

PHENIXFIN CORPORATION
AUDIT COMMITTEE CHARTER

The Board of Directors (“*Board*”) of PhenixFIN Corporation (the “*Company*”) has determined that the audit committee of the Board (the “*Committee*”) shall assist the Board in fulfilling certain of the Board’s oversight responsibilities. The Board hereby adopts this charter (“*Charter*”) to establish the governing principles of the Committee.

I. PURPOSE

The primary function of the Committee is to serve as an independent and objective party to assist the Board in fulfilling its oversight responsibilities for the Company’s accounting and reporting processes and the audits of its financial statements by overseeing and monitoring:

1. The quality and integrity of financial reports and other financial information provided by the Company to governmental bodies or the public and the independent audit thereof, the Company’s system of internal controls regarding finance, accounting (including valuation policies) and regulatory compliance.
2. The material aspects of the Company’s accounting and financial reporting process generally.
3. The independence, qualifications and performance of the Company’s independent registered public accounting firm (independent accountants), including the lead audit partner.
4. The compliance by the Company with certain legal and regulatory requirements concerning the Company’s financial reporting, including the Company’s disclosure controls and procedures.
5. The performance of the Company’s internal audit function.

The Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter.

II. SCOPE

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company’s financial statements are complete and accurate or are in accordance with United States generally accepted accounting principles (“*GAAP*”). The responsibility to plan and conduct audits is that of the Company’s independent accountants. In fulfilling this responsibility, the independent accountants are ultimately accountable to the Board and this Committee. The Company’s management has the responsibility to determine that the Company’s financial statements are complete and accurate and in accordance with GAAP. It is also not the duty of the Committee to assure the Company’s compliance with laws and regulations or compliance with the Company’s Code of Ethics or Code of Business Conduct and Ethics. The primary responsibility for these matters also rests with the

Company's management. In order to fulfill its oversight responsibility, the Committee must be capable of conducting free and open discussions with management, independent accountants, internal auditors, outside valuation experts, employees and others regarding the quality of the financial statements and the system of internal controls.

III. RESPONSIBILITIES AND DUTIES

A. General Responsibilities

To carry out its purposes, the responsibilities of the Committee shall be as follows:

1. Maintain open communications with the independent accountants, internal auditors, outside valuation experts, executive management and the Board.
2. Meet separately, from time to time, with management, the internal auditors and the independent accountants to discuss matters warranting attention by the Committee.
3. Regularly report Committee actions to the Board and make recommendations as the Committee deems appropriate.
4. Review the financial results presented in all reports filed with the Securities and Exchange Commission ("**SEC**").
5. Review reports issued by regulatory examinations and consider the results of those reviews to determine if any findings could have a material effect on the Company's financial statements or its internal controls and procedures.
6. Discuss the Company's disclosure, oversight of and conformity with the Company's Code of Business Conduct and Ethics, and Code of Ethics, and matters that may have a material effect on the Company's financial statements, operations, compliance policies and programs, unless otherwise addressed by the Board as a whole.
7. Review and reassess the adequacy of the Committee's Charter at least annually and recommend any changes to the full Board.
8. Take other actions required of the Committee by law, applicable regulations, or as requested by the Board.

In discharging its duties hereunder, the Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent accountants for the purpose of rendering or issuing an audit report and to any advisors employed by the Committee, and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

B. Responsibilities Regarding the Engagement of the Independent Accountants

1. The Committee shall have the sole authority to appoint or replace the independent auditor (subject, if applicable, to shareholder ratification). The Committee shall be directly responsible for the compensation and oversight of the independent accountants (including resolution of disagreements between management and the independent accountants regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent accountant shall report directly to the Committee.

2. Ensure the independence of the independent accountants by:

a. Having the independent accountant deliver to the Committee at least annually a formal written statement delineating all relationships between the independent accountants and the Company and addressing at least the matters set forth in Independence Standards Board Standard No. 1; actively engaging in dialogue with the independent accountants about any relationships or services disclosed in such statement that may impact the objectivity and independence of the Company's independent accountants.

b. Pre-approving all auditing services and permitted non-audit services (including fees and terms thereof) to be performed for the Company by its independent accountants. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Committee at its next scheduled meeting.

c. Overseeing compliance with the guidelines set forth in Annex A relating to the Company's hiring of employees or former employees of the independent accountants and ensuring that such guidelines comply with applicable laws, rules and regulations.

3. At least annually, obtain and review a report by the independent accountants describing: the firm's internal control procedures; 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 with respect to one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and all relationships between the independent accountants and the Company to assess the auditor's independence.

4. The Committee shall review and present its conclusions regarding the independent accountants' qualifications and performance at least annually.

C. Responsibilities for Reviewing the Annual External Audit and the Financial Statements

The Committee will:

1. Request the independent accountants to confirm that they are accountable to the

Committee and that they will provide the Committee with timely analyses of significant financial reporting and internal control issues.

2. Review with management significant risks and exposures identified by management and management's steps to minimize them.
3. Review the scope of the external audit with the independent accountants.
4. Review with management and the independent accountants, as appropriate:
 - a. The Company's internal controls, including computerized information system controls and security.
 - b. The Company's significant accounting policies.
 - c. The Company's valuation policies and procedures.
 - d. The Company's annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," before they are made public.
 - e. All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent accountants.
 - f. Material written communications between the independent accountants and management, such as any management letter or schedule of unadjusted differences.
 - g. The Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
5. After the completion of the annual audit examination, or as needed throughout the year, discuss with management and the independent accountants:
 - a. The Company's annual financial statements and related footnotes, including any adjustments to such statements recommended by the independent accountants.
 - b. Any significant findings and recommendations made by the independent accountants with respect to the Company's financial policies, procedures and internal controls together with management's responses thereto.
 - c. The qualitative judgments about the appropriateness and acceptability of accounting principles, financial disclosures and underlying estimates.
 - d. Any significant difficulties or problems with management encountered during the course of the audit.

e. Any other matters about the audit procedures or findings that Generally Accepted Accounting Standards (“GAAS”) require the auditors to discuss with the Committee.

f. The form of opinion the independent accountants propose to render to the Board and the Committee and shareholders.

6. Review disclosures made to the Committee by the Company’s CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls over financial reporting or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company’s internal controls over financial reporting.

7. Recommend to the Board of Directors whether to include the audited financial statements in the Company’s Form 10-K.

8. Issue for public disclosure by the Audit Committee the report required by the SEC to be included in the Company’s annual proxy statement.

D. Compliance Oversight Responsibilities

1. Obtain from the independent accountants assurance that Section 10A(b) of the Exchange Act has not been implicated.

2. Administer the procedures relating to the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

IV. COMMITTEE MEMBERSHIP

The Committee shall be composed of three or more directors as determined by the Board, each of whom:

1. Shall be independent directors, and free from any material relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

2. Shall be or shall become (within a reasonable period of time after his or her appointment) “financially literate,” as such qualification is interpreted by the Board.

3. Shall have a basic understanding of finance and accounting practices and shall be able to read and understand financial statements. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant. The members of the Committee shall meet the requirements of the rules of the NASDAQ Stock Market LLC and all other applicable laws, rules or regulations, in each case, when, as and to the extent applicable to the Company. In addition, at least one member of the Committee shall have accounting or related financial management experience.

The members of the Committee shall be elected by the Board annually or until their successors shall be duly elected and qualified. Unless a Chairman is elected by the full Board, the members of the Committee may designate a Chairman by majority vote of the full Committee membership.

V. MEETINGS

The Committee shall meet at least four times each year, or more frequently as circumstances require. The Chairman of the Committee may call a Committee meeting whenever deemed necessary and shall be responsible for meeting with the independent accountants at their request to discuss the interim financial results. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent accountants to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

VI. EVALUATION

The Committee shall conduct an annual review of the Committee's performance and recommend changes to the Board as needed.

Adopted January 4, 2021

ANNEX A

Hiring Guidelines for Independent Accountants Employees

The Audit Committee has adopted the following practices regarding the hiring by the Company of any employee of its independent accountants who participated in any capacity in the audit of the Company.

1. No member of the audit team that is auditing the Company can be hired by the Company in a financial reporting oversight role (as defined in the SEC's Regulation S-X) for a period of one year following association with that audit.

2. The Company's Chief Financial Officer shall report annually to the Audit Committee the profile of the preceding year's hires from the independent accountants.