

Part III Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See Attachment.

Lined area for listing applicable Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶ See Attachment.

Lined area for providing information on recognizing resulting losses.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See Attachment.

Lined area for providing other information necessary to implement the adjustment.

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ Krista Fogarty Date ▶ May 30, 2023

Print your name ▶ Krista Fogarty Title ▶ Principal Accounting Officer

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Kendall R. Fisher	<u>[Signature]</u>	<u>May 30, 2023</u>		P01980923
	Firm's name ▶ Dorsey & Whitney LLP			Firm's EIN ▶	41-0223337
	Firm's address ▶ Columbia Center, 701 Fifth Avenue, Suite 6100, Seattle, WA 98104			Phone no.	(206) 903-8793

Lipocine Inc.

Attachment to Form 8937-Part II

Report of Organizational Actions Affecting Basis of Securities (The Consolidation)

Consult your tax advisor: The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "Code"), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Consolidation (as defined below) on the tax basis of common shares of Lipocine Inc. ("Lipocine") in the hands of holders of common shares of Lipocine stock who are U.S. taxpayers and who participated in the Consolidation ("U.S. Shareholders"). This discussion does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Lipocine does not provide tax advice to its shareholders. You are urged to consult your own tax advisors regarding the particular consequences of the Consolidation to you, including the applicability and effect of all U.S. federal, state and local tax laws and foreign tax laws.

For additional information, please read the Press Release of Lipocine dated as of May 11, 2023 (the "Release"), which is available on EDGAR at www.sec.gov.

Part II Item 14. (Description of organizational action)

On May 11, 2023, Lipocine effected a reverse stock split (share consolidation) whereby it consolidated every seventeen (17) existing common shares into one (1) new common share (the "Consolidation"). No shareholder received a fractional common share pursuant to the Consolidation, as each fractional common share was rounded up to the next highest whole common share. No cash was received by any shareholder in lieu of a fractional common share pursuant to the Consolidation.

U.S. Shareholders should review the Release and consult with their own tax advisors regarding the tax consequences of the Consolidation to them in light of their own particular circumstances.

Part II Item 15. (Description of the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer)

Lipocine believes that the deemed exchange by U.S. Shareholders of their existing common shares for new common shares pursuant to the Consolidation should be treated for U.S. federal income tax purposes as a tax-deferred exchange under Code Section 1036 and/or Code Section 368(a)(1)(E). Provided the Consolidation qualifies as a tax-deferred exchange under Code Section 1036 and/or Code Section 368(a)(1)(E), a U.S. Shareholder should have the same tax basis and holding period in such shareholder's post-Consolidation Lipocine common shares as such shareholder had in its pre-Consolidation Lipocine common shares exchanged therefor pursuant to the Consolidation, as adjusted for any whole common share received in lieu of a fractional common share. However, U.S. Shareholders will be required to allocate the aggregate tax basis of each block of their Lipocine common shares held immediately prior to the

Consolidation among the Lipocine common shares held immediately after the Consolidation, as adjusted for any whole common share received in lieu of a fractional common share, such that the per-share tax basis in each post-Consolidation Lipocine common share is equal to 1700% of the tax basis in a pre-Consolidation Lipocine common share, as adjusted for any whole common share received in lieu of a fractional common share.

If a U.S. Shareholder held different blocks of Lipocine common shares (i.e., Lipocine common shares acquired at different times or different prices) at the time of the Consolidation, such holder should consult its own tax advisor with respect to the determination of the tax bases of particular Lipocine common shares held following the Consolidation.

Part II Item 16. (Description of the calculation of the change in basis)

Provided the Consolidation qualifies as a tax-deferred exchange under Code Section 1036 and/or Code Section 368(a)(1)(E), while the per-share tax basis is impacted, the tax basis of each shareholder's total investment remains the same. The post-Consolidation per-share tax basis is equal to the pre-Consolidation aggregate tax basis in each seventeen (17) Lipocine common shares held, as adjusted for any whole common share received in lieu of a fractional common share. This results in an increased per-share tax basis for the fewer number of Lipocine common shares held, as adjusted for any whole common share received in lieu of a fractional common share.

Part II Item 17. (List of applicable Code sections)

Lipocine believes that the Consolidation should be treated as a tax-deferred exchange by U.S. Shareholders of their existing Lipocine common shares for post-Consolidation Lipocine common shares under Code Section 1036 and/or Code Section 368(a)(1)(E).

Provided the Consolidation is so treated, the U.S. federal income tax consequences for U.S. Shareholders should be determined under Code Sections 305(a), 307(a), 354, 358, 368(a)(1)(E), 1036 and 1223.

Part II Item 18. (Recognition of loss)

Lipocine believes that the Consolidation should be treated as a tax-deferred exchange by U.S. Shareholders of their existing Lipocine common shares for post-Consolidation Lipocine common shares under Code Section 1036 and/or Code Section 368(a)(1)(E).

Provided the Consolidation is so treated, each U.S. Shareholder should generally not recognize any loss pursuant to the Consolidation.

Part II Item 19. (Other information)

The Consolidation was effective on May 11, 2023. For a U.S. Shareholder which participated in the Consolidation whose taxable year is a calendar year, the reportable tax year is 2023.