

Annual letter to stockholders on the tax character of 2024 distributions

The tax character of distributions paid by Palmer Square Capital BDC Inc. (NYSE: PSBD; the “Company”) (CUSIP Number: 69702V107) is set forth below. For U.S. federal income tax purposes, the Company is treated as a regulated investment company (“RIC”) and has reported the types of distributions that you received as a stockholder, in accordance with subchapter M of the Internal Revenue Code of 1986, as amended (“IRC”), in the manner specified below.

Details of distributions:

The table below reflects the U.S. federal income tax classification of the distributions made by the Company during the year ended December 31, 2024. This information supersedes any estimated information you may have received during the year.

Declared date	Record date	Payment date	Amount per share	Form 1099-DIV, Box 1a	Form 1099-DIV, Box 1b	Non-Qualified dividends	Form 1099-DIV, Box 2a	Form 1099-DIV, Box 6	Interest-related dividends ⁵
				Ordinary dividend ¹	Qualified dividends ²		Long term Capital gains ³	Investment Expenses ⁴	
3/20/2024	3/28/2024	4/10/2024	\$0.49	\$0.58176	\$0	\$0	\$0	\$0.09176	99.13%
5/7/2024	6/28/2024	7/16/2024	\$0.42	\$0.50200	\$0	\$0	\$0	\$0.08200	99.82%
6/20/2024	6/28/2024	7/16/2024	\$0.05	\$0.05976	\$0	\$0	\$0	\$0.00976	99.82%
8/7/2024	9/27/2024	10/14/2024	\$0.42	\$0.50200	\$0	\$0	\$0	\$0.08200	98.16%
9/23/2024	9/27/2024	10/14/2024	\$0.05	\$0.05976	\$0	\$0	\$0	\$0.00976	98.16%
11/1/2024	12/27/2024	1/13/2025	\$0.42	\$0.50029	\$0	\$0	\$0	\$0.08029	98.89%
12/23/2024	12/27/2024	1/13/2025	\$0.06	\$0.07147	\$0	\$0	\$0	\$0.01147	98.89%
				\$1.91	\$2.27704	\$0	\$0	\$0	\$0.36704

1. Ordinary dividends: These dividends are from the Company’s investment company taxable income for the year, which generally is the Company’s net ordinary income plus the excess, if any, of realized net short-term capital gains over realized net long-term capital losses. Ordinary dividends from a RIC generally are not treated as “qualified dividends” and thus do not qualify for the reduced 20% rate applicable to qualified dividend income from domestic corporations and qualified foreign corporations except to the extent that the RIC received the income in the form of qualifying dividends from domestic corporations and qualified foreign corporations. There were no ordinary dividends that represent short-term capital gains pursuant to IRC section 871(k)(2).

2. Qualified dividends: Please note that if you acquired or disposed of your Company shares during 2024, qualified dividends reported in Box 1b of your 2024 Form 1099-DIV may not be eligible for the reduced 20% rate applicable to qualified dividend income from domestic corporations. Stockholders should consult their tax advisor for tax guidance.

3. Capital gain distributions: Capital gain distributions are distributions of the Company's net capital gain for the year, which generally is the excess of the Company's long-term capital gain for the taxable year over the net short-term capital loss if any of the Company for such year. Capital gain distributions generally are reported on your tax return as capital gain and thus qualify for the applicable rate of tax imposed on long-term capital gain (the maximum long-term capital gains rate is currently 20%, but may be reduced for certain taxpayers).

4. Investment expenses: During the year ended December 31, 2024, the Company reported the per share amounts of its ordinary dividends that represent gross-up of investment expenses under IRC section 67(c)(1). Certain U.S. stockholders may be taxed on the portion of grossed-up expenses. Stockholders should consult with their tax advisor for guidance.

5. Interest-Related Dividends: During the year ended December 31, 2024, the Company reported the above percentages of the distributions as interest-related dividends pursuant to IRC section 871(k)(1). Payments of interest-related dividends (and short-term capital gain dividends and long-term capital gain dividends) paid to non-U.S. persons generally are exempt from U.S. withholding tax.

Other Information:

During the year ended December 31, 2024, the Company reported a portion of its distributions as IRC section 163(j) interest dividends. Information is available upon request.

Distributions that were reinvested through the Company's Dividend Reinvestment Plan are treated, for U.S. federal income tax purposes, as if the shareholder had been paid the distribution in cash and then subsequently reinvested such cash in the Company in exchange for stock of the Company. Therefore, stockholders who participated in the Dividend Reinvestment Plan should also refer to the table above for appropriate tax treatment of 2024 distributions.

In addition to the information provided above, the Company will comply with its tax information reporting obligations and provide to each shareholder a copy of the Form 1099-DIV that was filed with the IRS, which will detail the tax characteristics of all distributions that are paid to such shareholder.

The Company does not provide legal, tax or accounting advice. The above is provided for informational purposes only and current or prospective stockholders in the Company should obtain independent tax advice based on each stockholder's particular situation with respect to the U.S. federal income and withholding tax consequences, and state, local and non-U.S. tax consequences, of an investment in the Company.

If you have any questions about this information, please contact Palmer Square Capital BDC Inc. Investor Relations at investors@palmersquarebdc.com.