

# ADVANCED FLOWER CAPITAL INC.

## Audit Committee Charter

### I. Purpose

The purpose of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Advanced Flower Capital Inc. (the “**Corporation**”) is to assist the Board in its oversight of: (i) the integrity of the Corporation’s financial statements; (ii) the qualifications and independence of any independent registered public accounting firm engaged by the Corporation; (iii) the performance of the Corporation’s internal audit function (to the extent such functions are required by applicable rules and regulations) and any independent registered public accounting firm; (iv) the determination of the fair value of assets that are not publicly traded or for which current market values are not readily available; and (v) the entry and monitoring of related party transactions. In particular, the Committee shall:

- serve as an independent party to monitor the Corporation’s financial reporting processes and internal control system;
- discuss the audit conducted by the Corporation’s independent registered public accounting firm;
- provide an open avenue of communication among the independent registered public accounting firm, management and the Board; and
- serve as an independent party to review, approve and monitor the Corporation’s related party transactions.

While the Committee has the responsibilities and powers set forth in this charter of the Committee (this “**Charter**”), it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation’s financial statements and disclosures are complete and accurate, fairly present the information shown or are in accordance with U.S. generally accepted accounting principles (“**GAAP**”) and applicable rules and regulations. These are the responsibilities of management and the independent registered public accounting firm. Instead, the Committee shall oversee the Corporation’s accounting and financial reporting processes and the audits of the Corporation’s financial statements.

Each member of the Committee shall be entitled to rely on: (1) the integrity of those persons within and outside the Corporation and management from which it receives information; (2) the accuracy of the financial and other information provided to the Committee absent actual knowledge to the contrary; and (3) statements made by management or other appropriate third parties as to any information technology, internal audit and other non-audit services provided by the Corporation’s independent registered public accounting firm.

For the purposes of this Charter, all references to “management” shall be deemed to include AFC Management, LLC, the Corporation’s investment adviser (the “**Adviser**”), its affiliates and their respective personnel, as applicable, for so long as the Adviser is administering the business activities and day-to-day operations of the Corporation in accordance with the terms of the Investment Advisory

Agreement, dated December 31, 2025, by and between the Corporation and the Adviser (as may be amended, restated, supplemented or otherwise modified from time to time, the “**Investment Advisory Agreement**”).

## **II. Membership**

The Committee shall consist of no fewer than three directors. Except as may otherwise be permitted by the rules of the Securities and Exchange Commission (the “**SEC**”) and, if applicable to the Corporation, the Nasdaq Stock Market LLC (“**Nasdaq**”), each member of the Committee shall, in the determination of the Board be (1) an “**Independent Director**” that (a) satisfies the independence and other requirements established by Nasdaq, and (b) meets the independence requirements of Section 10A of the Securities Exchange Act of 1934 (the “**Exchange Act**”) and SEC Rule 10A-3(b)(1) under the Exchange Act and (2) is able to read and understand fundamental financial statements, including a company’s balance sheet, income statement, and cash flow statement. In addition, the Committee shall at all times include at least one member who has the experience or background which results in the member’s financial sophistication as required by the requirements established by Nasdaq. Any member of the Committee who satisfies the definition of an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K will be presumed to have accounting or related financial management expertise.

The members of the Committee shall be appointed by the Board to serve in accordance with the Corporation’s bylaws and at the discretion of the Board and may be removed or replaced by the Board at any time.

The chairperson of the Committee (the “**Chairperson**”) shall be elected by the full Board. At each meeting of the Committee, the Chairperson shall act as the chairperson of the meeting. In the absence of the Chairperson, the members of the Committee present shall select another member to preside. The Chairperson shall perform such other duties as may be assigned to him or her by this Charter, the Board or the Committee.

## **III. Meetings; Rules of Procedure**

The Committee shall meet at least quarterly, or more frequently as circumstances dictate. Special meetings may be convened as the Committee deems necessary or appropriate. The Committee may ask members of management or others to attend a meeting of the Committee (or to meet with any member of, or advisors to, the Committee) and provide pertinent information as necessary or desirable. The Committee may adopt such procedures as it deems appropriate and necessary to carry out the duties and responsibilities of the Committee. The Committee shall report regularly to the Board, not less frequently than quarterly.

Notice of Committee meetings shall be given in the same manner as notice for special meetings of the Board. A majority of the members of the Committee shall constitute a quorum for the transaction of business at any meeting of the Committee. The act of a majority of the Committee members present at a meeting shall be the act of the Committee.

The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of: (1) compensation to any independent registered public accounting firm engaged for the purpose

of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; (2) compensation to any advisers (including independent counsel and independent valuation firms) employed by the Committee; and (3) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

#### **IV. Responsibilities and Duties**

##### **A. Accounting and Financial Oversight**

1. The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any independent registered public accounting firm engaged by the Corporation for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. Each such independent registered public accounting firm shall report directly to the Committee.

2. The Committee shall, at least annually, obtain and review a report from the Corporation's independent registered public accounting firm describing (1) the firm's internal quality-control procedures, (2) any material issues raised by the most recent internal quality -control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (3) all relationships between the independent registered public accounting firm and the Corporation, including as required by the requirements of Public Company Accounting Oversight Board ("PCAOB") Rule 3526 (as may be amended or superseded from time to time).

3. The Committee shall review the adequacy of the Corporation's internal audit function, if and when such function is required by applicable rules and regulations.

4. The Committee shall assist the Board in fulfilling its oversight responsibilities related to the Corporation's systems of internal controls and disclosure controls and procedures.

5. The Committee shall review the Corporation's annual audited and quarterly unaudited financial statements, including any certification, report or opinion rendered by the Corporation's independent registered public accounting firm, and discuss the same with management and the Corporation's independent registered public accounting firm.

6. The Committee shall recommend to the Board whether the financial statements should be included in the Corporation's annual report or quarterly report made available to its stockholders.

7. The Committee shall review with the independent registered public accounting firm any audit problems or difficulties and management's response, including any difficulties the auditor encountered in the course of the audit work, any restrictions on the scope of the auditor's activities or on access to requested information and any significant disagreements with management. In addition, if applicable, such review may also include any accounting adjustments that were noted or proposed by such auditors but were "passed" (including similar adjustments that were passed because individually they were not material), any communications between the independent registered public accounting firm and its national office respecting auditing or accounting issues presented by the engagement, any "management" or "internal control" letter issued, or proposed to be issued, by such auditors to the

Corporation and all other material written communications between the independent registered public accounting firm and the Corporation's management.

The Committee, with input from the Adviser, shall discuss and review guidelines and policies with respect to risk assessment and risk management, including the Corporation's (1) cybersecurity and other risk exposures relevant to the Corporation's computerized information system controls and security and (2) major financial risk exposures, and the steps management has taken to monitor and control such exposures.

8. The Committee shall meet separately, periodically, with management, the Corporation's internal auditors (or other personnel responsible for the internal audit function), as applicable, and the Corporation's independent registered public accounting firm.

9. The Committee shall set clear hiring policies for employees or former employees of the Corporation's independent registered public accounting firm.

10. The Committee shall review and discuss, including with the Corporation's independent registered public accounting firm: (1) the Corporation's critical accounting policies and practices, including major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles, and major issues as to the adequacy of the Corporation's internal controls, including the responsibilities, budget, compensation and staffing of the Corporation's internal audit function, as applicable, and any special audit steps adopted in light of material control deficiencies; (2) analyses prepared by management and/or the Corporation's independent registered public accounting firm setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; (3) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Corporation's financial statements; and (4) the type and presentation of information to be included in offering documents to potential investors and stockholders (paying particular attention to any use of "pro forma" or "adjusted non- GAAP information"), as well as any financial information and earnings guidance provided to analysts and ratings agencies.

11. The Committee shall establish, review and reassess periodically procedures, for (1) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and (2) the confidential, anonymous submission by employees of the Corporation, or employees of the Adviser or its affiliates, of concerns regarding questionable accounting or auditing matters. The Committee shall have the responsibility to review and take corrective action with respect to such concerns and complaints.

12. The Committee shall report regularly to the Board on its activities, as appropriate. In connection therewith, the Committee shall review with the full Board any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the Corporation's independent auditors, or the performance of the internal audit function, as applicable.

13. The Committee shall review with both management and the Corporation's independent accountants all related party transactions or dealings with parties related to the Corporation.

C. Valuation

The Committee shall oversee the investment valuation process followed the Corporation's valuation designee and providing information to the Board on matters relating to the valuation of the Corporation's investments.

D. Annual Performance Evaluation; Charter Review

The Nominating and Governance Committee of the Board will oversee and coordinate the Committee's annual assessment of the Committee's performance. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend any proposed changes to the Board. The Committee shall conduct such reviews in such manner as it deems appropriate.

E. Other Rights and Responsibilities

1. Except as may be otherwise provided by the Board and to the extent permitted under applicable laws and regulations, the Committee may form and delegate authority to sub-committees or to any other independent director or committee comprised entirely of independent directors, in each case, to the extent the Committee deems appropriate in its sole discretion. The Committee may consult with or obtain input from management, but, except as expressly provided herein, shall not delegate any of its responsibilities to management.

2. The Committee shall have the authority to engage independent counsel, accounting, and other advisors, as the Committee determines necessary or appropriate to carry out its duties and responsibilities. The Committee shall have the sole authority to approve all fees and terms of engagement of such advisors. The Committee shall have the power to conduct or authorize investigations into any matter within the Committee's scope of responsibilities.

To the extent the Committee engages any independent counsel, compensation consultant or other advisor to assist the Committee with carrying out its duties and responsibilities related to amounts to be paid by the Corporation to the Adviser pursuant to the Investment Advisory Agreement, the Committee will consider all factors relevant to such advisor's independence from the Corporation, including the factors required at such time by applicable laws and regulations. The Committee shall not be required to implement or act consistently with the advice or recommendations of such advisors, and the authority granted herein shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfilling of its duties and responsibilities under this Charter.

F. Access

The Committee, in discharging its oversight role, shall be given full access to all of the following: (a) all persons responsible for the internal audit function of the Company, as applicable; (b) the Board; (c) all employees of the Adviser and its affiliates who perform services for the Company; and (d) the independent auditors; in each case, as necessary, to carry out these responsibilities.

## **V. General**

The Committee may diverge from the specific activities outlined throughout this Charter, as appropriate, if circumstances or regulatory requirements change. In addition to these activities, the Committee may perform such other functions as necessary or appropriate under applicable laws, regulations, the Corporation's charter and bylaws, and the resolutions and other directives of the Board, each as in effect from time to time. This Charter may be amended from time to time by the Board and is in all respects subject and subordinate to the Corporation's charter and bylaws, the resolutions of the Board and the applicable provisions of the Maryland General Corporation Law.

Approved: December 11, 2025