GOODWIN

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Goodwin Procter LLP
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620 Eighth Avenue
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Re: *Recommendation that General Unsecured Creditors Vote to **Accept** the Plan of NVN Liquidation, Inc., et al. f/k/a Novan, Inc., Case No. 23-10937 (LSS) (Bankr. D. Del.)*

General Unsecured Creditors:

The Official Committee of Unsecured Creditors (the "Committee") is the statutory fiduciary representative of general unsecured creditors of the Debtors.[1] The Committee was appointed by the Office of the United States Trustee, a division of the United States Department of Justice.

For the reasons set forth below, the Committee recommends that general unsecured creditors vote to **ACCEPT** the *Combined Disclosure Statement and Chapter 11 Plan of Liquidation Proposed by the Debtors* (the "Plan") filed at docket number 438.[2]

Under the Plan, holders of Allowed Class 3 NVN Unsecured Claims[3] and Allowed Class 4 EPI Unsecured Claims will receive their pro rata share of a distribution from a liquidating trust. The liquidating trust shall be funded with: (a) all of the Debtors' remaining Cash; (b) all Retained Causes of Action; (c) all rights of setoff, recoupment, and other defenses against Claims; (d) all Debtors' rights under the Asset Purchase Agreements and any other documents related to the Sale; (e) all Debtors' bank accounts; (f) all documents, communications and information of the Debtors; and (g) any other assets not sold pursuant to the Sale Orders, if any, existing immediately prior to the Effective Date. A further description of the Liquidating Trust Assets is provided for in Section 9.3 of the Plan.

The Committee believes that the Plan represents the best possible outcome for Allowed General Unsecured Creditors to receive a recovery in these cases. Accordingly, the Committee supports the Debtors' Plan and urges you to vote to accept the Plan.

Projected recoveries for General Unsecured Creditors are as follows and are further described in Section 2.1 of the Plan:

- Class 3 NVN Unsecured Claims: 1-2% Recovery
- Class 4 EPI Unsecured Claims: 15-20% Recovery

The Committee believes the Allocation Settlement described in Section 9.2 of the Plan that resulted in these recovery percentages represents a fair division between the Class 3 NVN Unsecured Claims and Class 4 EPI Unsecured Claims. Failure of either class to vote in favor of the Plan will likely result in decreased recoveries.

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[1] The Debtors in these chapter 11 cases, along with the last four digits of the Debtors' federal tax identification number (if applicable), are: NVN Liquidation, Inc., (f/k/a Novan, Inc.) (7682) and EPI Health, LLC (9118). The corporate headquarters and the mailing address for the Debtors is P.O. Box 64, Pittsboro, NC 27312.

[2] The Plan can be accessed online at no charge on the Debtors' case website (https://www.kccllc.net/Novan).

[3] Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Plan.

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Before voting, all creditors are strongly urged to carefully read and review the Plan, including the discussion of the risk factors in Article V of the Plan. The disclosure statement included within the Plan provides extensive information with respect to the treatment of unsecured creditors and we encourage you to review the Plan carefully before you cast a vote to accept or reject the Plan.

Please direct any questions or inquiries on this letter to counsel for the Committee, Goodwin Procter LLP and Womble Bond Dickinson (US) LLP whose information is listed below.

Based on the provisions benefiting general unsecured creditors under the Plan, the Committee recommends that you vote to **ACCEPT the Plan by the voting deadline of 4:00 p.m. (ET) on January [19], 2024** and timely return your executed ballot as directed on the ballot.

Sincerely,

The Official Committee of Unsecured Creditors

Goodwin Procter LLP, Lead Counsel to the Committee

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