

Fill in this information to identify the case:

United States Bankruptcy Court for the:

_____ District of Delaware
(State)

Case number (if known): _____ Chapter 11

Check if this is an amended filing

Official Form 201

Voluntary Petition for Non-Individuals Filing for Bankruptcy

06/22

If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and the case number (if known). For more information, a separate document, *Instructions for Bankruptcy Forms for Non-Individuals*, is available.

1. Debtor's name Novan, Inc.

2. All other names debtor used in the last 8 years
Include any assumed names, trade names, and *doing business* as names

3. Debtor's federal Employer Identification Number (EIN) 20-4427682

4. Debtor's address
Principal place of business: 4020 Stirrup Creek Dr, Durham NC 27703
Mailing address, if different from principal place of business: _____
Location of principal assets, if different from principal place of business: _____

5. Debtor's website (URL) https://novan.com



Debtor Novan, Inc.
Name

Case number (if known) _____

6. Type of debtor

- Corporation (including Limited Liability Company (LLC) and Limited Liability Partnership (LLP))
- Partnership (excluding LLP)
- Other. Specify: _____

7. Describe debtor's business

A. Check one:

- Health Care Business (as defined in 11 U.S.C. § 101(27A))
- Single Asset Real Estate (as defined in 11 U.S.C. § 101(51B))
- Railroad (as defined in 11 U.S.C. § 101(44))
- Stockbroker (as defined in 11 U.S.C. § 101(53A))
- Commodity Broker (as defined in 11 U.S.C. § 101(6))
- Clearing Bank (as defined in 11 U.S.C. § 781(3))
- None of the above

B. Check all that apply:

- Tax-exempt entity (as described in 26 U.S.C. § 501)
- Investment company, including hedge fund or pooled investment vehicle (as defined in 15 U.S.C. § 80a-3)
- Investment advisor (as defined in 15 U.S.C. § 80b-2(a)(11))

C. NAICS (North American Industry Classification System) 4-digit code that best describes debtor. See <http://www.uscourts.gov/four-digit-national-association-naics-codes>.3 2 5 4**8. Under which chapter of the Bankruptcy Code is the debtor filing?**

A debtor who is a "small business debtor" must check the first sub-box. A debtor as defined in § 1182(1) who elects to proceed under subchapter V of chapter 11 (whether or not the debtor is a "small business debtor") must check the second sub-box.

Check one:

- Chapter 7
- Chapter 9

 Chapter 11. Check all that apply:

- The debtor is a small business debtor as defined in 11 U.S.C. § 101(51D), and its aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$3,024,725. If this sub-box is selected, attach the most recent balance sheet, statement of operations, cash-flow statement, and federal income tax return or if any of these documents do not exist, follow the procedure in 11 U.S.C. § 1116(1)(B).
- The debtor is a debtor as defined in 11 U.S.C. § 1182(1), its aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$7,500,000, and it chooses to proceed under **Subchapter V of Chapter 11**. If this sub-box is selected, attach the most recent balance sheet, statement of operations, cash-flow statement, and federal income tax return, or if any of these documents do not exist, follow the procedure in 11 U.S.C. § 1116(1)(B).
- A plan is being filed with this petition.
- Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).
- The debtor is required to file periodic reports (for example, 10K and 10Q) with the Securities and Exchange Commission according to § 13 or 15(d) of the Securities Exchange Act of 1934. File the *Attachment to Voluntary Petition for Non-Individuals Filing for Bankruptcy under Chapter 11* (Official Form 201A) with this form.
- The debtor is a shell company as defined in the Securities Exchange Act of 1934 Rule 12b-2.

- Chapter 12

Debtor Novan, Inc.
Name

Case number (if known) _____

9. Were prior bankruptcy cases filed by or against the debtor within the last 8 years?

No

Yes. District _____ When Case number _____
MM / DD / YYYY

If more than 2 cases, attach a separate list.

District _____ When Case number _____
MM / DD / YYYY

10. Are any bankruptcy cases pending or being filed by a business partner or an affiliate of the debtor?

No

Yes. Debtor EPI Health, LLC Relationship Affiliate

District Delaware When 07/17/2023

List all cases. If more than 1, attach a separate list.

Case number, if known _____

11. Why is the case filed in this district?

Check all that apply:

Debtor has had its domicile, principal place of business, or principal assets in this district for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other district.

A bankruptcy case concerning debtor's affiliate, general partner, or partnership is pending in this district.

12. Does the debtor own or have possession of any real property or personal property that needs immediate attention?

No

Yes. Answer below for each property that needs immediate attention. Attach additional sheets if needed.

Why does the property need immediate attention? (Check all that apply.)

It poses or is alleged to pose a threat of imminent and identifiable hazard to public health or safety.

What is the hazard? _____

It needs to be physically secured or protected from the weather.

It includes perishable goods or assets that could quickly deteriorate or lose value without attention (for example, livestock, seasonal goods, meat, dairy, produce, or securities-related assets or other options).

Other _____

Where is the property?

Number Street _____

City State ZIP Code _____

Is the property insured?

No

Yes. Insurance agency _____

Contact name _____

Phone _____

Statistical and administrative information

Debtor Novan, Inc.
Name

Case number (if known) _____

13. Debtor's estimation of available funds

Check one:

- Funds will be available for distribution to unsecured creditors.
- After any administrative expenses are paid, no funds will be available for distribution to unsecured creditors.

14. Estimated number of creditors

- | | | |
|---|--|--|
| <input type="checkbox"/> 1-49 | <input type="checkbox"/> 1,000-5,000 | <input type="checkbox"/> 25,001-50,000 |
| <input type="checkbox"/> 50-99 | <input type="checkbox"/> 5,001-10,000 | <input type="checkbox"/> 50,001-100,000 |
| <input type="checkbox"/> 100-199 | <input type="checkbox"/> 10,001-25,000 | <input type="checkbox"/> More than 100,000 |
| <input checked="" type="checkbox"/> 200-999 | | |

15. Estimated assets

- | | | |
|--|--|--|
| <input type="checkbox"/> \$0-\$50,000 | <input checked="" type="checkbox"/> \$1,000,001-\$10 million | <input type="checkbox"/> \$500,000,001-\$1 billion |
| <input type="checkbox"/> \$50,001-\$100,000 | <input type="checkbox"/> \$10,000,001-\$50 million | <input type="checkbox"/> \$1,000,000,001-\$10 billion |
| <input type="checkbox"/> \$100,001-\$500,000 | <input type="checkbox"/> \$50,000,001-\$100 million | <input type="checkbox"/> \$10,000,000,001-\$50 billion |
| <input type="checkbox"/> \$500,001-\$1 million | <input type="checkbox"/> \$100,000,001-\$500 million | <input type="checkbox"/> More than \$50 billion |

16. Estimated liabilities

- | | | |
|--|--|--|
| <input type="checkbox"/> \$0-\$50,000 | <input checked="" type="checkbox"/> \$1,000,001-\$10 million | <input type="checkbox"/> \$500,000,001-\$1 billion |
| <input type="checkbox"/> \$50,001-\$100,000 | <input type="checkbox"/> \$10,000,001-\$50 million | <input type="checkbox"/> \$1,000,000,001-\$10 billion |
| <input type="checkbox"/> \$100,001-\$500,000 | <input type="checkbox"/> \$50,000,001-\$100 million | <input type="checkbox"/> \$10,000,000,001-\$50 billion |
| <input type="checkbox"/> \$500,001-\$1 million | <input type="checkbox"/> \$100,000,001-\$500 million | <input type="checkbox"/> More than \$50 billion |

Request for Relief, Declaration, and Signatures

WARNING -- Bankruptcy fraud is a serious crime. Making a false statement in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

17. Declaration and signature of authorized representative of debtor

The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.

I have been authorized to file this petition on behalf of the debtor.

I have examined the information in this petition and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 07 17 2023
MM / DD / YYYY

/s/ Paula Brown Stafford

Signature of authorized representative of debtor

Title Chief Executive Officer

Paula Brown Stafford

Printed name

Debtor Novan, Inc.
Name

Case number (if known) _____

18. Signature of attorney

X /s/ Derek C. Abbott
Signature of attorney for debtor

Date 07 17 2023
MM / DD / YYYY

Derek C. Abbott
Printed name

Morris, Nichols, Arsht & Tunnell LLP
Firm name

1201 North Market Street
Number Street

Wilmington DE 19899-1347
City State ZIP Code

(302) 351-9357
Contact phone

dabbott@morrisnichols.com
Email address

3376 DE
Bar number State

Official Form 201A (12/15)

[If debtor is required to file periodic reports (e.g., forms 10K and 10Q) with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and is requesting relief under chapter 11 of the Bankruptcy Code, this Exhibit "A" shall be completed and attached to the petition.]

[Caption as in Form 416B]

**Attachment to Voluntary Petition for Non-Individuals Filing for
Bankruptcy under Chapter 11**

1. If any of the debtor's securities are registered under Section 12 of the Securities Exchange Act of 1934, the SEC file number is 001-37880.

2. The following financial data is the latest available information and refers to the debtor's condition on 3/31/2023.

- a. Total assets \$ 79,793,000
- b. Total debts (including debts listed in 2.c., below) \$ 7,922,000
- c. Debt securities held by more than 500 holders

Approximate
number of
holders:

secured <input type="checkbox"/>	unsecured <input type="checkbox"/>	subordinated <input type="checkbox"/>	\$ <u>N/A</u>	<u>N/A</u>
secured <input type="checkbox"/>	unsecured <input type="checkbox"/>	subordinated <input type="checkbox"/>	\$ _____	_____
secured <input type="checkbox"/>	unsecured <input type="checkbox"/>	subordinated <input type="checkbox"/>	\$ _____	_____
secured <input type="checkbox"/>	unsecured <input type="checkbox"/>	subordinated <input type="checkbox"/>	\$ _____	_____
secured <input type="checkbox"/>	unsecured <input type="checkbox"/>	subordinated <input type="checkbox"/>	\$ _____	_____

- d. Number of shares of preferred stock N/A
- e. Number of shares common stock _____

Comments, if any: Subsequent to 3/31/2023, Novan issued additional shares of common stock, such
there are 31,297,493 shares of common stock and no shares of preferred stock outstanding as of
June 30, 2023

3. Brief description of debtor's business: Debtor is a medical dermatology company focused on
developing and commercializing innovative therapeutic products for skin diseases.

4. List the names of any person who directly or indirectly owns, controls, or holds, with power to vote,
 5% or more of the voting securities of debtor:
None

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

NOVAN, INC.,

Debtor.¹

Chapter 11

Case No. 23-____ (____)

**CORPORATE OWNERSHIP STATEMENT AND LIST OF EQUITY INTEREST
HOLDERS PURSUANT TO FED. R. BANKR. P. 1007(a)(1), 1007(a)(3), AND 7007.1**

Pursuant to Rules 1007(a)(1), 1007(a)(3), and 7007.1 of the Federal Rules of Bankruptcy Procedure, the above-captioned debtor and debtor in possession, to the best of its knowledge, information, and belief, hereby states that no parent corporation or publicly traded corporation owns 10 percent or more of its stock.

A list of Novan, Inc.'s equity interest holders names and the nature of their equity interests is attached hereto as **Exhibit A**.²

¹ The Debtor in this chapter 11 case, along with the Debtor's federal tax identification number (if applicable), is: Novan, Inc. (7682). The corporate headquarters and the mailing address for the Debtor is 4020 Stirrup Creek Drive, Suite 110, Durham, NC 27703.

² As of June 27, 2023.

EXHIBIT A**List of Novan, Inc.'s Equity Interest Holders**

Name	Equity Interest Held (%)
Cede & Co (Fast Account)	99.71
Robert J Keegan Trust U/A/D 11/13/2012 Robert Keegan Ttee	0.02
Robert A Ingram	0.02
Cynthia M Negley	0.02
Lawson A Rankin Jr & Gisele L Rankin Jt Ten	0.01
Gerald Negley Irrev Tr 10/28/10 Fbo Jacob & Joshua Negley Gwyn Chobot Ttee	0.01
Katie Hamilton	0.01
Equity Trust Company Custodian Fbo Christina Zadell	<0.01
Robert Ingram Irr Tr Fbo Brett Ingram Dtd 10/22/11 Santo Costa Ttee	<0.01
Robert Ingram Irr Tr Fbo Cameron Ingram Dtd 10/22/11 Santo Costa Ttee	<0.01
Robert Ingram Irr Tr Fbo Olivia Ingram Dtd 10/22/11 Santo Costa Ttee	<0.01
Earl R Wingo Jr	<0.01
George H Jordan Iii	<0.01
Brooke Carter Kelley	<0.01
Nicole Carter Mascia	<0.01
Brad Hurley & Jo Hurley Jt Ten	<0.01
Susanne Bauman	<0.01
Rhonda Hammer	<0.01
William A Clark	<0.01
Wryp Founders Fund	<0.01
Mark S Fradin	<0.01
Jian Bao	<0.01
Equity Trust Company Custodian Fbo Michael Brandon Poythress Ira	<0.01
Norbert Hiller	<0.01
Equity Trust Company Fbo Thomas Judy & Tucker Pa 401k Chris P Judy	<0.01
Cari Green	<0.01
W Kent Geer	<0.01
William T Caldwell	<0.01
Novan Inc Treasury Account	<0.01
Larry Fitzgerald Jr	<0.01
Ast Exchnage Agent Co# 21010 Novan Inc Old	<0.01
Amsams Llc	<0.01
Charles Achoa Jr Cust Natasha Achoa Ugma Ct	<0.01
Raymond Horace Johnson	<0.01
Equity Trust Company Custodian Fbo Lynn Easterling Ira	<0.01
Equity Trust Company Custodian Fbo Kelley L Wingo Ira	<0.01
Hermie Bundick	<0.01
Dana H Mahoney & Jody K Mahoney Jt Ten	<0.01
Jjt Capital Llc	<0.01
Raymond D Trevino	<0.01
Scott Griffin	<0.01
Gerald F Roach	<0.01
John L Jernigan	<0.01
Mark Patrick	<0.01
Marylee M Mokriss	<0.01
Julie Evans	<0.01
Matthew K Flynn	<0.01
Equity Trust Company Custodian Fbo Matthew Faucette Ira	<0.01

Kenneth M Markham	<0.01
Joseph V Iannone	<0.01
Andrew Ross	<0.01
David W Allen	<0.01
Frank Floyd Sr & Lela Floyd Ten Ent	<0.01
Jerry L Kent	<0.01
John Reister & Rebecca Riester Jt Ten	<0.01
Richard E Patton	<0.01
Susan R Murray	<0.01
The John R Thompson Revocable Trust Dtd 1/1/95 John R Thompson Ttee	<0.01
Torry J Holt	<0.01
2hc1h Investments Llc	<0.01
Diana West & Wl West Jt Ten	<0.01
Michael James Evans	<0.01
Dixie J Singer	<0.01
Ronald Edward Wright	<0.01
Equity Trust Company Fbo Thomas Judy & Tucker Pa 401k David W Tucker	<0.01
Matera Family Trust Dated 5/21/13 Katherine & Andrew Matera Ttees	<0.01
Christopher Blair Capel	<0.01
Carolyn Enloe	<0.01
Kimberly Mchale	<0.01
Samantha Bailey	<0.01
Nicholas Lemister	<0.01
Adam Sabouni	<0.01
Equity Trust Company Custodian Fbo Robert H Jackson	<0.01
James Michael Lay	<0.01
Caitlin Templin & Robert W Templin Jt Ten	<0.01
Ted Giuffrida	<0.01
Victoria Lucas	<0.01
Graham Settle	<0.01
Heather Durand	<0.01
Nt Investment Spv Llc	<0.01
Chad R France	<0.01
Equity Trust Company Custodian Fbo Earl R Wingo Ira	<0.01
Matthew Reynolds	<0.01
Jason Scoggin	<0.01
Joseph Campbell	<0.01
Kristin L Butler	<0.01
Robert H Jackson	<0.01
Katelyn Reighard	<0.01
Benjamin Croce	<0.01
Sara J Woodside	<0.01
Jason K Bundick	<0.01
Leah M Droddy	<0.01
Billy L Faucette	<0.01
Joyce T Faucette	<0.01
Jennifer Woodbury	<0.01
Equity Trust Company Fbo Thomas Judy & Tucker Pa 401k James K Tiller	<0.01
Ryan Doxey	<0.01
Geri Lail	<0.01
Joel Robert Nelson	<0.01
Beverly Larsen	<0.01
Cede & Co (Fast Account)	99.71

Robert J Keegan Trust U/A/D 11/13/2012 Robert Keegan Ttee	0.02
Robert A Ingram	0.02
Cynthia M Negley	0.02
Lawson A Rankin Jr & Gisele L Rankin Jt Ten	0.01
Gerald Negley Irrev Tr 10/28/10 Fbo Jacob & Joshua Negley Gwyn Chobot Ttee	0.01
Katie Hamilton	0.01
Equity Trust Company Custodian Fbo Christina Zadell	<0.01
Robert Ingram Irr Tr Fbo Brett Ingram Dtd 10/22/11 Santo Costa Ttee	<0.01
Robert Ingram Irr Tr Fbo Cameron Ingram Dtd 10/22/11 Santo Costa Ttee	<0.01

**RESOLUTIONS
OF THE BOARD OF DIRECTORS
OF NOVAN, INC.**

July 16, 2023

WHEREAS, the board of directors (the “Board”) of Novan, Inc., a corporation organized and existing under the laws of the State of Delaware (“Novan” or the “Company”), has reviewed and considered, among other things, the financial and operational condition of the Company;

WHEREAS, the Board has had the opportunity to consult with the management and legal and financial advisors of the Company to consider, and has considered, the strategic alternatives available to the Company;

WHEREAS, the Board has received, reviewed, and considered the recommendations of management of the Company and the Company’s legal, financial, and other advisors as to the relative risks and benefits of pursuing a bankruptcy proceeding, and has determined that it is desirable and in the best interests of the Company and its interest holders, creditors, and other interested parties that a voluntary petition (the “Petition”) be filed by the Company under the provisions of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”);

WHEREAS, the Company has received, reviewed, considered and intends to enter into (i) that certain superpriority debtor in possession loan and security agreement, substantially on the terms presented to the Board (the “DIP Credit Agreement” and, together with the other Loan Documents, the “DIP Documents”), on or around the date hereof, by and among Novan and EPI Health, LLC, a South Carolina limited liability company, (“EPI, and together with Novan, each, a “Borrower” and, collectively, the “Borrowers”) and Ligand Pharmaceuticals, Incorporated, a Delaware corporation (together with its successors and assigns, “Lender”) on the terms and subject to the conditions expressly set forth in the DIP Documents and (ii) that certain Asset Purchase Agreement, substantially on the terms presented to the Board (the “Stalking Horse Agreement” and, together with the documents contemplated by the Stalking Horse Agreement and with the DIP Documents and the DIP Order (as defined below), the “Transaction Documents”), by and among the Borrowers and Lender;

WHEREAS, after consultation with its counsel and financial advisors, the Board believes that it is advisable and in the best interests of the Company to enter into, deliver and perform its obligations under the Transaction Documents. Unless otherwise defined herein, capitalized terms used herein shall have the respective meanings assigned to them in the DIP Credit Agreement; and

WHEREAS, the Board has determined, in its business judgment, that the adoption of the following resolutions is advisable and in the best interests of the Company, its interest holders, creditors, and its other parties in interest.

NOW THEREFORE, it is hereby,

I. The Bankruptcy Cases

RESOLVED that the filing by the Company of the Petition in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) be, and hereby is, authorized, approved, confirmed and adopted in all respects; and it is further

RESOLVED, that any officer of the Company (each, an “Authorized Officer”), acting individually or jointly, be, and each hereby is, authorized, empowered, and directed, with full power of delegation, to negotiate, execute, verify, deliver, and file with the Bankruptcy Court, in the name and on behalf of the Company, and under its corporate seal or otherwise, all petitions, schedules, statements, motions, lists, applications, pleadings, papers, affidavits, declarations, orders, plans, and other documents (collectively, the “Chapter 11 Filings”) (with such changes therein and additions thereto as any such Authorized Officer may deem necessary, appropriate or advisable, the execution and delivery of any of the Chapter 11 Filings by any such Authorized Officer with any changes thereto to be conclusive evidence that any such Authorized Officer deemed such changes to meet such standard); and it is further

RESOLVED, that any Authorized Officer, in the case, acting individually or jointly, be, and each hereby is, authorized, empowered, and directed, with full power of delegation, in the name and on behalf of the Company, to take and perform any and all further acts and deeds that such Authorized Officer deems necessary, appropriate, or desirable in connection with the Company’s chapter 11 case or the Chapter 11 Filings, including, without limitation, (i) the payment of fees, expenses, and taxes such Authorized Officer deems necessary, appropriate, or desirable, and (ii) negotiating, executing, delivering, performing, and filing any and all additional documents, schedules, statements, lists, papers, agreements, certificates, and/or instruments (or any amendments or modifications thereto) in connection with, or in furtherance of, the Company’s chapter 11 case with a view to the successful prosecution of such chapter 11 case (such acts to be conclusive evidence that such Authorized Officer deemed the same to meet such standard); and it is further

RESOLVED, that any Authorized Officer, and each of them, acting either individually or jointly, are hereby authorized, empowered, and directed, in the name and on behalf of the Company, to retain Morris, Nichols, Arsht & Tunnell LLP, as bankruptcy counsel; Sierra Constellation Partners, LLC, as financial advisor; Raymond James and Associates, as investment banker; Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, L.L.P., as special counsel to the Company; and Kurtzman Carson Consultants LLC, as claims agent, on such terms as any Authorized Officer shall deem necessary, appropriate, or desirable and subject to any required approvals of the Bankruptcy Court; and it is further

RESOLVED, that, with respect to the Company, any Authorized Officer, any one of whom may act without the joinder of any of the others, with the exception of any potential transaction, hereby is authorized, empowered, and directed, with full power of delegation, in the name and on behalf of the applicable Company, to take and perform any and all further acts or

deeds, including, but not limited to (i) the engagement or retention of such further accountants, counsel, consultants, or advisors; (ii) the negotiation of such additional agreements, amendments, modifications, supplements, reports, documents, instruments, applications, notes, or certificates not now known but which may be required; (iii) the execution, delivery, and filing (if applicable) of any of the foregoing; and (iv) the payment of all fees, consent payments, taxes, and other expenses; all of the foregoing, as any such Authorized Officer, in his or her sole discretion, may approve or deem necessary, appropriate or desirable in order to carry out the intent and accomplish the purposes of the foregoing resolutions and the transactions contemplated thereby, with all of such actions, executions, deliveries, filings, and payments to be conclusive evidence of such approval or that such Authorized Officer deemed the same to meet such standard; and it is further

RESOLVED, that any and all past actions heretofore taken by any Authorized Officer in the name and on behalf of the Company in furtherance of any or all of the preceding resolutions be, and the same hereby are, ratified, confirmed, and approved in all respects; and it is further

II. The Transaction Documents

RESOLVED, that the Company will obtain benefits, which are necessary and convenient to the conduct, promotion, and attainment of the business of such Company, from (a) the use of collateral, including cash collateral, as that term is defined in section 363(a) of the Bankruptcy Code (the “Cash Collateral”), which is security the Prepetition Secured Lender, and (b) the incurrence of debtor-in-possession financing obligations by entering into the DIP Credit Agreement (such financing obligations, the “DIP Financing”);

RESOLVED, that in order to use and obtain the benefits of the DIP Financing and Cash Collateral, in accordance with section 363 of the Bankruptcy Code, the Company will provide certain adequate protection to the secured parties (the “Adequate Protection Obligations”), as documented in a proposed order in interim and final form (the “DIP Order”) to be submitted for approval to the Bankruptcy Court;

RESOLVED, that (i) the terms and provisions of each Transaction Document (including the DIP Credit Agreement and the other DIP Documents), including, without limitation, any exhibits, appendices and schedules thereto, all transactions contemplated thereby and all actions taken by the Authorized Officer(s) in connection therewith, and any certificates, consents, compliance certificates, joinder agreements and other documents or instruments of any kind substantially on the terms presented to the Board, with such modifications, amendments, or changes thereto as the Authorized Officers may approve, such approval to be conclusively established by the execution and delivery of such Transaction Documents, (ii) the issuance of the Loans and the completion of each other aspect of the transactions contemplated under the DIP Documents that are consistent with these resolutions and (iii) all documents evidencing any necessary authorizations of any governmental authority or any other necessary consents, approvals, authorizations, notices, filings or actions involving or affecting the Company with respect to the Loan Documents, be, and hereby are, authorized, approved and ratified in all respects with such modifications, changes, additions and deletions thereto as may be approved or deemed necessary, desirable, convenient, advisable or appropriate by an Authorized Officer executing the

same, the execution thereof by such Authorized Officer to be conclusive evidence of such approval, necessity, desirability, convenience, advisability or appropriateness; and it is further

RESOLVED, that the Company, as debtor and debtor in possession under the Bankruptcy Code be, and hereby is, authorized to incur the Adequate Protection Obligations and to undertake any and all related transactions on substantially the same terms as contemplated under the DIP Documents, including the granting of liens on substantially all of its assets to secure such obligations;

RESOLVED, that the execution and delivery of each Transaction Document (including the DIP Credit Agreement and other DIP Documents) and the performance by the Company of its obligations thereunder, including the granting, ratification or reaffirmation of any security interest in the Collateral, mortgage or lien, or the provision of any guarantee, as applicable, in each case, as contemplated by or in connection with the DIP Credit Agreement, the other DIP Documents and the other Transaction Documents, hereby are expressly authorized, adopted, confirmed, ratified and approved, and such approval is intended to and shall constitute all authorization and approval required by the Board; and the Company hereby is, authorized and directed to execute, deliver, record, and file all agreements, statements, and other documents necessary to create and perfect such security interest in favor of Ligand, as called for by the Loan Documents; and it is further

RESOLVED, that each of the Authorized Officers be, and they hereby are, authorized to execute, deliver and perform, or cause to be executed, delivered and performed, as applicable from time to time, in the name of and on behalf of the Company, the DIP Credit Agreement and various other DIP Documents, including agreements, instruments, questionnaires, papers or writings, as such Authorized Officer determines are necessary, convenient, advisable, appropriate or desirable to effect execution, delivery and performance of the DIP Credit Agreement and the transactions contemplated thereunder as intended by these resolutions, including but not limited to, any UCC financing statements and other instruments, stock powers, bond powers, unit powers, powers of attorney, side letters, notary letters, allonges, waivers, documents, certificates, consents, assignments, notices, affidavits, certificates of officers (including secretary's certificates) and other certificates, control agreements, intellectual property grants, guarantees, pledge agreements and other pledge documents, security agreements and other security documents, ratification agreements and agreements contemplated thereby or executed and delivered in connection therewith, in each case, with such changes, additions, modifications, and terms as the Authorized Officer(s) executing the DIP Documents shall approve, with such Authorized Officer's execution thereof to be deemed conclusive evidence of such approval, and in each case and in connection therewith, with all amendments, amendments and restatements, supplements, renewals, extensions, modifications, substitutions and replacements thereof and each other agreement now existing or hereafter created providing collateral security for payment or performance of the obligations thereunder; and it is further

RESOLVED, that each of the Authorized Officers are hereby authorized, directed and empowered, for and on behalf of and in the name of the Company to assign, hypothecate, set over, grant security interests in or grant a continuing security interest in, mortgage or pledge any or all of the assets and properties of the Company, real, personal or mixed, tangible or intangible,

now owned or hereafter acquired, and all proceeds of the foregoing, to Lender as security for the obligations under the DIP Credit Agreement and the other DIP Documents; and it is further

RESOLVED, that to the extent that the approval of the Company in its capacity as a stockholder, shareholder, equity holder, managing member, sole member, general partner, limited partner or member of any person is required for the Company or any such other person to execute, deliver and perform any of its obligations (including the grant of a lien on its assets) under the DIP Credit Agreement, or the other DIP Documents, the other Transaction Documents, the Company hereby consents thereto; and it is further

RESOLVED, that the Board, having reviewed the key economic and legal terms of the Stalking Horse Agreement, whereby the Borrowers agree to sell the Purchased Assets (as defined in the Stalking Horse Agreement) under section 363 of the Bankruptcy Code (the "Sale"), subject to the terms and conditions set forth therein and the bidding procedures established by the Bankruptcy Court, hereby determines that the Sale and the other transactions contemplated by the Stalking Horse Agreement are advisable and in the best interests of Novan and its shareholders and other stakeholders; and it is further

RESOLVED, that the terms and provisions of (i) the Stalking Horse Agreement, with such changes therein and additions thereto as the Authorized Officers executing the same shall approve, the execution thereof by an Authorized Officer to be deemed conclusive evidence of such approval, and (ii) the other sale documents including, without limitation, any exhibits, appendices and schedules thereto, all transactions contemplated thereby and all actions taken by the Authorized Officer in connection therewith be, and hereby are, authorized, approved and ratified in all respects with such modifications, changes, additions and deletions thereto as may be approved or deemed necessary, desirable, convenient, advisable or appropriate by an Authorized Officer executing the same, the execution thereof by such Authorized Officer to be conclusive evidence of such approval, necessity, desirability, convenience, advisability or appropriateness; and it is further

RESOLVED, that the execution and delivery of the Stalking Horse Agreement and the other sale documents, and the performance by Novan of its obligations thereunder, hereby are expressly authorized, adopted, confirmed, ratified and approved, and such approval is intended to and shall constitute all authorization and approval required by the Board; and it is further

RESOLVED, that each of the Authorized Officers is authorized to make, execute, file and deliver any and all consents, certificates, documents, instruments, amendments, papers or writings as may be required in connection with or in furtherance of any of the foregoing, and to do any and all other acts necessary or desirable to effectuate the foregoing resolutions, the execution and delivery thereof by such Authorized Officer(s) to be deemed conclusive evidence of the approval by the Company of the terms, provisions and conditions thereof; and it is further

RESOLVED, that any and all past actions heretofore lawfully taken by any Authorized Officer, or any other officers, directors, members or any authorized persons acting under similar authority, as the case may be, of the Company or the Board, in the name and on

behalf of the Company in furtherance of any or all of the preceding resolutions are hereby ratified, confirmed, adopted and approved in all respects; and it is further

III. Miscellaneous

RESOLVED, that each of the Authorized Officers is authorized to make, execute, file and deliver any and all consents, certificates, documents, instruments, amendments, papers or writings as may be required in connection with or in furtherance of any of the foregoing, and to do any and all other acts necessary or desirable to effectuate the foregoing resolutions, the execution and delivery thereof by such Authorized Officer(s) to be deemed conclusive evidence of the approval by the Company of the terms, provisions and conditions thereof; and it is further

RESOLVED, that any and all actions previously taken by the Company or any of its officers in connection with the documents, transactions and actions contemplated by the foregoing resolutions hereby are adopted, ratified, confirmed and approved in all respects as the acts and deeds of the Company, including, without limitation, the incurrence of customary fees, expenses and filing fees in connection therewith, and in connection with negotiating and obtaining any required third party consents or governmental clearances or approvals; and it is further

RESOLVED, that, each of the lawful acts of the Authorized Officers taken prior to the date hereof in connection with or related to the matters set forth in or reasonably contemplated or implied by the foregoing resolutions be, and each of them hereby is, ratified, approved, adopted and confirmed in all respects as if each such act had been presented to and approved by the Board prior to being taken; and it is further

RESOLVED, that, the Authorized Officers are, and each individually hereby is, authorized and empowered, to certify and furnish such copies of these resolutions and such statements as to the incumbency of the Authorized Officers, under corporate seal if necessary, as may be requested, and any person receiving such certified copy is and shall be authorized to rely upon the contents thereof; and it is further

RESOLVED, that Board's consent to these resolutions may be delivered electronically, including without limitation by electronic mail or in pdf format, and such execution shall be considered valid, binding and effective for all purposes; and it is further

RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized and empowered to prepare, execute and file, or cause to be prepared, executed and filed, all reports, schedules, statements, documents and information required to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, including, without limitation, reports relating to certain current events on Form 8-K; and it is further

RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized, empowered and directed to pay all qualification, filing, legal and other expenses incurred in connection with any of the foregoing resolutions; and it is further

The Corporate Secretary of the Company certifies that the foregoing resolutions were adopted by the Board at a duly convened meeting.

DocuSigned by:

8BAA2FE50E1D47D

John M. Gay, Corporate Secretary

Fill in this information to identify the case:

Debtor name Novan, Inc

United States Bankruptcy Court for the: _____ District of Delaware
(State)

Case number (if known): 23 - _____

Check if this is an amended filing

Official Form 204

Chapter 11 or Chapter 9 Cases: Consolidated List of Creditors Who Have the 30 Largest Unsecured Claims and Are Not Insiders

12/15

A list of creditors holding the 30 largest unsecured claims must be filed in a Chapter 11 or Chapter 9 case. Include claims which the debtor disputes. Do not include claims by any person or entity who is an *insider*, as defined in 11 U.S.C. § 101(31). Also, do not include claims by secured creditors, unless the unsecured claim resulting from inadequate collateral value places the creditor among the holders of the 30 largest unsecured claims.

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of unsecured claim		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
1	Truveris, Inc 2 Park Ave Suite 1500, New York, NY, 10016	Ryan McGrath rmcgrath@truveris.com	Trade	Unliquidated			\$5,912,880.00
2	CVS Pharmacy, Inc. One CVS Drive, Woonsocket, RI, 02895	John Ketdy John.Ketdy@CVSHealth.com	Trade	Liquidated			\$5,073,421.29
3	Emisar Pharma Services, LLC 9900 Bren Rd E, Minnetonka, MN, 55343	Heather Klein heather.klein@optum.com	Trade	Liquidated			\$4,670,994.75
4	Ascent Health Services LLC 1209 Orange Street, Wilmington, DE, 19801	Pamela J. Higgins PJStrong@express-scripts.com	Trade	Liquidated			\$2,325,835.43
5	Aclaris Therapeutics Inc 640 Lee Road, Suite 200, Wayne, PA, 19087	Meghan Dunsmore mdunsmore@aclaristx.com	Trade	Liquidated			\$1,129,502.04
6	Evening Post Group LLC 174 Meeting Street Suite 200 Charleston, SC 29401		Contractual	Liquidated			\$1,000,000.00
7	Ligand Pharmaceuticals, Inc 3911 Sorrento Valley Boulevard, Suite 110 San Diego, CA 92121	Craig Wolfe craig.wolfe@morganlewis.com	Contractual	Liquidated			\$1,000,000.00
8	MC2 Therapeutics Ltd.	James House, Emlyn Lane, Leatherhead-KT22 7EP, GB	Contractual	Liquidated			\$654,052.00

Debtor Name Novan, Inc

Case Number _____

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim (for example, trade debts, bank loans, professional services, and	Indicate if claim is contingent, unliquidated, or disputed	Amount of unsecured claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
9	Clarkston-Potomac Group, Inc. 2655 Meridian Parkway, Durham, NC, 27713	Traigh Groover 919-484-4400 TGroover@clarkstonconsulting.com	Professional Services	Liquidated			\$410,050.00
10	CVS Health Corporation One CVS Drive, Woonsocket, RI, 02895	Michael Harada Michael.Harada@CVSHealth.com	Trade	Liquidated			\$306,349.22
11	Dr. Reddy's Laboratories Ltd. 8-2-337, Banjara Hills, Hyderabad, 500034	Catherine K. Fan 609-651-6827 ckejianfan@drreddys.com	Trade	Liquidated			\$275,770.00
12	DPT Laboratories, LTD 307 E Josephine, San Antonio, TX, 78215	Irene Gómez 201-223-3281 Irene.Gomez@viatris.com	Trade	Liquidated			\$262,934.29
13	Syneos Health Commercial Services, LLC 500 Atrium Drive, Somerset, NJ, 08873	Vandana Singh (866) 462-7373 vandana.singh@syneoshealth.com	Professional Services	Liquidated			\$201,164.61
14	SAP America, Inc. PO Box 734595, Chicago, IL, 60673- 4595	Juan Ignacio Bide (484) 422-3917 juan.bide@sap.com	Trade	Liquidated			\$184,677.02
15	IQVIA, Inc PO Box 8500-784290, Philadelphia, PA, 19178-4290	Lillian Gonzalez lillian.gonzalez@iqvia.com	Trade	Liquidated			\$171,470.51
16	Ernst & Young US LLP P.O. Box 933514, Atlanta, GA, 31193-3514	Mallory E. Owens (919) 981-2912 Mallory.Owens@ey.com	Professional Services	Liquidated			\$166,416.25
17	BDO USA, LLP 770 Kenmoor SE, Grand Rapids, MI, 49546	Valerie Bowen (919) 754-9370 vbowen@bdo.com	Professional Services	Liquidated			\$151,840.00
18	Orion Corporation Orionintie 1A, Espoo, 02200	K.C. Ramesh Ramesh.K.c@orion.fi	Trade	Liquidated			\$146,792.81
19	Allergan Sales, LLC. 5 Giralda Farms, Madison, NJ, 07940	Debbie Huang debbie.huang@allergan.com	Trade	Liquidated			\$124,670.76
20	Doe & Ingalls Bank of America Lockbox Services, College Park, GA, 30349	Christina McClure (919) 414-1554 christina.mcclure@thermofisher.com	Trade	Liquidated			\$119,283.69

Debtor Name Novan, IncCase Number 23 -

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim (for example, trade debts, bank loans, professional services, and	Indicate if claim is contingent, unliquidated, or disputed	Amount of unsecured claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
21	Splice Agency, LLC 1250 45th Street, Suite #250, Emeryville, CA, 94608	Matt Champagne mchampagne@fingerpaint.com	Professional Services	Liquidated			\$108,807.69
22	Commissioning Agents, Inc 2601 Fortum Circle East, Suite 301B, Indianapolis, IN, 46241	(317) 271-6082 Ext. 0000 accountsreceivable.americas@cagents.com	Trade	Liquidated			\$95,610.28
23	Tergus Pharma 4018 Stirrup Creek Drive, Durham, NC, 27703	(919) 549-9700 Ext. 0000 RMorgan@TergusPharma.com	Trade	Liquidated			\$95,100.54
24	Lahlouh, Inc. 1649 Adrian Road, Burlingame, CA, 94010	John Brennan 650-692-6600 John.Brennan@lahlouh.com	Professional Services	Liquidated			\$92,075.80
25	Ashfield Market Access, LLC 1100 Virginia Drive, Fort Washington, PA, 19034	Andrew Keefer Andrew.Keefer@inizio.health	Trade	Unliquidated			\$90,112.92
26	Broadridge ICS P.O. BOX 416423, Boston, MA, 02241-6423	(631) 254-7422 Ext. 0000 michelle.nunnelley@broadridge.com	Trade	Liquidated			\$85,256.85
27	PPD Development, L.P. 26361 Network Place, Chicago, IL, 60673-1263	Jill Melland 608-203-3170 Jill.Melland@ppd.com	Trade	Liquidated			\$82,239.59
28	Actalent Services, LLC 2625 S Plaza Drive, Tempe, AZ, 85282	Ryan Mulrooney (480) 426-6338 rmulrooney@actalentservices.com	Trade	Liquidated			\$81,560.00
29	American Brazilian Export Resources, Inc 111 Northfield Ave, Suite 312, West Orange, NJ, 07052	sydney.hirschberg@ambertube.com	Trade	Liquidated			\$68,468.20
30	Barry Wehmiller Design Group 1121 Situs Court, Suite 290, Raleigh, NC, 27606	Kelly Ives (919) 395-1865 Kelly.Ives@BWDesignGroup.com	Professional Services	Liquidated			\$66,560.00

Fill in this information to identify the case and this filing:

Debtor Name Novan, Inc
 United States Bankruptcy Court for the: _____ District of Delaware
(State)
 Case number (If known): _____

Official Form 202

Declaration Under Penalty of Perjury for Non-Individual Debtors

12/15

An individual who is authorized to act on behalf of a non-individual debtor, such as a corporation or partnership, must sign and submit this form for the schedules of assets and liabilities, any other document that requires a declaration that is not included in the document, and any amendments of those documents. This form must state the individual's position or relationship to the debtor, the identity of the document, and the date. Bankruptcy Rules 1008 and 9011.

WARNING -- Bankruptcy fraud is a serious crime. Making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

Declaration and signature

I am the president, another officer, or an authorized agent of the corporation; a member or an authorized agent of the partnership; or another individual serving as a representative of the debtor in this case.

I have examined the information in the documents checked below and I have a reasonable belief that the information is true and correct:

- Schedule A/B: Assets—Real and Personal Property* (Official Form 206A/B)
- Schedule D: Creditors Who Have Claims Secured by Property* (Official Form 206D)
- Schedule E/F: Creditors Who Have Unsecured Claims* (Official Form 206E/F)
- Schedule G: Executory Contracts and Unexpired Leases* (Official Form 206G)
- Schedule H: Codebtors* (Official Form 206H)
- Summary of Assets and Liabilities for Non-Individuals* (Official Form 206Sum)
- Amended Schedule _____
- Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 30 Largest Unsecured Claims and Are Not Insiders* (Official Form 204)
- Other document that requires a declaration Corporate Ownership Statement, List of Equity Security Holders

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 07/17/2023
MM / DD / YYYY

X

/s/ Paula Brown Stafford

Signature of individual signing on behalf of debtor

Paula Brown Stafford

Printed name

Chief Executive Officer

Position or relationship to debtor