



Novan Announces Closing of Offering of Common Stock and Warrants

January 11, 2018

MORRISVILLE, N.C., Jan. 11, 2018 (GLOBE NEWSWIRE) -- Novan, Inc. (the "Company" or "Novan") (NASDAQ:NOVN) today announced that it has closed its previously announced underwritten public offering. The terms of the completed offering are consistent with the terms which were outlined in the Company's press release on January 5, 2018.

The net proceeds to the Company from this offering are expected to be approximately \$35.2 million, after deducting underwriting discounts and commissions and other estimated offering expenses payable by the Company, and excluding any proceeds the Company may receive upon exercise of the Warrants.

With the proceeds from the offering and existing cash, the Company plans to fund research and development programs primarily in the fields of virology and immunology totaling approximately \$27.0 million, including the advancement of clinical-stage SB206 topical antiviral and SB414 topical anti-inflammatory programs and the expansion of the antiviral program for treatment of neoplasias caused by high-risk HPV infections, as well as for existing and future product candidates in other fields. The balance is expected to be used for general corporate purposes, including general and administrative expenses, capital expenditures and working capital.

Piper Jaffray & Co. acted as the sole manager for the offering.

The offering was made by Novan pursuant to a shelf registration statement filed by Novan with the Securities and Exchange Commission ("SEC") that became effective on October 10, 2017. A final prospectus supplement related to the offering was filed with the SEC and is available on the SEC's website located at <http://www.sec.gov>. Copies of the final prospectus supplement and the accompanying prospectus related to this offering may be obtained from Piper Jaffray & Co., by mail at Attention: Prospectus Department, 800 Nicollet Mall, J12S03, Minneapolis, MN 55402, by telephone at (800) 747-3924 or by email at prospectus@pjc.com.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, any security in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such state or other jurisdiction.

About Novan

Novan, Inc. is a clinical-stage biotechnology company focused on leveraging nitric oxide's natural antiviral and immunomodulatory mechanisms of action to treat dermatological and oncovirus-mediated diseases. We believe that our ability to conveniently deploy nitric oxide in a solid form, on demand and in localized formulations allows us the potential to significantly improve patient outcomes in a variety of diseases.

Forward-Looking Statements

This press release contains forward-looking statements including, but not limited to, statements related to expectations about the use of proceeds from a public offering. Forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from our expectations, including, but not limited to, uncertainties and risks in the clinical development process, including, among others, length, expense, ability to enroll patients, reliance on third parties, and outcomes of our current clinical trials and future preclinical studies and clinical trials, including the timing of initiation of such trials and availability of data from such trials, and that results of earlier research and preclinical or clinical trials may not be predictive of results, conclusions or interpretations of later research or trials; the lengthy and unpredictable nature of the U.S. Food and Drug Administration's drug approval process; whether we will be able to enter into strategic arrangements or obtain adequate funding to support our operations and initiatives on acceptable terms, or at all; and other risks and uncertainties described in our annual report filed with the SEC on Form 10-K for the twelve months ended Dec. 31, 2016, and in our subsequent filings with the SEC. These forward-looking statements speak only as of the date of this press release, and Novan disclaims any intent or obligation to update these forward-looking statements to reflect events or circumstances after the date of such statements, except as may be required by law.

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