Novan and Sato Advance Japan Market and Dermatology Partnership

- **Dr. Elizabeth Messersmith named chairperson of the Sato and Novan Joint Committee**
- **Simultaneous clinical development progress for SB206 in Japan and US underway**
- **Novan receives second installment of $4.5 million under the SB206 Japan license agreement**

MORRISVILLE, N.C., March 19, 2019 (GLOBE NEWSWIRE) -- Novan, Inc. ("the Company" or "Novan") (Nasdaq:NOVN) today announced that the Company has named Dr. Elizabeth Messersmith, the Company's Senior Vice President and Chief Development Officer, the chairperson of the Joint Committee responsible for overseeing the Company's alliance with Sato Pharmaceutical Co., Ltd. ("Sato"). Dr. Carri Geer, Senior Vice President and Chief Technology Officer, and Dr. Tomoko Maeda-Chubachi, Vice President of Medical Dermatology, serve alongside Dr. Messersmith on the Joint Committee, in addition to three senior members from Sato.

"Our relationship with Sato has been important to our strategy and we value our partnership in advancing the development of SB206 for molluscum. The indication is a high priority given the significant unmet need for a take home, topical treatment in both Japan and the US," commented Dr. Messersmith. "We look forward to building our partnership further."

The simultaneous advancement of SB206 development programs for molluscum, in the respective territories has reached important thresholds. As the Company recently announced, Novan received the end-of-Phase 2 meeting minutes for molluscum from the U.S. Food and Drug Administration (the "FDA") and is targeting initiation of pivotal Phase 3 trials in the second quarter of 2019, subject to obtaining additional financing or strategic partnering. In parallel, Novan is assisting the Sato team with their Japan development program to be initiated.

Lastly, as part of its license agreement with Sato, signed in October 2018, Novan has received a payment of approximately $4.5 million. This payment from Sato is the second installment of the 1.25 billion JPY(approximately $11 million) upfront payment due as part of the expanded licensing agreement for SB206 for the treatment of viral skin infections. Under the amended agreement, Novan is entitled to receive additional development and sales-based milestones, and a tiered royalty ranging from mid-single digits to low double-digit percentage of net sales for SB206 and SB204 in Japan, subject to a reduction in the royalty under certain circumstances.

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.

About Sato

Sato Pharmaceutical Co., Ltd., operating under it's corporate philosophy of "Healthcare Innovation", is a pharmaceutical company that provides effective, safe, and high-quality products for practicing selfcare, while always keeping the health of its customers in mind. In addition to its main consumer healthcare business, Sato Pharmaceutical also develops and provides highly original products primarily in the field of dermatology.

Forward-Looking Statements

This press release contains forward-looking statements including, but not limited to, statements related to pharmaceutical development of nitric oxide-releasing product candidates, our intention to advance development of certain product candidates, including SB206 for the treatment of molluscum, which is subject to our ability to obtain additional financing or enter into strategic relationships to enable such development, and the future prospects of our business and our product candidates. 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, our ability to obtain substantial additional funding on a timely basis in order to sustain operations and for the further advancement and development of our product candidates; our ability to identify and enter into strategic relationships or other business development opportunities for the further development and potential commercialization of our product candidates and support thereof; risks and uncertainties in the clinical development process, including, among others, length, expense, ability to enroll patients, reliance on third parties, and that results of earlier research and preclinical or clinical trials may not be predictive of results, conclusions or interpretations of later research activities or additional trials; risks related to the regulatory approval process, which is lengthy, time-consuming and inherently unpredictable; risks associated with relying on third parties for the manufacture of drug product for clinical trials; risks associated with commercialization of our products, if approved; and other risks and uncertainties described in our annual report filed with the SEC on Form 10-K for the twelve months ended December 31, 2017, 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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