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## Ligand Offers \$15 Million to Acquire Assets of Novan, Inc.

Ligand provides bridge and debtor-in-possession ("DIP") financing to Novan

SAN DIEGO--(BUSINESS WIRE)-- **Ligand Pharmaceuticals Incorporated (NASDAQ: LGND)** announced that it has made an offer to acquire the assets of Novan, Inc. (Nasdaq: NOVN) ("Novan") for \$15 million in cash and provide up to \$15 million in DIP financing to Novan inclusive of a \$3 million bridge loan already funded. Novan announced earlier today that it has filed for Chapter 11 reorganization and its entry into a stalking horse acquisition offer with Ligand. The transaction is designed to preserve and maximize the value of Novan's commercial business and berdazimer gel development assets. Berdazimer gel is in development for molluscum contagiosum infection, which has a filed new drug application ("NDA") with the Food and Drug Administration ("FDA") with an assigned PDUFA goal date of January 5, 2024. Ligand acquired milestone and royalty rights to berdazimer gel in 2019. If Ligand's bid is the successful bid in the anticipated bankruptcy sale and auction process, Ligand will acquire the Novan assets and consistent with Ligand's business model, will seek to out license or sell the existing development programs and commercial business assets of Novan.

The terms of the proposed transaction are outlined below:

- Ligand has submitted a \$15 million bid to acquire all the assets of Novan, including berdazimer gel, all other programs in development, the NITRICIL™ drug delivery technology, and the commercial assets of its EPI health business.
- Subject to court approval, Novan will be able to draw down from the \$15 million secured DIP loan during the bankruptcy cases (which includes a \$3 million bridge financing loan previously extended by Ligand) and will be repaid through the sale of Novan's assets.
- The \$15 million DIP loan will accrue interest at 12% interest annually and will be subject to a 6% increase in interest should Novan default on its loan agreement.
- Should the court accept a bid for the assets of Novan from another party, Ligand's DIP loan will be repaid, and Ligand expects that its milestone and royalty rights will be preserved.
- The transaction is expected to close in the third quarter of 2023.

"In the first half of the year we have focused on fortifying our business team, including a sharpening of our capabilities and expertise in credit, reorganization and operations. We are well positioned to take advantage of opportunities such as the proposed acquisition of Novan's assets," said Todd Davis, CEO of Ligand. "Ligand has a proven track record of finding and investing in attractive assets that are in special situations and maximizing value - both for the assets and for shareholders."

Matt Korenberg, President and COO of Ligand, added, “We remain confident in the potential of berdazimer gel to be approved, and become an important treatment for molluscum contagiosum. There are currently no FDA-approved prescription drug treatment options for this commonly acquired, highly contagious viral skin disease, and, if approved by the FDA, berdazimer gel would be the first self-application topical treatment for this indication.”

Birch Lake is acting as financial advisor and Morgan Lewis is acting as legal advisor to Ligand for this transaction.

### **About Ligand Pharmaceuticals**

Ligand is a biopharmaceutical company enabling scientific advancement through supporting the clinical development of high-value medicines. Ligand does this by providing financing, licensing our platform technologies or both. Our business model generates value for stockholders by creating a diversified portfolio of biotech and pharmaceutical product revenue streams that are supported by an efficient and low corporate cost structure. Our goal is to offer investors an opportunity to participate in the promise of the biotech industry in a profitable and diversified manner. Our business model is based on funding mid to late-stage drug development in return for economic rights and licensing our technology platforms to help partners discover and develop medicines. We partner with other pharmaceutical companies to leverage what they do best (late-stage development, regulatory management and commercialization) to generate our revenue. We have two primary platform technologies that are available for outlicense – Captisol and Pelican. Our Captisol platform technology is a chemically modified cyclodextrin with a structure designed to optimize the solubility and stability of drugs. For our Captisol partners, our team supplies the Captisol material needed for their programs. Our Pelican Expression Technology is a robust, validated, cost-effective and scalable platform for recombinant protein production that is especially well-suited for complex, large-scale protein production where traditional systems are not. We have established multiple alliances, licenses and other business relationships with the world’s leading pharmaceutical companies including Amgen, Merck, Pfizer, Jazz, Takeda, Gilead Sciences and Baxter International. For more information, please visit [www.ligand.com](http://www.ligand.com).

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### **Forward-Looking Statements**

This news release contains forward-looking statements by Ligand that involve risks and uncertainties and reflect Ligand's judgment as of the date of this release. Words such as “plans,” “believes,” “expects,” “anticipates,” and “will,” and similar expressions, are intended to identify forward-looking statements. These forward-looking statements include: the potential that Ligand will provide an additional \$12 million in DIP financing to Novan; the timing and outcome of FDA review of Novan’s NDA related to berdazimer gel for the treatment of molluscum contagiosum infections; the potential value of Novan’s clinical development programs and assets; and statements regarding Novan’s bankruptcy proceedings, including whether Ligand’s bid will be successful and whether the bankruptcy

court will accept the terms of the DIP financing. Actual events or results may differ from Ligand's or its partner's expectations due to risks and uncertainties inherent in Ligand's and its partner's business, including, without limitation: the inherent uncertainties of bankruptcy which gives bankruptcy courts wide latitude to determine the terms of any DIP financing and acquisition bids; the FDA may not approve berdazimer gel for the treatment of molluscum contagiosum infections; Ligand may not be successful in its acquisition bid or, even if successful, may not achieve the anticipated benefits of such acquisition; and other risks described in Ligand's and Novan's prior press releases and filings with the Securities and Exchange Commission available at [www.sec.gov](http://www.sec.gov). Ligand disclaims any intent or obligation to update these forward-looking statements beyond the date of this release. This caution is made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

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