)	6(a)	4,374	17,409
		888,254	319,053

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

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

	As at December 31, 2020				For the year ended December 31, 2020
	Notional value $	Fair value of derivative financial assets $	Notional value $	Fair value of derivative financial liabilities $	Net change in fair value $
Equity swaps	66,432	9,112	1,351	17,402	17,946
Equity options	163,022	1,414	3,823	7	271
Warrants and rights	125,308	56,735	-	-	35,865
Foreign currency futures contracts	-	-	-	-	(16,600)
	354,762	67,261	5,174	17,409	37,482

(in thousands of Canadian dollars unless otherwise stated)

7 Investments in associates

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

	2021 $	2020 $
Grant and Geary Partners LP(i)	13,924	14,396
Other associates	11,436	1,530
	25,360	15,926
The Company's share of:		
Net loss and comprehensive loss		
Grant and Geary Partners LP(i)	(227)	(4,034)
Other associates	910	474
	682	(3,560)

i) Grant & Geary Partners LP is a limited partnership in which the Company has an approximate 28.5% economic interest in the underlying property, which is commercial real estate property held in the United States. Grant & Geary Partners LP's assets and liabilities are $60,232 (2020 – $64,121) and $11,375; (2020 – $13,610), respectively.

Commitments, contingent liabilities and borrowing arrangements of associates

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

8 Real estate investments

Real estate investments comprise the following:

	Note	2021 $	2020 $
Financial assets at fair value through profit or loss			
Investments in private entities	8(a)	12,765	14,129
Investments in real estate income trusts and partnerships	8(b)	38,000	32,555
		50,765	46,684
Non-current portion		50,765	46,684

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

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

(in thousands of Canadian dollars unless otherwise stated)

traded REITs. There is no established market for these REITs and partnerships. The most likely scenario for a disposal of these holdings is an eventual sale of the underlying real estate properties of the REITs and partnerships and the distribution to their holders.

9 Investment properties

	2021 $	2020 $
Opening balance as at January 1	49,134	41,418
Purchases	3,042	-
Capitalized subsequent expenditure	872	3,748
Net gain from fair value adjustment	5,052	1,186
Currency translation adjustments	(3,751)	2,782
Closing balance as at December 31	54,349	49,134
Non-current portion	54,349	49,134

a) Amounts recognized in profit or loss for investment properties

	2021 $	2020 $
Rental income	5,596	4,966
Direct operating expenses from property that generated rental income	3,519	3,714
Direct operating expenses from property that does not generate rental income	794	520
Net change in fair value of investment properties	5,052	1,186

b) Investment properties are commercial properties situated in Spain.

c) Contractual obligations

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

d) Leasing arrangements

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

e) Fair value measurements

Investment properties are measured at fair value in these consolidated financial statements. Assumptions and estimates are made in determining the fair values of the investment properties. Based on the source of the inputs used in determining the fair value, the Company has classified its investment properties in Level 3 of the fair value hierarchy (a description of the levels is provided in note 16). There was no transfers between levels for recurring fair value measurements of investment properties during the years ended December 31, 2021 and 2020.

(in thousands of Canadian dollars unless otherwise stated)

i) Valuation techniques used to determine Level 3 fair values

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

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

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

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

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

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

Description	Fair value 2020 $	Valuation technique	Significant unobservable inputs	Weighted average input	Reasonably possible shifts +/−	Change in value $
	29,577	Comparable sales approach	Value/m^2	$1,210	10%	+/-2,957
Leased buildings and land –Storage facilities	6,710	Comparable rent approach	Market rent/m^2 Cap rate	$7.75 9.34%	10%	+/-671
	12,847	Recent Transaction	Value/m^2	$766	-	-

(in thousands of Canadian dollars unless otherwise stated)

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

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

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

(in thousands of Canadian dollars unless otherwise stated)

					2020
	Assets (liabilities) at fair value through profit or loss				
	Held for trading $	Other $	Financial Assets at amortized cost $	Financial liabilities at amortized cost $	Total $
Assets (liabilities) as per consolidated statement of financial position					
Cash and cash equivalents	-	-	10,915	-	10,915
Restricted short-term investments	-	-	472	-	472
Due from brokers	-	-	26,196	-	26,196
Equity investments and other holdings	3,645,585	234,432	-	-	3,880,017
Real estate investments	-	46,684	-	-	46,684
Other assets*	-	-	13,717	-	13,717
Bank advances	-	-	-	(992)	(992)
Trade and other payables	-	-	-	(55,784)	(55,784)
Due to brokers	-	-	-	(987,279)	(987,279)
Securities sold short and derivative liabilities	(319,053)	-	-	-	(319,053)
Redemptions payable	-	-	-	(22,026)	(22,026)
Subscriptions received in advance	-	-	-	(185)	(185)
Liability for redeemable units	-	-	-	(1,477,779)	(1,477,779)
	3,326,532	281,116	51,300	(2,544,045)	1,114,903
Amounts recognized in consolidated statement of income	694,759	(2,034)	-	-	692,725
Net change in fair value	(2,894)	-	891	(8,650)	(10,653)
Net interest income (expense)	24,292	3,348	-	-	27,640
Net dividend income					
	716,157	1,314	891	(8,650)	709,712

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

(in thousands of Canadian dollars unless otherwise stated)

11 Trade and other payables

		2021 $	2020 $
Trade payables		350	553
Employee benefits accrued		80,942	38,116
Mortgages	a)	7,132	8,967
Lease Liability	b)	3,707	4,439
Interest payable		821	527
Other		3,895	3,182
		96,847	55,784

a) Mortgages of $7,132; (2020 – $8,967) are on investment properties. The terms of the mortgages range from one to eleven years and bear interest rates of 0.76% to 1.47%. Investment properties of $34,805; (2020 – $35,405) are pledged as collateral against the mortgages.

b) Lease liabilities of $3,707; (2020 - $4,439) represent future lease payments for the Company's office spaces. Total lease payments during the year totaled $1,190; (2020 - $1,244) including interest of $164; (2020 - $221). The right-of-use asset resulting from the Company's leases is valued at $3,890; (2020 - $4,479), which is net of accumulated amortization of $2,674; (2020 - $1,703). The right-of-use asset is grouped with other assets in the consolidated statements of financial position.

12 Income taxes

a) Income tax expense

	2021 $	2020 $
Current tax		
Current tax on income for the year	15,241	4,888
Adjustments in respect of prior years	(329)	(2,574)
	14,912	2,314
Deferred tax		
Benefit arising from a previously unrecognized tax loss of a prior period used to reduce current tax expenses	(2,480)	-
Origination and reversal of temporary differences	88,518	24,363
	86,038	24,363
	100,950	26,677

The tax on the Company's income before income tax differs from the theoretical amount that would arise using the federal and provincial statutory tax rate applicable to income of the consolidated entities. The statutory tax rate for 2021 was 26.5% (2020 –26.5%). The difference between the Company's income tax and theoretical tax is as follows:

(in thousands of Canadian dollars unless otherwise stated)

	2021 $	2020 $
Income before income tax	836,822	264,996
Income tax expense based on statutory rate of 26.5% (2020 – 26.5%)	221,758	70,224
Prior year adjustments	(329)	(1,717)
Recognition of previously unrecognized deferred tax asset	(2,480)	
Difference in tax rate	2,657	4,664
Portion of income recoverable in hands of non-controlling interests	(805)	(7,163)
Non-taxable dividends	(278)	(1,054)
Non-taxable portion of capital gains	(120,334)	(32,580)
Non-deductible expenses	38	669
Foreign exchange	112	(5,392)
Other	611	(974)
Income tax expense	100,950	26,677

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

	2021 $	2020 $
Deferred income tax assets		
Deferred tax assets to be recovered		
After more than 12 months	-	-
Within 12 months	-	-
Deferred income tax assets	-	-
Deferred income tax liabilities		
Deferred tax liabilities to be settled		
After more than 12 months	143,545	56,780
Within 12 months	-	-
Deferred income tax liabilities	143,545	56,780

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

(in thousands of Canadian dollars unless otherwise stated)

Deferred income tax assets	Equity investments and other holdings $	Investments in associates $	Real estate investments $	Deferred Performance Compensation $	Tax loss carry-forward $	Total $
As at December 31, 2019	1,124	4,160	1,496	1,160	3,569	11,509
Charged to consolidated statement of income	106	(2,001)	79	3,896	6,681	8,761
Foreign exchange differences	(28)	21	(33)	(220)	(409)	(669)
As at December 31, 2020	1,202	2,180	1,542	4,836	9,841	19,601
Charged to consolidated statement of income	(110)	(163)	154	(4,762)	(9,690)	(14,571)
Foreign exchange differences	(7)	(11)	(5)	(74)	(151)	(248)
As at December 31, 2021	1,085	2,006	1,691	-	-	4,782

Deferred income tax liabilities	Equity investments and other holdings $	Investments in associates $	Real estate investments $	Investment properties $	Other $	Total $
As at December 31, 2019	4,190	37,448	3,168	444	588	45,838
Charged (credited) to consolidated statement of income	390	31,369	1,081	359	(75)	33,124
Foreign exchange differences	(102)	(2,328)	(117)	(26)	(8)	(2,581)
As at December 31, 2020	4,478	66,489	4,132	777	505	76,381
Charged (credited) to consolidated statement of income	4,899	66,000	353	357	(145)	71,464
Foreign exchange differences	36	461	(13)	2	(4)	482
As at December 31, 2021	9,413	132,950	4,472	1,136	356	148,327

Deferred income tax assets for temporary differences totalling $nil; (2020 – $980), non-expiring capital loss carry-forwards totalling $nil; (2020 – $18,740) and non-expiring operating loss carry-forwards of $nil; (2020 – $2,183) have not been recognized in the consolidated financial statements.

Deferred income tax liabilities have not been recognized on unremitted earnings totalling $69,365 as at December 31, 2021 (2020 – $54,445) with respect to the investment in subsidiaries, branches and associates and interest in joint arrangements because the Company controls whether the liability will be incurred, and it is satisfied that it will not be incurred in the foreseeable future. During the year, the Company did not distribute earnings from its Subsidiaries (2020 - $nil).

(in thousands of Canadian dollars unless otherwise stated)

13 Share capital

Authorized
Unlimited number of common shares, without par value

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

	2021		2020	
	Number of shares	Amount $	Number of shares	Amount $
Balance – Beginning of year	2,598,524	21,619	2,652,424	22,051
Shares repurchased	(95,500)	(766)	(53,900)	(432)
Balance – End of year	2,503,024	20,853	2,598,524	21,619

In 2021, the Company began a normal course issuer bid to purchase a maximum of 100,000 of its own common shares before August 15, 2022. In 2021, the Company purchased 95,500 common shares; (2020 – 53,900) for a total cash consideration of $28,001; (2020 – $8,000). The excess of the consideration paid over the stated capital was charged to retained earnings in the consolidated statement of changes in equity.

No dividends were declared in 2021 and 2020.

14 Earnings per share

a) Basic

	2021	2020
Net income attributable to common shareholders	$732,988	$211,717
Weighted average number of outstanding common shares	2,533,466	2,624,865
Basic earnings per share	289.32	80.66

b) Diluted

For the years ended December 31, 2021 and 2020, there were no dilutive instruments.

(in thousands of Canadian dollars unless otherwise stated)

15 Supplementary information to consolidated statements of cash flows

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

	Note	2021 $	2020 $
Net change in fair value of equity investments and other holdings		(2,423,815)	(693,887)
Net change in fair value of real estate investments		(6,510)	1,622
Net change in fair value of investment properties		(5,052)	(1,186)
Share of profit (loss) of associates, adjusted for distributions received		(682)	3,560
Amortization and depreciation	11(b)	843	738
Change in redemption amount of redeemable units		1,431,017	364,825
Deferred income tax	12(a)	86,038	24,363
		(918,161)	(299,965)

b) Changes in working capital items are as follows:

	2021 $	2020 $
Decrease (increase) in		
Due from brokers	(42,767)	162,255
Income taxes receivable	(8,477)	(1,390)
Other assets	6,062	(4,311)
Increase (decrease) in		
Trade and other payables	54,164	26,873
Due to brokers	15,147	952,075
Income taxes payable	2,697	(452)
	26,826	1,135,050

(in thousands of Canadian dollars unless otherwise stated)

16 Financial risks and fair value

Financial risk factors

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

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

The COVID-19 pandemic continues to evolve and the economic environment in which the Company operates continues to be subject to sustained volatility, which could negatively impact the value of the Company's financial instruments, as the duration of the COVID-19 pandemic remains uncertain.

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

Market risk

Fair value and cash flow interest rate risks

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

The majority of the Company's debt is based on floating rates, which exposes the Company to cash flow interest rate risk. The Company does not have a long-term stream of cash flows that it can match against this type of fixed debt, so it prefers to use short-term floating rate debt. The Company does not mitigate its exposure to interest rate fluctuation on floating rate debt. If interest rates spike, then the Company could enter into interest rate swaps or more probably just reduce its debt level. As at December 31, 2021, the Company has listed equity securities of $5,670,043; (2020 – $3,530,082). It can sell these securities to reduce its floating rate debt. As at December 31, 2021, a 1% increase or decrease in interest rates, with all other variables remaining constant, would impact interest expense by approximately $10,000 over the next 12 months; (2020 – $9,900).

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

	2021	2020
Cash and cash equivalents	Between nil and 0.2%	Between nil and 1.71%
Restricted short-term investments	Between 0.41% and 0.64%	Between 0.64% and 1.47%
Debt securities	Between 0.25% and 12.5%	Between 0.43% and 12.5%
Credit facilities		
Canadian Bank advances	Prime rate plus 0.25%	Prime rate plus 0.25%
European Bank advances	2.97%	2.97%
Guarantee facility	1.00%	1.00%
Trade and other payables	Non-interest bearing	Non-interest bearing
Due to brokers	0.00% to 1.15%	0.00% to 1.75%
Mortgages	0.76% to 1.47%	0.80% to 1.47%

(in thousands of Canadian dollars unless otherwise stated)

The Company holds held for trading financial assets in debt securities of $57,142; (2020 – $53,088).

Debt securities are usually highly sensitive to interest rate changes. Theoretically, when interest rates rise, it causes the value of debt securities to decline. The opposite generally happens when interest rates fall, then debt securities usually rise in value. A change of 100 basis points in the yield to maturity will affect the fair value of the debt securities held for trading as follows.

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

	2021	2020
	Financial assets Held for trading Debt securities $	**Financial assets Held for trading Debt securities $**
An increase of 100 basis points in the yield to maturity	(2,811)	(1,761)
A decrease of 100 basis points in the yield to maturity	1,275	1,910

Currency risk

Currency risk is the risk that the value of monetary financial assets and financial liabilities denominated in foreign currencies will vary as a result of changes in underlying foreign exchange rates. The Company is exposed to currency risk due to potential variations in currencies other than the US dollar. The following tables summarize the Company's main monetary financial assets and financial liabilities whose fair value is predominantly determined in currencies other than the US dollar, the Company's functional currency, and the effect on pre-tax net income of a 10% change in currency exchange rates:

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

(in thousands of Canadian dollars unless otherwise stated)

				2020
	Financial assets $	**Financial liabilities $**	**Net exposure $**	**Net effect of a 10% increase or decrease $**
Canadian dollar	1,007	(166,843)	(165,836)	(16,584)
Euro	3,930	(35,202)	(31,272)	(3,127)
Israeli shekel	349	(10,162)	(9,813)	(981)
	5,286	(212,207)	(206,921)	(20,692)

Equity price risk

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

Securities sold short represent obligations of the Company to make future delivery of specific securities and create an obligation to purchase the security at market prices prevailing at the later delivery date. This creates the risk that the Company's ultimate obligation to satisfy the delivery requirements will exceed the amount of the proceeds initially received or the liability recorded in the consolidated financial statements. In addition, the Company has entered into derivative financial instruments which have a notional value greater than their fair value which is recorded in the consolidated financial statements. This information is disclosed in note 6(a) to these consolidated financial statements. This creates a risk that the Company could settle these instruments at a value greater or less than the amount that they have been recorded in the consolidated financial statements.

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

(in thousands of Canadian dollars unless otherwise stated)

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

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

			2020
	Fair value $	Estimated fair value with a 30% price increase $	Estimated fair value with a 30% price decrease $
Equity investments and other holdings			
Listed equity securities and derivatives	3,546,391	4,610,308	2,482,474
Equities sold short and derivative liabilities	(319,053)	(414,769)	(223,337)
Pre-tax impact on net income		968,201	(968,201)

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

Credit risk

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

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

(in thousands of Canadian dollars unless otherwise stated)

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

Financial assets	Rating	2021 $	2020 $
Cash and cash equivalents	A	52,189	10,915
Restricted short-term investments	A	475	472
Due from brokers	A	69,333	26,196
Debt securities	A^- to AAA	1,282	107
Debt securities	B^- to BBB	4,962	93
Debt securities	CCC	-	2,334
Debt securities	Unrated	109,713	75,097

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulties in meeting its financial obligations. The Company's largest assets are equity investments and other holdings. Most of these assets are made up of equities in listed companies which can be liquidated in a relatively short time. Due to its large investments in liquid assets, the Company believes that it has sufficient resources to meet its obligations as they come due.

All financial liabilities other than equities sold short, derivative liabilities, mortgages, lease liabilities and liability for redeemable units as at the consolidated statement of financial position date mature or are expected to be repaid within one year (2020 – one year). The liquidity risk related to these liabilities is managed by maintaining a portfolio of liquid investment assets.

Capital risk management

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

	2021	2020
Net total liabilities	4,678,916	$2,893,682
Total equity	1,815,653	$1,146,114
Debt-to-capital ratio	2.58	2.52

The Company's objective is to maintain a debt-to-capital ratio below 3.0; (2020-2.0). The Company believes that limiting its debt-to-capital ratio in this manner is the best way to monitor risk. The Company's debt-to-capital ratio was at 2.58 at the end of December 31, 2021 from 2.52 at the end of 2020. In the past, the Company's objective was to maintain a debt to capital ratio below 2.0, however the Company is cognizant of the fact that the largest liability on its financial statements, the "Liability for redeemable units" is considered "equity" and not a liability in the individual financial statements of the underlying funds that it consolidates. As a result, the debt-to-equity ratio of the individual funds is lower than that of the parent company. The Company has concluded that it has been too conservative in limiting its net liabilities to capital ratio at 2.0 and believes that the higher ratio of 3.0 is more appropriate. The Company does not have any externally imposed restrictive covenants or capital requirements, other than those included in the credit facilities (note 5).

(in thousands of Canadian dollars unless otherwise stated)

Fair value estimation

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

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

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

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

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

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

(in thousands of Canadian dollars unless otherwise stated)

The following tables analyze within the fair value hierarchy the Company's financial assets and financial liabilities measured at fair value as at December 31, 2021 and 2020:

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

				2020
	Level 1 $	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Financial assets at fair value through profit or loss				
Held for trading				
Equity securities	3,502,703	22,991	-	3,525,694
Debt securities	-	53,088	-	53,088
Derivative financial assets	-	66,638	-	66,638
Other				
Equity securities	4,388	11,102	193,941	209,431
Debt securities	-	3,581	20,962	24,543
Derivatives	-	-	623	623
Real estate investments	-	-	46,684	46,684
	3,507,091	157,400	262,210	3,926,701
Liabilities				
Financial liabilities				
Held for trading				
Equity holdings sold short	301,644	-	-	301,644
Derivative liabilities	-	17,409	-	17,409
	301,644	17,409	-	319,053

(in thousands of Canadian dollars unless otherwise stated)

Financial instruments in Level 1

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

Financial instruments in Level 2

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

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

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

Financial instruments in Level 3

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

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

(in thousands of Canadian dollars unless otherwise stated)

As at December 31, 2021 and 2020, Level 3 instruments are in various entities and industries.

Real estate investments are disclosed in more detail in note 8, comprising investments in private real estate companies and in real estate income trusts and partnerships. The real estate companies are involved with various types of buildings in different geographical locations. For the main Level 3 instruments, the Company relied on appraisals carried out by independent third party valuators. There was no established market for any of these investments, so the most likely scenario is a disposal of the underlying assets. For the investments in real estate income trusts and partnerships, the Company relied mainly on audited financial statements, valuing the assets at fair value. The most likely scenario is an eventual sale of the underlying properties and the subsequent distribution to the holders.

The following tables present the changes in Level 3 instruments:

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

			2020
	Real estate investments $	**Unlisted securities $**	**Total $**
As at December 31, 2019	51,328	124,059	175,387
Transferred out of Level 3 (i)	-	(20,520)	(20,520)
Purchases (ii)	1,533	102,979	104,512
Distributions	(3,738)	(4,986)	(8,724)
Gains (losses) recognized in net income			
On financial instruments held at end of year	(1,622)	21,456	19,834
Currency translation adjustments	(817)	(7,462)	(8,279)
As at December 31, 2020	46,684	215,526	262,210

(in thousands of Canadian dollars unless otherwise stated)

i. During the years ended December 31, 2021 and 2020, the Company transferred private holdings in equity securities in the information technology, pharmaceuticals and food and beverage industries out of level 3 pursuant to public offerings. The fair value of these investments became available through quotes prices from the active markets however due to restrictions on trading they have been classified as level 2.

ii. During the years ended December 31, 2021 and 2020, the company made investments in private holdings in the information technology, healthcare, pharmaceutical, industries, communication services and financial industries totaling $140,689; (2020 – $102,979). There is no established market for these holdings. The most likely disposal of these investments is through a disposition or a listing of these holdings on a public stock exchange.

(in thousands of Canadian dollars unless otherwise stated)

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

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

(in thousands of Canadian dollars unless otherwise stated)

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

(in thousands of Canadian dollars unless otherwise stated)

The table below presents the investments whose fair values are measured using valuation techniques classified as Level 3 as at December 31, 2020.

Description	Fair value (rounded) 2020 $	Valuation technique	Significant unobservable inputs	Weighted average input	Reasonably possible shifts +/−	Change in value $
Unlisted private equity holdings Pharmaceuticals -Convertible Prefs	67,000	Backsolve option pricing model	Expected volatility	40%	10%	+/-14,000
Unlisted private equity holdings Pharmaceuticals -Equity securities	19,000	Backsolve option pricing model	Expected volatility	80%	10%	+/-1,000
Unlisted private equity holdings Pharmaceuticals -Convertible Prefs	2,000	Recent transaction	none	-	-	-
Unlisted private equity holdings – Financial services	20,000	Recent transaction	none	-	-	-
Unlisted private equity holdings – Food and beverage -Equity securities	16,000	Comparable company approach	Revenue estimate Revenue multiple EBITA multiple	49,370 2.15 16.52	$1M 10% 10%	+/-400 +/-800 +/-900
Unlisted private equity holdings – Food and beverage -Convertible bonds	15,000	Recent transaction	none	-	-	-
Unlisted private equity holdings – Food and beverage -Convertible bonds	6,000	Mark-to-Model Comparable Bond Methodologies	Discount rate Probability of default	24% 65%	5% 5%	+/-400 +/-900
Unlisted private equity holdings – Information technology -Equity securities	56,000	Comparable company approach	EBITA estimate EBITA multiple	143,400 10.25	$5M 10%	+/-6,000 +/-13,600
Unlisted private equity holdings – Information technology	3,000	Recent transaction	none	-	-	-
Unlisted private equity holdings – Other	8,000	Recent transaction	none	-	-	-
Unlisted private equity holdings – Other	3,000	Comparable company approach	Revenue estimate Revenue multiple	31,000 3.0	$1M 10%	+/-120 +/-300
REITs and partnerships	33,000	Discounted cash flows	Discount rate Cash flow term Capitalization rate	6%-11.7% 10 years 0% -7.9%	The inputs disclosed cover the range used for all the real estate holdings in the REITs and partnerships.	
Real estate investments in private entities	14,000	Capitalization model	Rate of return	4.0%	1.0%	+4,000 -3,200

(in thousands of Canadian dollars unless otherwise stated)

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

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

17 Disclosure of the composition of the Company

Principal subsidiaries and structured entities

The consolidated financial statements include the accounts of the Company and all of its subsidiaries and structured entities as at December 31, 2021 and 2020. The principal operating subsidiaries and structured entities and their activities are as follows.

Name	Country of incorporation	% Interest held		Nature of business
		2021	2020	
Senvest Global (KY) L.P.	Cayman Islands	100	100	Investment company
Senvest Global L.P.	United States	100	100	Investment company
RIMA Senvest Master Fund GP, L.L.C.	United States	-	-	General partner of Senvest Master Fund, L.P.
Senvest Technology Partners GP, L.L.C.	United States	-	-	General partner of Senvest Technology Partners Master Fund L.P.
Argentina Capital Inc.	Canada	100	100	Real estate
Pennsylvania Properties Inc.	United States	100	100	Real estate
Senvest Management L.L.C.	United States	-	-	Investment manager of the Funds
Senvest Master Fund, L.P.	Cayman Islands	39	35	Investment fund
Senvest Technology Partners Master Fund, L.P.	Cayman Islands	49	49	Investment fund
Senvest Cyprus Recovery Investment Fund, L.P.	Cayman Islands	73	73	Investment fund
Coldstream SL	Spain	100	100	Real estate

The total non-controlling interest for the year is a $2,843; (2020 – $24,795), which is mostly attributed to Senvest Management L.L.C. The change in redemption amount of liability for redeemable units for the year is $1,437,498; (2020 – $364,825), all of which is attributed to the Funds.

(in thousands of Canadian dollars unless otherwise stated)

Set out below is the summarized financial information for each subsidiary that has non-controlling interest (NCI) that is material to the group. The amounts disclosed are before inter-company eliminations.

Summarized balance sheets	**Senvest Management L.L.C.**	
	2021 $	**2020 $**
Assets	12,338	14,785
Liabilities	11,740	14,274
Net assets	598	511
Accumulated NCI	598	511

The participation owned by the parent company is reflected as a liability in the subsidiary's financial statements.

Summarized statements of comprehensive loss	**2021 $**	**2020 $**
Revenue and net investment gains	39,550	11,201
Expenses	39,613	11,354
Net loss	(63)	(153)
Other comprehensive loss	(12)	(69)
Comprehensive loss	(75)	(222)
Net loss allocated to NCI	(63)	(153)

The participation allocated to the parent company is reflected as a part of the statement of income in the subsidiary's financial statements.

	2021 $	**2020 $**
Distribution paid to NCI	-	-

Summarized statements of cash flows	**2021 $**	**2020 $**
Cash provided (used) in operating activities	(1,319)	1,778
Net increase (decrease) in cash and cash equivalents	(1,319)	1,778

No guarantees or collateral were provided to the subsidiaries and structured entities except for the lease liabilities of Senvest Management L.L.C. The amounts in question have been included in trade and other payables, note 11(b). The Company is not liable for any other contingent liabilities arising in its subsidiaries and structured entities and will not settle any other liabilities on their behalf.

(in thousands of Canadian dollars unless otherwise stated)

18 Related party transactions

Key management compensation

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

	2021 $	2020 $
Salaries and other short-term employee benefits	83,101	21,833
Post-employment benefits – Defined contribution	29	28
	83,130	21,861

Management fees

Certain employees and related parties that have invested in the Funds do not pay management fees that are charged to outside investors. The amount invested by these participants in 2021 totals $622,278; (2020 – $297,169). The amount invested in the fund by these participants is included in liability for redeemable units.

19 Commitments

As of December 31, 2021, the Company's future commitments relating to other equity investments and other holdings totaled $13,806 and those relating to real estate totaled $18,618.

(in thousands of Canadian dollars unless otherwise stated)

20 Segmented and geographical information

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

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

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

						2020
	United States $	Canada $	European Union $	Argentina $	Other $	Total $
Revenue						
Interest income	5,084	997	3,646	-	-	9,727
Dividend income	25,121	2,561	16	2,808	2,414	32,920
Other income	7,200	919	2,517	-	-	10,636

Board of Directors

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

Richard Mashaal
Vice-President
Senvest Capital Inc.

Frank Daniel
Secretary-Treasurer
Senvest Capital Inc.

David E. Basner*
Business Executive

Eileen Bermingham*
Business Executive

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

*Member of the Audit Committee

Officers

Victor Mashaal
Chairman of the Board & President

Richard Mashaal
Vice-President

Frank Daniel
Secretary-Treasurer

George Malikotsis
Vice-President, Finance

Investor Information

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