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): January 12, 2017

Novan, Inc.
(Exact name of registrant as specified in its charter)

Delaware	001-37880	20-4427682
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

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

(919) 485-8080
(Registrant's telephone number, include 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))

Item 1.01. Entry into a Material Definitive Agreement.

On January 12, 2017, Novan, Inc. entered into a license agreement with Sato Pharmaceutical Co., Ltd. relating to SB204, our lead drug candidate for the treatment of acne vulgaris. Pursuant to the license agreement, we granted to Sato an exclusive, royalty-bearing, non-transferable license under certain of our intellectual property rights, with the right to sublicense with Novan's prior written consent, to develop, use and sell products in Japan that incorporate SB204 for the treatment of acne vulgaris in humans. The rights granted to Sato do not include the right to manufacture the active pharmaceutical ingredient of SB204, which we will supply to Sato. During a specified time period, Sato has an exclusive option to negotiate the terms under which its license would be expanded to include certain additional territories within Asia, subject to Sato's payment of a specified option exercise fee. Sato has granted us an exclusive, fully paid-up, royalty-free license, with the limited right to grant sublicenses, under certain of Sato's intellectual property rights, to develop and commercialize the licensed product outside the licensed territory and to make the licensed product within the licensed territory for sale outside of the licensed territory.

In exchange for the licenses granted to Sato, Sato agreed to pay us an upfront payment of 4.0 billion JPY, payable in equal annual installments over 15 years. Sato also agreed to pay us up to an aggregate of 0.9 billion JPY in milestone payments, upon the achievement of various commercial milestones. Under the terms of the license agreement, Sato must also pay us a royalty equal to a mid-single digit percentage of net sales of licensed products in the licensed territory, subject to a reduction in the royalty payments in certain circumstances.

The term of the license agreement (and the period during which Sato must pay royalties under the license agreement) expires, on a licensed product-by-licensed product basis, on the tenth (10^{th}) anniversary of the first commercial sale of a licensed product in the licensed territory.

We are obligated pursuant to the license agreement to supply Sato with all quantities of licensed products required by Sato to develop the licensed products in the licensed field in the licensed territory. As part of the license agreement, we and Sato also agreed to negotiate a commercial supply agreement pursuant to which we would be the exclusive supplier to Sato of the active pharmaceutical ingredient of licensed products for the manufacture of licensed products in the licensed territory.

The license agreement may be terminated (i) by Sato without cause upon 120 days' advance written notice to us; (ii) by either party in the event of the other party's uncured material breach upon 60 days' advance written notice; (iii) by either party in the event of the other party's dissolution, liquidation, bankruptcy or insolvency; and (iv) by us immediately upon written notice if Sato challenges the validity, patentability, or enforceability of any of our patents or patent applications licensed to Sato under the license agreement.

Immediately following the effectiveness of the license agreement, we amended the license agreement to restructure Sato's obligation to make the upfront payment. As amended, the license agreement now requires Sato to pay us an upfront payment of 1.25 billion JPY, and up to an aggregate of 2.75 billion JPY in additional milestone payments, upon the achievement of various development and regulatory milestones.

The description of the license agreement provided above is qualified in its entirety by reference to the license agreement, which will be filed as an exhibit to our Annual Report on Form 10-K for the fiscal year ended December 31, 2016. We intend to seek confidential treatment for certain portions of the license agreement pursuant to a Confidential Treatment Request to be submitted to the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

A copy of the press release announcing the entry into the license agreement is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

See the Exhibit Index which follows the signature page of this Current Report on Form 8-K, which is incorporated herein by reference.

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.

Novan, Inc.

Date: January 17, 2017

By: /s/ Richard Peterson

Richard Peterson
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release dated January 17, 2017.

Exhibit 99.1

Novan Licenses SB204 to Sato for Acne in Japan

MORRISVILLE, N.C. – Jan. 17, 2017 Novan, Inc. ("the Company" or "Novan") (NASDAQ:NOVN) today announced that the Company has entered into an exclusive license agreement with Sato Pharmaceutical Co., Ltd. ("Sato"), a Japanese company with a prescription pharmaceutical business specializing in dermatology. Upon execution of the agreement, Sato will pay to Novan an initial payment of 1.25 billion JPY (approximately $11.0 million) for the exclusive rights to develop and commercialize in Japan Novan's topical nitric oxide-releasing product candidate SB204 and related dosage forms for the treatment of acne vulgaris. In addition, Novan will receive from Sato certain development and commercialization milestone payments and, subject to product approval by Japan's Ministry of Health, Labor and Welfare, certain sales-based milestone payments and a royalty on net sales of such products in Japan.

"We are pleased to announce this agreement with Sato," said Nathan Stasko, PhD, President and Chief Executive Officer of Novan. "Sato has established a strong position in the Japanese dermatology market. This new partnership, coupled with Sato's market-leading position in topical acne care with Dalacin T® and recent launch of Luconac® for onychomycosis, clearly illustrates Sato's commitment to improving the quality of life of patients with skin diseases. We believe this deal underscores the potential of SB204 as a truly first-in-class monotherapy for the treatment of acne and is consistent with Novan's strategy to remain focused on commercializing our product candidates in the United States while establishing partnerships to unleash nitric oxide's therapeutic potential worldwide. We look forward to a long and prosperous partnership with our friends at Sato."

The SB204 development program includes two completed Phase 2 studies, in which topical application of a nitric oxide-releasing gel has demonstrated statistically significant percent reductions in acne lesions, the primary efficacy analyses required for recent topical acne drugs approved by Japan's Ministry of Health, Labor and Welfare. Additionally, the favorable tolerability profile of SB204 is a particularly attractive attribute for the Japanese patient population that has experienced a greater incidence of skin irritation with retinoid and benzoyl peroxide therapies than the U.S. population.

Sato is responsible for funding the development and commercial costs for the program that are specific to Japan. Novan retains the rights to manufacture the active pharmaceutical ingredient of SB204, which Novan will supply to Sato for commercial purposes. Novan is preparing to support Sato's initiation of clinical development in Japan by the end of 2017.

Triad Healthcare Partners, a division of Triad Securities Corp., acted as financial advisor to Novan on this transaction.

About Novan

Novan, Inc. is a late-stage pharmaceutical company focused on redefining the standard of care in dermatology through the development and commercialization of innovative therapies using the Company's nitric oxide-releasing platform. Nitric oxide plays a vital role in the natural immune system response against microbial pathogens and is a critical regulator of inflammation. Our ability to harness nitric oxide and its multiple mechanisms of action has enabled us to create a platform with the potential to generate differentiated, first-in-class product candidates. We are rapidly advancing programs in five dermatological conditions with significant unmet medical need. We believe that our ability to

conveniently deploy nitric oxide on demand in topical formulations allows us the potential to significantly improve patient outcomes in a variety of skin diseases and positions us to be a commercially successful leader in the dermatology market.

For more information, visit the Company's website at www.Novan.com.

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 and future prospects. 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, successful completion of the deal discussed herein, uncertainties and risks 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 or trials; whether we will be able to obtain additional funding when needed; and other risks and uncertainties described in our prospectus dated Sept. 20, 2016, filed with the Securities and Exchange Commission (the "SEC"), in our quarterly report filed with the SEC on Form 10-Q for the three months ended Sept. 30, 2016, and in any 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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