

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): **March 1, 2021**

**Novan, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation)

**001-37880**  
(Commission  
File Number)

**20-4427682**  
(IRS Employer  
Identification No.)

**4105 Hopson Road, Morrisville, North Carolina 27560**  
(Address of principal executive offices) (Zip Code)

**(919) 485-8080**  
(Registrant's telephone number, including area code)

**N/A**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, \$0.0001 par value	NOVN	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On March 1, 2021, the Board of Directors (the “Board”) of Novan, Inc. (the “Company”) voted to increase the size of the Board from seven (7) to eight (8) directors and elected Steven D. Skolsky, age 64, to the Board to fill the resulting vacancy, effective immediately, and to serve as a Class I director until the Company’s 2023 Annual Meeting of Stockholders and until his successor is elected and qualified or until his earlier death, resignation or removal. Mr. Skolsky has also been appointed to serve as a member of the Audit Committee of the Board. There are no arrangements or understandings between Mr. Skolsky and any other persons pursuant to which he was elected as a director of the Company and he is not a party to, and he does not have any direct or indirect material interest in, any transaction requiring disclosure under Item 404(a) of Regulation S-K.

Since January 2010, Mr. Skolsky has served as the founding Principal of Expis Partners, a strategic consulting firm to the biotech, pharmaceutical, life science and clinical services community, with a focused expertise in commercialization, marketing strategy, drug development, operations, strategic planning and corporate and business development. From September 2011 to December 2016, Mr. Skolsky held senior executive roles at Quintiles Transnational Holdings Inc. (now IQVIA Holdings Inc.), a leading multinational provider of biopharmaceutical development services and commercial outsourcing service, most recently as Senior Vice President & Managing Director and previously, Senior Vice President and Head of Global Clinical Operations. Prior to joining Quintiles, from August 2007 to December 2009, he served as the President and Chief Executive Officer of Sequoia Pharmaceuticals, Inc., and from June 2004 to December 2006, he served as the Chief Executive Officer of Trimeris, Inc. Prior to that, Mr. Skolsky served for more than 20 years at GlaxoSmithKline plc where he held a number of positions including senior leadership roles as Managing Director of GlaxoSmithKline’s operations in Australia and New Zealand and Senior Vice President, Global Product Strategy and Clinical Development. The Company believes that Mr. Skolsky’s significant experience and leadership in the biotechnology and pharmaceutical industries with a focus on drug development, commercialization and operations qualifies him to serve on the Board.

Mr. Skolsky will receive compensation for his service as a director in accordance with the Company’s Non-Employee Director Compensation Policy, a copy of such policy, which is effective March 1, 2021, is attached to this Current Report on Form 8-K as Exhibit 10.1 and is incorporated herein by reference. Pursuant to the Company’s Non-Employee Director Compensation Policy, on March 1, 2021, the Company issued Mr. Skolsky an option to purchase 31,970 shares of the Company’s common stock pursuant to the Company’s 2016 Incentive Award Plan. The award vests in four equal quarterly installments, with the first installment vesting on June 1, 2021, subject to Mr. Skolsky’s continued service with the Company. As of March 1, 2021, Mr. Skolsky did not beneficially own any shares of the Company’s common stock. The address for Mr. Skolsky is c/o Novan, Inc. at 4105 Hopson Road, Morrisville, NC 27560.

The Board has undertaken a review of the independence of Mr. Skolsky. Based upon information requested from and provided by Mr. Skolsky concerning his background, employment and affiliations, including family relationships, the Board has determined that Mr. Skolsky does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and is, therefore, “independent” as that term is defined under the applicable listing requirements and rules of the Nasdaq Capital Market. In making these determinations, the Board considered the current and prior relationships that Mr. Skolsky has with the Company and all other facts and circumstances the Board deemed relevant in determining his independence, including, without limitation, the factors set forth in the Company’s Corporate Governance Guidelines and beneficial ownership of the Company’s outstanding common stock. The Board has further determined that Mr. Skolsky satisfies the independence standards for the Audit Committee of the Board established by applicable Securities and Exchange Commission rules, the listing standards of the Nasdaq Capital Market and Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

In connection with his election to the Board, Mr. Skolsky has entered into the Company’s standard form of indemnification agreement, a copy of which was filed as [Exhibit 10.6](#) to the Company’s Quarterly Report on Form 10-Q filed on October 30, 2020 and is incorporated herein by reference.

**Item 7.01. Regulation FD Disclosure.**

The press release issued by the Company on March 2, 2021, announcing the election of Mr. Skolsky, is furnished herewith as Exhibit 99.1, and is incorporated herein by reference.

The information in this Item 7.01, including Exhibit 99.1, shall not be deemed “filed” for the purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. Furthermore, the information in this Item 7.01, including Exhibit 99.1, shall not be deemed incorporated by reference into the filings of the Company under the Securities Act of 1933, as amended.

**Item 9.01. Financial Statements and Exhibits.**

- (d) Exhibits

## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	<a href="#">Non-Employee Director Compensation Policy.</a>
99.1	<a href="#">Press Release dated March 2, 2021.</a>

*The inclusion of any website address in this Form 8-K, and any exhibit thereto, is intended to be an inactive textual reference only and not an active hyperlink. The information contained in, or that can be accessed through, such website is not part of or incorporated into this Form 8-K.*

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: March 2, 2021

**Novan, Inc.**

By: /s/ John M. Gay  
John M. Gay  
Chief Financial Officer

## NOVAN, INC.

## NON-EMPLOYEE DIRECTOR COMPENSATION POLICY

March 1, 2021

Non-employee members of the board of directors (the “*Board*”) of Novan, Inc. (the “*Company*”) shall be eligible to receive cash and equity compensation as set forth in this Non-Employee Director Compensation Policy (this “*Policy*”). The cash and equity compensation described in this Policy shall be paid or be made, as applicable, automatically and without further action of the Board, to each member of the Board who is not an employee of the Company or any parent or subsidiary of the Company (each, a “*Non-Employee Director*”), who may be eligible to receive such cash or equity compensation, unless such Non-Employee Director declines the receipt of such cash or equity compensation by written notice to the Company. This Policy shall become effective on the date hereof (the “*Effective Date*”) and shall remain in effect until it is revised or rescinded by further action of the Board. This Policy may be amended, modified or terminated by the Board at any time in its sole discretion. The terms and conditions of this Policy shall supersede any prior cash and/or equity compensation arrangements for service as a member of the Board between the Company and any of its Non-Employee Directors and between any subsidiary of the Company and any of its non-employee directors. No Non-Employee Director shall have any rights hereunder, except with respect to equity awards granted pursuant to the Policy.

1. Cash Compensation.

(a) Annual Retainers. Each Non-Employee Director shall receive an annual retainer of \$40,000 for service on the Board.

(b) Additional Annual Retainers. In addition, a Non-Employee Director shall receive the following annual retainers:

(i) Chairman of the Board. A Non-Employee Director serving as Chairman of the Board shall receive an additional annual retainer of \$32,500 for such service.

(ii) Lead Independent Director. A Non-Employee Director serving as Lead Independent Director shall receive an additional annual retainer of \$22,500 for such service.

(iii) Audit Committee. A Non-Employee Director serving as Chairperson of the Audit Committee shall receive an additional annual retainer of \$17,500 for such service. A Non-Employee Director serving as a member of the Audit Committee (other than the Chairperson) shall receive an additional annual retainer of \$8,750 for such service.

(iv) Compensation Committee. A Non-Employee Director serving as Chairperson of the Compensation Committee shall receive an additional annual retainer of \$17,500 for such service. A Non-Employee Director serving as a member of the Compensation Committee (other than the Chairperson) shall receive an additional annual retainer of \$7,500 for such service.

(v) Nominating and Corporate Governance Committee. A Non-Employee Director serving as Chairperson of the Nominating and Corporate Governance Committee shall receive an additional annual retainer of \$10,000 for such service. A Non-Employee Director serving as a member of the Nominating and Corporate Governance Committee (other than the Chairperson) shall receive an additional annual retainer of \$5,000 for such service.

(vi) Science and Technology Committee. A Non-Employee Director serving as Chairperson of the Science and Technology Committee shall receive an additional annual retainer of \$20,000 for such service. A Non-Employee Director serving as a member of the Science and Technology Committee (other than the Chairperson) shall receive an additional annual retainer of \$6,000 for each service.

(vii) Special Committee. In the event the Board creates a special committee, or designates the members of a standing committee to function with respect to a special purpose as members of a special committee, additional cash compensation in the form of a retainer or a per meeting fee, whether such meeting is attended in person or by telephone, shall be paid at the rate established by the Board at the time the Board establishes such committee or designates members of a standing committee to function with respect to a special purpose as members of a special committee. Only the members of the special committee (or members of a standing committee to function with respect to a special purpose as members of a special committee) are eligible for the payments described in this section with respect to meetings of such special committee.

(c) Payment of Retainers. The annual retainers described in Sections 1(a) and 1(b) shall be earned on a quarterly basis based on a calendar quarter and shall be paid by the Company in arrears not later than the fifteenth day following the end of each calendar quarter. In the event a Non-Employee Director does not serve as a Non-Employee Director, or in the applicable positions described in Section 1(b), for an entire calendar quarter, such Non-Employee Director shall receive a prorated portion of the retainer(s) otherwise payable to such Non-Employee Director for such calendar quarter pursuant to Section 1(b), with such prorated portion determined by multiplying such otherwise payable retainer(s) by a fraction, the numerator of which is the number of days during which the Non-Employee Director serves as a Non-Employee Director or in the applicable positions described in Section 1(b) during the applicable calendar quarter and the denominator of which is the number of days in the applicable calendar quarter.

2. Equity Compensation. Non-Employee Directors shall be granted the equity awards described below. The awards described below shall be granted under and shall be subject to the

terms and provisions of the Company's 2016 Incentive Award Plan or any other applicable Company equity incentive plan then-maintained by the Company (the "**Equity Plan**") and shall be granted subject to the execution and delivery of award agreements, including attached exhibits, in substantially the forms previously approved by the Board. All applicable terms of the Equity Plan apply to this Policy as if fully set forth herein, and all equity grants hereunder are subject in all respects to the terms of the Equity Plan.

(a) Annual Awards. A Non-Employee Director who (i) serves on the Board as of the date of any annual meeting of the Company's stockholders (an "**Annual Meeting**") after the Effective Date and (ii) will continue to serve as a Non-Employee Director immediately following such Annual Meeting shall be automatically granted, on the date of such Annual Meeting, an option to purchase the number of shares of the Company's common stock (at a per-share exercise price equal to the closing price per share of the Company's common stock on the date of such annual meeting (or on the last preceding trading day if the date of the annual meeting is not a trading day)) that have an aggregate fair value on the date of grant of \$100,000 (as determined in accordance with ASC 718) (with the number of shares of Common Stock underlying each such award subject to adjustment as provided in the Equity Plan); *provided* that at the discretion of the Compensation Committee and pursuant to the exercise of its business judgment, taking into account such factors, circumstances and considerations as it shall deem relevant from time to time, the Compensation Committee can impose a cap on the number of shares subject to such award (the "**Cap**"). The awards described in this Section 2(a) shall be referred to as the "**Annual Awards**." Notwithstanding the foregoing, the Board in its sole discretion may determine that the Annual Awards for any year be granted in the form of restricted stock units with equivalent value on the date of grant (with the number of shares of Common Stock underlying each such award not to exceed the Cap, if applicable, and subject to adjustment as provided in the Equity Plan). For the avoidance of doubt, a Non-Employee Director elected for the first time to the Board at an Annual Meeting shall only receive an Annual Award in connection with such election, and shall not receive any Initial Award (as defined below) on the date of such Annual Meeting as well.

(b) Initial Awards. Except as otherwise determined by the Board, each Non-Employee Director who is initially elected or appointed to the Board on any date other than the date of an Annual Meeting shall be automatically granted, on the date of such Non-Employee Director's initial election or appointment (such Non-Employee Director's "**Start Date**"), an option to purchase shares of the Company's common stock (at a per-share exercise price equal to the closing price per share of the Company's common stock on the date of such election or appointment (or on the last preceding trading day if such date is not a trading day)) equal to the lesser of the Cap, if applicable, or the number of shares that have an aggregate fair value on such Non-Employee Director's Start Date equal to the product of (i) \$100,000 (as determined in accordance with ASC 718), and (ii) a fraction, the numerator of which is (x) 365 minus (y) the number of days in the period beginning on the date of the Annual Meeting immediately preceding such Non-Employee Director's Start Date and ending on such Non-Employee Director's Start Date and the denominator of which is 365 (with the number of shares of Common Stock underlying each such award subject to adjustment as provided in the Equity Plan). The awards described in this Section 2(b) shall be referred to as "**Initial Awards**." Notwithstanding the foregoing, the Board in its sole discretion may determine that the

Initial Award for any Non-Employee Director be granted in the form of restricted stock units with equivalent value on the date of grant (with the number of shares of Common Stock underlying each such award not to exceed the Cap, if applicable, and subject to adjustment as provided in the Equity Plan). For the avoidance of doubt, no Non-Employee Director shall be granted more than one Initial Award.

(c) Termination of Service of Employee Directors. Members of the Board who are employees of the Company or any parent or subsidiary of the Company who subsequently terminate their service with the Company and any parent or subsidiary of the Company and remain on the Board will not receive an Initial Award pursuant to Section 2(b) above, but to the extent that they are otherwise eligible, will be eligible to receive, after termination from service with the Company and any parent or subsidiary of the Company, Annual Awards as described in Section 2(a) above.

(d) Vesting of Awards Granted to Non-Employee Directors. Each Annual Award and Initial Award shall vest and become exercisable in four equal quarterly installments, such that each such award shall be fully vested and exercisable on the first anniversary of the date of grant, subject to the Non-Employee Director's continued service on the Board as a Non-Employee Director through each applicable vesting date. No portion of an Annual Award or Initial Award that is unvested or unexercisable at the time of a Non-Employee Director's termination of service on the Board as a Non-Employee Director shall become vested and exercisable thereafter. All of a Non-Employee Director's Annual Awards and Initial Awards shall vest in full immediately prior to the occurrence of a Change in Control (as defined in the Equity Plan), to the extent outstanding at such time.

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## Novan Bolsters Commercialization Expertise with Election of Steven D. Skolsky to Board of Directors

*– Recognized healthcare and life science industry leader with over 35 years of international product development, strategy and commercialization experience –*

**MORRISVILLE, N.C. – March 2, 2021** – Novan, Inc. (“the Company” or “Novan”) (Nasdaq: NOVN), today announced the election of Steven D. Skolsky to its Board of Directors.

Mr. Skolsky is a well-established senior executive with over 35 years of experience in healthcare and the life sciences in both private and public sectors. Over the course of his career, he has amassed expertise spanning all facets of the biopharmaceutical and healthcare services industry from research and early-stage discovery to product development and commercialization.

“Electing Steve to our board, a leader in the industry with a successful track record in commercialization, marketing strategy, and multiple successful product launches, is invaluable. As we quickly approach a targeted data readout in our pivotal Phase 3 B-SIMPLE4 study, it is important for us to start planning for success and the potential commercialization of SB206 for the treatment of molluscum. We look forward to leveraging Steve’s insights as we continue to advance the Company and build near and long-term shareholder value,” commented Paula Brown Stafford, President and Chief Executive Officer of Novan.

Mr. Skolsky currently serves as the founding Principal of Expis Partners, a strategic consulting firm to the biotech, pharmaceutical, life science and clinical services community, with a focused expertise in commercialization, marketing strategy, drug development, operations, strategic planning and corporate and business development. From 2011-2016, Mr. Skolsky held senior executive roles at Quintiles Transnational Holdings, Inc. (now IQVIA), most recently as Senior Vice President & Managing Director and previously, Senior Vice President and Head of Global Clinical Operations. Prior to joining Quintiles, he served as the President and Chief Executive Officer of Sequoia Pharmaceuticals Inc. and previously, Chief Executive Officer of Trimeris Inc. While at Trimeris, Mr. Skolsky expanded use and adoption of a novel HIV fusion inhibitor (Fuzeon<sup>®</sup>) to deliver a 10-fold increase in world-wide sales of \$266M and ultimately transforming the business from a perennially loss making enterprise to one of sustained profitability.

Prior to that, Mr. Skolsky served for more than 20 years at GlaxoSmithKline plc (“GSK”) where he held a number of positions including senior leadership roles as Managing Director of GSK’s operations in Australia and New Zealand. As Senior Vice President, Global Product Strategy and Clinical Development at GSK, Mr. Skolsky was responsible for optimizing its clinical-commercial interface to deliver 59 product submissions and 42 regulatory approvals while developing launch platforms for 10 global product launches and increasing new product portfolio

value by developing and implementing strategic clinical development plans, product line extension and life cycle management plans.

“I am excited to be joining Novan at this pivotal time for the Company. I believe they have the potential to address a significant unmet need in the treatment of molluscum contagiosum and I look forward to working closely with the management team as the Company advances towards potentially becoming a commercial-stage company,” added Mr. Skolsky.

In addition to joining the Novan Board, Mr. Skolsky serves on the Boards of Directors of Basilea Pharmaceutica, a Swiss-based biotech company, Clinipace Clinical Research, Elligo Health Research, The Foundation Board of University of North Carolina at Chapel Hill’s Kenan Flagler Business School, The Board of Visitors of UNC-Chapel Hill and The Lineberger Cancer Center. Mr. Skolsky holds a B.A. in Biology from UNC-Chapel Hill.

## **About Novan**

Novan, Inc. is a clinical development-stage biotechnology company focused on leveraging its proprietary nitric oxide (NO) based technology platform, NITRICIL™ to generate macromolecular New Chemical Entities (NCEs) to treat multiple indications in dermatology, men’s and women’s health, infectious diseases and gastroenterology conditions with significant unmet needs. The Company’s lead product candidate, SB206, a topical antiviral gel, for the treatment of molluscum contagiosum, is currently being evaluated in the B-SIMPLE4 pivotal Phase 3 clinical study. The Company believes that SB206 as a topical, at-home, caregiver-applied therapy with a rapid treatment benefit, if approved, would address an important patient-care need for the treatment of molluscum.

## **Forward-Looking Statements**

Any statements contained in this press release that do not describe historical facts may constitute forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements may be identified by words such as “believe,” “expect,” “target,” “anticipate,” “may,” “plan,” “potential,” “will,” and similar expressions, and are based on the Company’s current beliefs and expectations. These forward-looking statements include, but are not limited to, statements related to the potential therapeutic value of the Company’s NITRICIL™ platform technology, the Company’s pharmaceutical development of nitric oxide-releasing product candidates, the Company’s intention to advance development and potential commercialization of certain product candidates, including the timing and progress of our Phase 3 program to evaluate SB206 for the treatment of molluscum and the timing of anticipated topline results. Forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from the Company’s expectations, including, but not limited to, any operational or other disruptions as a result of the COVID-19 pandemic, including any delays or disruptions to the conduct of the B-SIMPLE4 study; risks and uncertainties in the clinical development process, including, among others, length, expense, ability to enroll patients, potential for delays or other impacts, whether as a result of the COVID-19 pandemic or other factors, 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, including the risk that the Company's product candidates may not be approved or that additional studies may be required for approval or other delays may occur and that the Company may not obtain funding sufficient to complete the regulatory or development process; the Company's ability to obtain additional funding or enter into strategic or other business relationships necessary or useful for the further development and potential commercialization of the Company's product candidates; the risk that disruptions at the FDA or other agencies could cause such agencies to cancel or postpone meetings or otherwise impact the ability of such agencies to provide regulatory guidance or feedback or timely review and process the Company's regulatory submissions, all of which could have a material adverse effect on the Company's business; risks related to the manufacture of raw materials, including the Company's active pharmaceutical ingredient, and drug product components utilized in clinical trial materials, including failure to transfer technology and processes to third parties effectively or failure of those third parties to obtain approval of and maintain compliance with the FDA or comparable regulatory authorities; the Company's reliance on arrangements with third parties to support its operations and development efforts and the risk that such parties will not successfully carry out their contractual duties or meet expected deadlines; the risk that the Company may not be successful in commercializing any product candidate that receives regulatory approval if the Company is unable to establish sales, marketing and distribution capabilities for that product candidate; and other risks and uncertainties described in the Company's annual report filed with the SEC on Form 10-K for the twelve months ended December 31, 2020, and in the Company's subsequent filings with the SEC. Such 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.

**INVESTOR AND MEDIA CONTACT:**

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