

REE AUTOMOTIVE LTD. ("REE" or the "Company")

P.C. NUMBER 51-455733-9

MINUTES OF THE MEETINGof the Audit Committee (the "**Committee**")**April 24, 2025**

Held via Zoom Call

ATTENDANCE

<u>Name</u>	<u>Position</u>	<u>Record</u>
<u>Committee Members</u>		
Ittamar Givton ("Ittamar")	Committee Chairperson	Present
Mimi Zemah ("Mimi")	Committee Member	Present
Hicham Abdessamad ("Hicham")	Committee Member	Present
<u>Independent Auditors</u>		
Doron Avraham ("Doron")	Partner, Kost Forer Gabbay & Kasiered (EY Israel)	Present
Moti Fayena ("Moti")	Partner, Kost Forer Gabbay & Kasiered (EY Israel)	Present
<u>Internal Auditors</u>		
Tali Yaron ("Tali")	Deloitte, Internal Auditor	Present
Sapir Efrati ("Sapir")	Deloitte, Internal Auditor	Present
<u>REE Team</u>		
Daniel Barel ("Daniel")	Chief Executive Officer	Present
Avital Futterman ("Avital")	General Counsel and Corporate Secretary	Present
Hai Aviv ("Hai")	Chief Financial Officer	Present
Michael Hajaj ("Michael")	VP Finance	Present
Shai Kalish ("Shai")	Capital Markets Counsel	Present

Lawful quorum is adjourned.

All of the non-Audit Committee members were invited by the Chairman of the Audit Committee and their presence was approved, in advance, by the Chairman of the Audit Committee. With exception of the General Counsel and Secretary of the Company, all non-Audit Committee members have not participated in any of the following resolutions.

Supporting Materials:

1. Approval of December 12, 2024 Audit Committee Minutes
2. D&O questionnaires for Ittamar, Hicham and Mimi
3. Review and Approval of Fourth-Quarter and Fiscal Year 2024 Financial Statements
4. EY Audit Review - Presentation attached

5. Approval of 20F – latest draft is attached
6. Deloitte Internal Audit Report Presentation
7. Deloitte Corporate Governance (SOX) Review
8. Updated to the Insider Trading Policy
9. Disclosure Controls & Procedures
10. Updated Audit Committee Charter
11. EY 2025 Fees

Agenda:

1. Approval of December 12, 2024 Audit Committee Minutes
2. Audit Committee and Compensation Committee Members Independence Review
3. Review and Approval of Fourth-Quarter and Fiscal Year 2024 Financial Statements
4. EY Audit Review
5. Approval of 20-F
6. Deloitte Corporate Governance Review
7. Deloitte Corporate Governance (SOX) Review
8. Updates to the Insider Trading Policy
9. Disclosure Controls & Procedures
10. Approval of an amendment to the Audit Committee charter

I. Call to Order

Avital called the meeting to order on March 24, 2024, at 17:00 Israel Time.

II. Personal interest

Michal noted that each of Committee members stated that he or she does not have any personal interest with any of the forgoing items on the agenda of the Committee.

III. Approval of December 12, 2024 Audit Committee Minutes

Ittamar said that he reviewed the minutes and that those are approved by him. Ittamar asked that the minutes would be shared with All Felder, Michal Drayman and Michal Brikman and receive their input as well before he signs the minutes. Ittamar mentioned that if Alla Felder, Michal Drayman and Michal Brikman won't provide their feedback within a week, he will sign them.

IV. Audit Committee and Compensation Committee Members Independence

Each of Ittamar, Hicham and Mimi confirmed that there is no change to their D&O questionnaires and the Committee ratified the independence of each of them.

V. Review and Approval of Fourth-Quarter and Fiscal Year 2024 Financial Statements

Hai started by saying that he approached each Committee member prior to the meeting and reviewed the numbers.

Hai further said that the only open item under the financial statements is the going concern remark. He then updated the Committee about the possible engagement with Veritas that might extend a credit facility to the Company for up to \$100 million. After agreeing with the Company on the business terms, which include placement of guarantees by Motherson and/or M&G in the form of a letter of credit, Veritas is now bringing the agreed business terms to its investment committee. If Veritas's investment committee approves the term sheet, it would be a binding term sheet that is subject to customary due diligence and submission of the above letter of credit by Motherson and/or M&G.

Doron explained that since we don't have a formal binding term sheet from Veritas and since the definitive agreement with Veritas would require us to go through a due diligence process and provide Veritas with the letters of credit from Motherson and/or M&G, the possible engagement with Veritas on a binding term sheet would not eliminate EY requirement to include a going concern remark in our financial statements.

Since the earnings call is scheduled for May 30 and we have not signed a binding term sheet with Veritas, EY said we have a few options: (i) publish the financial statements with a going concern remark; (ii) approve with EY a business plan that would demonstrate the Company's ability to operate for a period of 18 months; or (iii) delay the earnings call to May 15 in order to allow the Company more time work on a contingency business plan for 18 months.

Ittamar concluded that the Company will need to work on a contingency business plan for 18 months whether we sign with Veritas or not. Therefore, the Committee asked Hai to start working on such a contingency business plan and work with EY on the financial statements to conclude the going concern remark matter in our financial statement.

The Committee strongly recommended that the Company postpone the earnings call to May 15, 2025.

Daniel expressed concerns that postponing the earnings call to May 15 might raise concerns with investors which will pose stress on Management. In addition, Daniel suggested considering the effect of postponement on the stock price.

Hicham raised the option that the contingency business plan could result in pivoting the Company to a software company.

Daniel said that he sees 2 viable options: either obtain a credit facility and proceed with production, or pivot to a software company. In either case, Daniel believes that time is of the

essence and that the Company shouldn't rush into strategic decisions and that we should discuss in depth the implications and opportunities of each options and once decided, craft a comprehensive plan.

Avital clarified that if we are shifting to a different business model that would impact previous disclosures made to the market, we would need to disclose that. In addition, she noted that if we completely change our business prior to the earnings call, the 20-F will change dramatically.

VI. EY Review of Company Financial Statements for the Period Ended September 30, 2023

Doron updated that they have concluded the review of the financial statements. No modifications should be recorded besides one that was already recorded at the beginning of the year in Appendix C.

EY mentioned that they worked closely with the Company's finance team. Doron elaborated that for the cash balance, EY performed annual procedures as of December 2024 and received confirmation from third parties that contacted the bank; validated NRE transactions; and for inventory – the monetary value increased significantly this year. EY performed two major validation procedures, which Doron elaborated on. With respect to share-based compensation, EY verified the grants throughout the year and confirmed that expenses were recognized throughout the year. EY also validated derivatives and related financing expenses and concluded there were no discrepancies. Ittamar thanked EY and the REE team.

VII. Approval of 20-F

Avital provided the Committee an overview of the 20-F filing. She further updated that the document has been reviewed and updated in coordination with each of the management members, and that we have worked closely with Sullivan, our outside securities counsel, who approved the draft presented. Avital reiterated that if the business of the Company changes, the business section and the risk factors would likely need to change, but those updates would be addressed once a decision is made.

The Committee specifically asked whether changes in tariffs are covered under the risk factors section, and this was confirmed. Mimi suggested that the competition section may need to be updated. She also recommended updating the risk factor related to the two founders whose compensation packages have not been updated since the de-SPACing.

VIII. Deloitte Corporate Governance Review

Tali Yaron started by introducing herself to the Committee.

Tali presented the audit performed by Deloitte with respect to the Company's corporate governance practices. The conclusion of the report is that the Company's corporate governance practices should be strengthened and improved in the following areas:

- Make sure that the complete agendas of the meeting and all relevant materials are distributed at least 4 days prior to each meeting
- Send a draft of the meeting's minutes to all participants, giving them sufficient time to review and present the amended draft in the next meeting for the members' approval
- With respect to restructuring committees - operate according to the Committee's charters
- Make sure an AGM is held every year
- The Board members should alert the Company if the AGM is not held by the end of the year
- Establish a procedure for the work of the board and its committees
- Initiate a process of monitoring the implementations of decision made by the board.

The company accepted all of the audit's recommendations.

Tali highlighted that we received full and prompt cooperation from all relevant parties in the company. Tali and her team observed that his matter is important to the Company and its management. Tali provided special thanks to Avital who worked with her team diligently and professionally every day to ensure that we complete the audit on time as requested.

Ittamar noted that sharing materials 4 days in advance is the best practice unless there are special circumstances or some urgent matters.

IX. Deloitte SOX Review

To Ittamar's request Sapir explained the Committee SOX practice – checking the effectiveness of the Company's internal controls with its Internal Auditors.

Sapir walked through the presentation provided to the Committee ahead of the meeting.

X. Updates to the Insider Trading Policy

Avital updated that we need to include the Insider Trading Policy in our 20-F. Shai walked through the changes proposed to the insider trading policy as reflected in the document that was shared with the Committee ahead of the meeting.

Ittamar asked if the changes introduced were made at the discretion of the Company. Shai confirmed that the changes were made out of abundance of caution and is consistent with the updates that other companies are implementing.

Ittamar whether the policy applies to all employees, Avital and Shai confirmed that it is but the pre-clearance practice is only required for a specific group of employees that are exposed to MNPI more than others.

Hicham asked if we had insider trading issues in the past, and Avital replied that we are not aware of any.

The Committee approved the updates to the Insider Trading Policy and the inclusion of it to the Company's 20-F filing.

XI. Disclosure Controls & Procedures

Shai elaborated on the need to adopt a Disclosure Controls and Procedures policy. He noted that, in response to the Deloitte audit, there was a recommendation to implement a communications policy. Shai explained that publicly traded companies are generally required to maintain such controls, which govern internal communication and the flow of information to management and the disclosure committee.

Ittamar asked whether there had been any instance where Company practice was not in line with the proposed policy. Avital responded that while prior practices were not as formalized and structured as the proposed policy, the Company followed good practices—such as the ongoing 20-F process and the existence of a disclosure committee.

The Committee approved the adoption of the policy.

XII. Amendment to the Audit Committee Charter

Avital explained that the current version of the charter specifically requires a financial expert to serve on the Audit Committee. Since the Company currently does not have one, the charter needs to be updated to avoid noncompliance.

Ittamar stated that appointing a financial expert is important. Avital recommended that this nomination be brought to the attention of the Board.

In response to Hicham's question, Shai clarified that the requirement is to disclose whether the Company has a financial expert. If not, the Company must explain why. This is a disclosure requirement under SOX, not a mandate.

The Committee approved the suggested change to the charter.

XIII. EY 2025 Fees

Hai presented the audit fees for 2025 which are as follows:

- FY 2025 Annual Audit: \$310K
- Q1–Q3 Quarterly Review: \$60K (If a full financial statement under SAS100 is required, the fee per quarter will be \$50K instead of \$20K)
- FY 2025 Audit-Related Service Pre-Approval Bucket: \$100K
- FY 2025 Tax Service Pre-Approval Bucket: \$100K

- FY 2025 US Subsidiary Tax Return Filing: \$11,000 (including filing in 8 U.S. jurisdictions; \$800 per additional state)
- FY 2025 EY Tax Return Filing: \$12,000

The Committee discussed and approved the fees.

RESOLUTIONS:

RESOLVED, that the Financial Statements for 2024 and the twelve-month period ended December 31, 2024, in the form as presented to the Committee, are hereby approved; and further

RESOLVED, that the Committee recommends that the Board approve the Financial Statements for the quarter and the twelve-month period ended December 31, 2024, in the form as presented to the Committee.

RESOLVED, to approve and adopt the amendments to the Insider Trading Policy attached hereto as Exhibit A.

RESOLVED, to approve and adopt the Disclosure Controls and Procedures policy attached hereto as Exhibit B.

RESOLVED, to approve and adopt the Amendment to the Audit Committee Charter attached hereto as Exhibit C.

RESOLVED, to approve the following fees for E&Y:

- FY 2025 Annual Audit: \$310K
- Q1–Q3 Quarterly Review: \$60K (If a full financial statement under SAS100 is required, the fee per quarter will be \$50K instead of \$20K)
- FY 2025 Audit-Related Service Pre-Approval Bucket: \$100K
- FY 2025 Tax Service Pre-Approval Bucket: \$100K
- FY 2025 US Subsidiary Tax Return Filing: \$11,000 (including filing in 8 U.S. jurisdictions; \$800 per additional state)
- FY 2025 EY Tax Return Filing: \$12,000

I. Adjourn

Upon a proper motion and approval, the Committee adjourned the meeting at 19:15 Israel Time.

Respectfully submitted,

Initial
IG

Ittamar Givton
Chairman of the Audit Committee