IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	
	)	Chapter 11
NVN Liquidation, Inc., *et al*.,	)	
f/k/a NOVAN, INC.,[1]	)	Case No. 23-10937 (LSS)
	)	
Debtors.	)	(Jointly Administered)
	)	
	)	

NOTICE OF NON-VOTING STATUS

On November 22, 2023, the above-captioned debtors and debtors in possession (the "Debtors") filed the *Combined Disclosure Statement and Chapter 11 Plan of Liquidation Proposed by the Debtors* [D.I. 459, as amended] (as may be amended, modified, or supplemented, the "Disclosure Statement and Plan").[2] The Disclosure Statement and Plan explains the Debtors' plan of liquidation and has been approved on an interim basis by order of the United States Bankruptcy Court for the District of Delaware (the "Court") [D.I. 476] (the "Interim Approval and Procedures Order") for use by the Debtors in soliciting acceptances or rejections to the Disclosure Statement and Plan from Holders of Impaired Claims entitled to receive Distributions under the Disclosure Statement and Plan.

UNDER THE TERMS OF THE COMBINED DISCLOSURE STATEMENT AND PLAN, YOUR CLAIM(S) AGAINST AND/OR INTEREST(S) IN THE DEBTORS IS (ARE) NOT ENTITLED TO VOTE ON THE PLAN. **CLAIMS IN CLASS 1 (OTHER PRIORITY CLAIMS) AND CLAIMS IN CLASS 2 (OTHER SECURED CLAIMS) ARE UNIMPAIRED AND DEEMED TO ACCEPT THE PLAN. CLAIMS IN CLASS 5 (SUBORDINATED CLAIMS) AND CLASS 6 (EQUITY INTERESTS) *ARE IMPAIRED AND DEEMED TO REJECT THE PLAN***. IF YOU HAVE ANY QUESTIONS ABOUT THE STATUS OF YOUR CLAIM OR INTEREST YOU SHOULD CONTACT KCC (THE "VOTING AGENT") BY EMAIL AT **NOVANINFO@KCCLLC.COM** OR BY TELEPHONE AT (888) 251-2954 (DOMESTIC) OR (310) 751-2614 (FOR PARTIES OUTSIDE THE U.S. AND CANADA).

The categories of Claims and Interests set forth in the Disclosure Statement and Plan can be found in the following chart:

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

[2] Capitalized terms used but not otherwise defined shall have the meanings ascribed to them in the combined Disclosure Statement and Plan.

Class	Plan Treatment	Status	Projected Recovery	Estimated Amount
Class 1: Other Priority Claims	Each Holder of an Allowed Class 1 Claim shall receive Cash in an amount equal to the unpaid portion of such Allowed Other Priority Claim.	Unimpaired Not entitled to vote Deemed to accept Plan	100%	$300,000-$400,000
Class 2: Other Secured Claims	Each Holder of an Allowed Class 2 Claim shall receive, at the option of the Debtors, as applicable: (i) Cash in an amount equal to the Allowed amount of such Claim; (ii) reinstatement of such Holder's Allowed Other Secured Claim; (iii) such other treatment sufficient to render such Holder's Allowed Other Secured Claim Unimpaired; or (iv) return of the applicable collateral in satisfaction of the Allowed amount of such Other Secured Claim.	Unimpaired Not entitled to vote Deemed to accept Plan	100%	$1,500,000-$1,900,000[3]
Class 3: NVN Unsecured Claims	**If Class 3 accepts this Plan (i.e., 66 2/3% in claim amount and majority in number),** each Holder of an Allowed NVN Unsecured Claim shall receive, in full and final satisfaction, and release of and in exchange for its Allowed Class 3 Claim, either: (A) its Pro Rata share of the NVN Recovery; or (B) such other treatment which the Debtors (with the consent of the Committee) or the Liquidating Trustee, as applicable, and the Holder of such Allowed NVN Unsecured Claim have agreed upon in writing. **If Class 3 does not vote to accept the Plan, Class 3 will receive no Distribution on account of their Class 3 Claims.**	Impaired Entitled to vote	1%-2%	$9,000,000-$12,000,000[4]
Class 4: EPI Unsecured Claims	Each Holder of an Allowed EPI Unsecured Claim shall receive, in full and final satisfaction, and release of and in exchange for its Allowed Class 4 Claim, either: (A) its Pro Rata share of the EPI Recovery; or (B) such other treatment which the Debtors (with the consent of the Committee) or the Liquidating Trustee, as applicable, and the Holder of such Allowed EPI Unsecured Claim have agreed upon in writing.	Impaired Entitled to vote	15%-20%	$24,000,000 - $27,000,000

[3] This number primarily includes alleged setoff and recoupment against EPI accounts receivables.

[4] This number assumes the settlement of the Intercompany Claim of EPI against NVN as part of the Allocation Settlement described in section 9.2 herein.

Class	Plan Treatment	Status	Projected Recovery	Estimated Amount
Class 5: Subordinated Claims	Each Holder of an Allowed Class 5 Claim shall receive no Distribution on account of their Subordinated Claims.	Impaired Not entitled to vote Deemed to reject Plan	0%	$0
Class 6: Equity Interests	On the Effective Date, all Equity Interests shall be deemed canceled, extinguished and discharged and of no further force or effect, and the Holders of Equity Interests shall not be entitled to receive or retain any property on account of such Interests.	Impaired Not entitled to vote Deemed to reject Plan	0%	N/A

These Plan Distributions are funded from Sales consisting of (a) Ligand purchasing the entirety of the R&D Assets of NVN as well as the Commercial Assets of EPI related to Sitavig for a purchase price of $12,150,000 (USD) plus the payment of any contractual cure amounts related to Sitavig and (b) Mayne purchasing the Commercial Assets of EPI related to Rhofade for a purchase price of $8,000,000 plus the plus the payment of any contractual cure amounts related to Rhofade. For more information concerning these Sales, please refer to section 3.3 of the combined Disclosure Statement and Plan.

The Plan further implements a structure to allocate the above distributions pursuant to a settlement between the NVN and EPI Estates (defined as the "Allocation Settlement" in the Disclosure Statement and Plan) that takes into account the proceeds received from the Sales of the assets of NVN and EPI after apportioning and deducting the fees and expenses attributable to NVN, EPI or both. This allocation of the Retained Assets is the source of the NVN Recovery for the Holders of Allowed NVN Unsecured Claims, and the EPI Recovery for the Holders of Allowed EPI Unsecured Claims. The Debtors and the Committee believe the cost sharing proposed in the Allocation Settlement reflects a fair division and represents a fair distribution as to costs of these Chapter 11 Cases between the two entities. For additional detail concerning the Allocation Settlement, please refer to section 9.2 of the combined Disclosure Statement and Plan.

The Debtors believe that Holders of Allowed Claims would receive less than anticipated under the Plan if the chapter 11 cases were converted to chapter 7 cases, and therefore, the classification and treatment of Claims and Interests in the Plan complies with section 1129(a)(7) of the Bankruptcy Code. Attached hereto is a hypothetical chapter 7 liquidation analysis.

PLEASE NOTE THAT YOU WILL NOT BE SERVED WITH A COPY OF THE INTERIM APPROVAL AND PROCEDURES ORDER OR THE COMBINED DISCLOSURE STATEMENT AND PLAN. If you wish to review copies of the Interim Approval and Procedures Order or the combined Disclosure Statement and Plan, you may obtain copies *free of charge* at the website maintained by the Voting Agent at https://www.kccllc.net/novan; or by contacting the Voting Agent at the aforementioned email address and telephone numbers.

If you wish to challenge the Debtors' classification of your claim, you must file a motion for an order temporarily allowing your Claim in a different classification or amount for purposes of voting to accept or reject the Plan and serve such motion on the Debtors so that it is received by **January 8, 2024 at 4:00 p.m. (Eastern Time).** Objections to final approval of the Disclosure Statement and confirmation of the Plan must be filed with the Court and served on the Notice Parties[5] so as to be received no later than **4:00 p.m. (prevailing Eastern Time) on January 18, 2024**.

A table summarizing other key dates described in this notice can be found in the Confirmation Hearing Notice that you should have received with this Notice of Non-Voting Status. If you are unable to locate the Confirmation Hearing Notice, you may obtain another copy *free of charge* at the website maintained by the Voting Agent as noted above or by contacting the Voting Agent at the aforementioned email address and telephone numbers.

Dated: December 19, 2023
Wilmington, Delaware

Respectfully submitted,

/s/ Daniel B. Butz

MORRIS, NICHOLS, ARSHT & TUNNELL LLP
Derek C. Abbott (No. 3376)
Daniel B. Butz (No. 4227)
Tamara K. Mann (No. 5643)
Scott D. Jones (No. 6672)
1201 Market Street, 16th Floor
Wilmington, Delaware 19801
Telephone: (302) 658-9200
Facsimile: (302) 658-3989
Email: dabbott@morrisnichols.com
dbutz@morrisnichols.com
tmann@morrisnichols.com
sjones@morrisnichols.com

[5] The Notice Parties are: (a) counsel to the Debtors, Morris, Nichols, Arsht & Tunnell LLP, 1201 Market Street, 16th Floor, Wilmington, Delaware 19801 (Attn: Derek C. Abbott, Esq. (dabbott@morrisnichols.com)); (b) the Office of the United States Trustee, J. Caleb Boggs Federal Building, 844 King St., Lockbox 35, Wilmington, DE 19801 (Attn: Linda J. Casey, Esq. (linda.casey@usdoj.gov)); and (c) counsel to the Official Committee of Unsecured Creditors (the "Committee") Goodwin Procter, LLP, The New York Times Building, 620 Eighth Avenue, New York, New York 10018 (Attn: Howard Steel (hsteel@goodwinlaw.com), Barry Bazian (bbazian@goodwinlaw.com), Stacy Dasaro (sdasaro@goodwinlaw.com), and James Lathrop (jlathrop@goodwinlaw.com)).

Exhibit

Liquidation Analysis

NVN Liquidation Inc.
Liquidation Analysis
$ in 000's

Assumed conversion date 1/31/2024

		Chapter 11 Plan Confirmation Scenario			Chapter 7 Liquidation Scenario		
			Recovery Scenario			Recovery Scenario	
	Item #	NVN Book Value	Estimated Value	% of Book Value	NVN Book Value	Estimated Value	% of Book Value
A Asset Proceeds							
Cash (Retained Assets)	1	12,373	12,373	100.0%	12,373	12,373	100.0%
EPIH Settlement Contribution	2	200	200	100.0%	-	-	0.0%
Total Asset Proceeds		**12,573**	**12,573**	**100.0%**	**12,373**	**12,373**	**100.0%**
B Liquidation Fees and Costs	3						
Operating Costs	4		118			118	
Professional, Legal, and Liquidator Fees	5		4,349			5,021	
Bridge & DIP Financing Fees and Interest	6		930			930	
Admin Expenses borne by EPIH	7		(1,372)			(1,372)	
Total Liquidation Fees and Costs			**4,025**			**4,696**	
Net Estimate Proceeds Available for Administrative and Priority Claims			**8,548**			**7,676**	

	Item #	Estimated Allowed Claim	Estimate Payable to Creditors	Recovery Estimate %		Estimate Payable to Creditors	Recovery Estimate %
C Administrative and Priority Claims							
503(b)9 Claims	8	-	-	0.0%		-	0.0%
Accrued Payroll and PTO	9	2,459	2,459	100.0%		2,459	100.0%
Administrative Claims	10	5,809	5,809	100.0%		5,218	89.8%
Priority Unsecured Claims	11	141	141	100.0%		-	0.0%
Total Administrative and Priority Claims		**8,408**	**8,408**	**100.0%**		**7,676**	**91.3%**
Net Estimate Proceeds Available for Unsecured Claims		**200**	**200**		**-**	**-**	
D Unsecured Claims							
General Unsecured Claims	12	10,500	200	1.9%		-	0.0%
Total Unsecured Claims		**10,500**	**200**	**1.9%**		**-**	**0.0%**
Net Estimate Proceeds Available for Equity			**-**			**-**	

EPI Health LLC
Liquidation Analysis
$ in 000's

Assumed conversion date 1/31/2024

	Item #	Chapter 11 Plan Confirmation Scenario			Chapter 7 Liquidation Scenario		
			Recovery Scenario			Recovery Scenario	
		EPIH Book Value	Estimated Value	% of Book Value	EPIH Book Value	Estimated Value	% of Book Value
A Asset Proceeds							
Cash (Retained Assets)	1	12,899	12,899	100.0%	12,899	12,899	100.0%
Total Asset Proceeds		**12,899**	**12,899**	**100.0%**	**12,899**	**12,899**	**100.0%**
B Liquidation Fees and Costs							
Operating Costs	2		254			254	
Professional, Legal, and Liquidator Fees	3		4,212			4,899	
Bridge & DIP Financing Fees and Interest	4		234			234	
Admin Expenses borne by EPIH	5		1,372			1,372	
EPIH Settlement Contribution	6		200			-	
Total Liquidation Fees and Costs			**6,272**			**6,759**	
Net Estimate Proceeds Available for Administrative and Priority Claims			**6,627**			**6,140**	

	Item #	Estimated Allowed Claim	Estimate Payable to Creditors	Recovery Estimate %		Estimate Payable to Creditors	Recovery Estimate %
C Administrative and Priority Claims							
503(b)9 Claims	7	-	-	0.0%		-	0.0%
Accrued Payroll and PTO	8	745	745	100.0%		745	100.0%
Administrative Claims	9	678	678	100.0%		678	100.0%
Priority Unsecured Claims	10	94	94	100.0%		94	100.0%
Total Administrative and Priority Claims		**1,517**	**1,517**	**100.0%**		**1,517**	**100.0%**
Net Estimate Proceeds Available for Unsecured Claims			**5,110**			**4,623**	
D Unsecured Claims							
General Unsecured Claims	11	25,500	5,110	20.0%		4,623	18.1%
Total Unsecured Claims		**25,500**	**5,110**	**20.0%**		**4,623**	**18.1%**
Net Estimate Proceeds Available for Equity			**-**			**-**	