UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2025

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Transition Period From _____ to _____ .

Commission File Number: 001-33093

LIGAND PHARMACEUTICALS INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware	**77-0160744**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
555 Heritage Drive, Suite 200 **Jupiter** **Florida**	**33458**
(Address of principal executive offices)	*(Zip Code)*

(858) 550-7500

(Registrant's Telephone Number, Including Area Code)

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

Title of each class:	Trading symbol:	Name of each exchange on which registered:
Common Stock, par value $0.001 per share	**LGND**	**The Nasdaq Global Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company,"

and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one)

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 4, 2025, the registrant had 19,681,720 shares of common stock outstanding.

LIGAND PHARMACEUTICALS INCORPORATED
QUARTERLY REPORT

FORM 10-Q

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GLOSSARY OF TERMS AND ABBREVIATIONS

Abbreviation	Definition
2024 Annual Report	Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 28, 2025
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Company	Ligand Pharmaceuticals Incorporated, including subsidiaries
CVR	Contingent value right
CyDex	CyDex Pharmaceuticals, Inc.
ESPP	Ligand Pharmaceuticals Incorporated Employee Stock Purchase Plan, as amended and restated, effective June 6, 2019
FASB	Financial Accounting Standards Board
FDA	Food and Drug Administration
GAAP	Generally accepted accounting principles in the United States
Ligand	Ligand Pharmaceuticals Incorporated, including subsidiaries
Metabasis	Metabasis Therapeutics, Inc.
NDA	New Drug Application
Palvella	Palvella Therapeutics, Inc.
Q3 2024	The Company's fiscal quarter ended September 30, 2024
Q3 2025	The Company's fiscal quarter ended September 30, 2025
SBC	Share-based compensation expense
SEC	Securities and Exchange Commission
Takeda	Takeda Pharmaceutical Company Limited
Travere	Travere Therapeutics, Inc.
Viking	Viking Therapeutics, Inc.

Cautionary Note Regarding Forward-Looking Statements:

You should read the following report together with the more detailed information regarding our company, our common stock and our financial statements and notes to those statements appearing elsewhere in this document.

This report contains forward-looking statements, as defined in Section 21E of the Securities Exchange Act of 1934, as amended, that involve a number of risks and uncertainties. Although our forward-looking statements reflect the good faith judgment of our management, these statements can only be based on facts and factors currently known by us. Consequently, these forward-looking statements are inherently subject to risks and uncertainties, and actual results and outcomes may differ materially from results and outcomes discussed in the forward-looking statements.

All statements contained herein, other than statements of historical fact, could be deemed to be forward-looking statements. In some instances, forward-looking statements can be identified by the use of forward-looking words such as "believes," "expects," "may," "will," "plan," "intends," "estimates," "would," "continue," "seeks," "pro forma," or "anticipates," or other similar words (including their use in the negative), or by discussions of future matters such as those related to our future results of operations and financial position, royalties and milestones under license agreements, Captisol material sales, product development, and product regulatory filings and approvals, and the timing thereof, Ligand's status as a high-growth company, the imposition and/or announcement of tariffs imposed on the import of certain goods into the U.S. from various countries, as well as other statements that are not historical in nature. You should be aware that the occurrence of any of the events discussed in Part I under Item 1A under the caption "Risk Factors" of this report could negatively affect our results of operations, financial condition and the trading price of our stock.

The cautionary statements made in this report are intended to be applicable to all related forward-looking statements wherever they may appear in this report. We urge you not to place undue reliance on these forward-looking statements, which reflect our good-faith beliefs (or those of indicated third parties) and speak only as of the date of this report. Except as required by law, we assume no obligation to update our forward-looking statements, even if new information becomes available in the future. This caution is made under the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended.

PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

LIGAND PHARMACEUTICALS INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands, except par value)

	September 30, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 139,376	$ 72,307
Short-term investments	525,146	183,858
Accounts receivable, net	57,560	38,376
Inventory	11,900	14,114
Short-term portion of financial royalty assets, net	12,416	10,025
Income taxes receivable	536	4,073
Other current assets	6,986	8,806
Total current assets	753,920	331,559
Intangible assets, net	233,535	266,648
Goodwill	101,541	105,250
Long-term portion of financial royalty assets, net	206,332	185,024
Noncurrent derivative assets	9,351	10,583
Property and equipment, net	3,466	15,133
Lease right-of-use assets	7,609	9,673
Equity method investments	42,000	—
Other investments	106,721	10,908
Deferred income taxes, net	9,526	72
Other assets	2,771	6,924
Total assets	$ 1,476,772	$ 941,774
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,679	$ 5,233
Accrued liabilities	24,084	27,906
Income taxes payable	1,284	1,199
Current contingent liabilities	268	206
Current operating lease liabilities	1,089	1,266
Other current liabilities	135	1,302
Total current liabilities	30,539	37,112
Long-term deferred revenue	—	2,246
Long-term contingent liabilities	3,569	3,475
Long-term operating lease liabilities	4,415	5,815
Long-term portion of 2030 convertible senior notes, net	445,493	—
Deferred income taxes, net	22,673	32,524
Other long-term liabilities	19,912	30,163
Total liabilities	526,601	111,335
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value; 5,000 shares authorized; zero issued and outstanding at September 30, 2025 and December 31, 2024	—	—
Common stock, $0.001 par value; 60,000 shares authorized; 19,656 and 19,106 shares issued and outstanding at September 30, 2025 and December 31, 2024, respectively	20	20
Additional paid-in capital	362,614	337,377
Accumulated other comprehensive income (loss)	9,322	(5,942)
Retained earnings	578,215	498,984
Total stockholders' equity	950,171	830,439
Total liabilities and stockholders' equity	$ 1,476,772	$ 941,774

See accompanying notes to unaudited condensed consolidated financial statements.

LIGAND PHARMACEUTICALS INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands, except per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2025	**2024**	**2025**	**2024**
Revenues and other income:				
Revenue from intangible royalty assets	$ 40,161	$ 26,552	$ 91,832	$ 67,512
Income from financial royalty assets	6,425	5,157	18,640	6,454
Royalties	46,586	31,709	110,472	73,966
Captisol	10,672	6,255	32,419	22,967
Contract revenue and other income	58,203	13,848	65,530	27,388
Total revenues and other income	115,461	51,812	208,421	124,321
Operating costs and expenses:				
Cost of Captisol	3,801	2,449	11,557	8,237
Amortization of intangibles	8,097	8,258	24,612	24,701
Research and development	21,019	5,675	77,671	17,000
General and administrative	28,446	24,475	67,422	53,049
Financial royalty assets impairment	—	—	—	26,491
Fair value adjustments to partner program derivatives	(833)	7,812	—	7,812
Total operating costs and expenses	60,530	48,669	181,262	137,290
Operating income (loss)	54,931	3,143	27,159	(12,969)
Non-operating income and expenses:				
Gain (loss) from short-term investments	7,798	2,407	(3,630)	98,923
Gain (loss) from change in fair value of equity-method investments and other investments	75,887	(3,029)	75,887	(34,601)
Interest income	3,874	1,347	7,266	6,124
Interest expense	(910)	(741)	(2,930)	(2,154)
Other non-operating expense, net	(443)	(9,466)	(1,572)	(13,605)
Total non-operating income (expenses), net	86,206	(9,482)	75,021	54,687
Income (loss) before income taxes	141,137	(6,339)	102,180	41,718
Income tax expense	(23,864)	(833)	(22,511)	(14,662)
Net income (loss)	$ 117,273	$ (7,172)	$ 79,669	$ 27,056
Basic net income (loss) per share	$ 5.99	$ (0.39)	$ 4.11	$ 1.50
Shares used in basic per share calculation	19,578	18,419	19,367	18,061
Diluted net income (loss) per share	$ 5.68	$ (0.39)	$ 3.95	$ 1.46
Shares used in diluted per share calculation	20,629	18,419	20,170	18,574

See accompanying notes to unaudited condensed consolidated financial statements.

LIGAND PHARMACEUTICALS INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)
(in thousands)

	Three months ended September 30,		Nine months ended September 30,	
	2025	**2024**	**2025**	**2024**
Net income (loss)	$ 117,273	$ (7,172)	$ 79,669	$ 27,056
Unrealized net gain on available-for-sale securities, net of tax	78	121	7	3
Foreign currency translation adjustment, net of tax	750	2,560	15,257	2,560
Comprehensive income (loss)	$ 118,101	$ (4,491)	$ 94,933	$ 29,619

See accompanying notes to unaudited condensed consolidated financial statements.

LIGAND PHARMACEUTICALS INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(in thousands)

	Common Stock		Additional paid in capital	Accumulated other comprehensive income (loss)	Retained earnings	Total stockholders' equity
	Shares	Amount				
Balance at December 31, 2024	19,106	$ 20	$ 337,377	$ (5,942)	$ 498,984	$ 830,439
ASU 2025-07 adoption: impact as of January 1, 2025 (Note 1)	—	—	—	—	(438)	(438)
Issuance of common stock under employee stock compensation plans, net of shares withheld for payroll taxes	170	—	(4,669)	—	—	(4,669)
Share-based compensation	—	—	7,836	—	—	7,836
Unrealized loss on available-for-sale securities, net of tax	—	—	—	(22)	—	(22)
Foreign currency translation adjustment, net of tax	—	—	—	4,401	—	4,401
Net loss (as reported)	—	—	—	—	(42,451)	(42,451)
ASU 2025-07 adoption: impact on net loss	—	—	—	—	498	498
Balance at March 31, 2025*	19,276	20	340,544	(1,563)	456,593	795,594
Issuance of common stock under employee stock compensation plans, net of shares withheld for payroll taxes	135	—	8,094	—	—	8,094
Share-based compensation	—	—	9,997	—	—	9,997
Unrealized loss on available-for-sale securities, net of tax	—	—	—	(49)	—	(49)
Foreign currency translation adjustment, net of tax	—	—	—	10,106	—	10,106
Net income (as reported)	—	—	—	—	4,847	4,847
ASU 2025-07 adoption: impact on net income	—	—	—	—	(1,276)	(1,276)
Balance at June 30, 2025*	19,411	20	358,635	8,494	460,164	827,313
Issuance of common stock under employee stock compensation plans, net of shares withheld for payroll taxes	347	—	25,523	—	—	25,523
Share repurchase in connection to the 2030 Notes (Note 7)	(102)	—	(15,000)	—	—	(15,000)
2030 Convertible Notes hedge and warrant transactions, net of tax (Note 7)	—	—	(21,290)	—	—	(21,290)
Share-based compensation	—	—	14,746	—	—	14,746
Unrealized gain on available-for-sale securities, net of tax	—	—	—	78	—	78
Foreign currency translation adjustment, net of tax	—	—	—	750	—	750
Net income (as reported)	—	—	—	—	117,273	117,273
ASU 2025-07 adoption: impact on net income for the six months ended June 30, 2025	—	—	—	—	778	778
Balance at September 30, 2025	19,656	$ 20	$ 362,614	$ 9,322	$ 578,215	$ 950,171

**Interim equity balances reflect the impact of ASU 2025-07 adoption in Q3 2025 effective January 1, 2025.*

	Common Stock		Additional paid in capital	Accumulated other comprehensive income (loss)	Retained earnings	Total stockholders' equity
	Shares	Amount				
Balance at December 31, 2023	17,556	$ 18	$ 198,696	$ (817)	$ 503,016	$ 700,913
Issuance of common stock under employee stock compensation plans, net of shares withheld for payroll taxes	368	—	12,228	—	—	12,228
Share-based compensation	—	—	7,334	—	—	7,334
Unrealized loss on available-for-sale securities, net of tax	—	—	—	(93)	—	(93)
Net income	—	—	—	—	86,139	86,139
Balance at March 31, 2024	17,924	18	218,258	(910)	589,155	806,521
Issuance of common stock under employee stock compensation plans, net of shares withheld for payroll taxes	179	1	9,552	—	—	9,553
Share-based compensation	—	—	11,060	—	—	11,060
Unrealized loss on available-for-sale securities, net of tax	—	—	—	(25)	—	(25)
Net loss	—	—	—	—	(51,911)	(51,911)
Balance at June 30, 2024	18,103	19	238,870	(935)	537,244	775,198
Issuance of common stock under employee stock compensation plans, net of shares withheld for payroll taxes	323	—	21,270	—	—	21,270
Issuance of common stock under ATM, net of commissions and fees	334	—	34,030	—	—	34,030
Share-based compensation	—	—	15,171	—	—	15,171
Unrealized gain on available-for-sale securities, net of tax	—	—	—	121	—	121
Foreign currency translation adjustment, net of tax	—	—	—	2,560	—	2,560
Net loss	—	—	—	—	(7,172)	(7,172)
Balance at September 30, 2024	18,760	$ 19	$ 309,341	$ 1,746	$ 530,072	$ 841,178

See accompanying notes to unaudited condensed consolidated financial statements.

LIGAND PHARMACEUTICALS INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Nine months ended September 30,	
	2025	**2024**
Cash flows from operating activities:		
Net income	$ 79,669	$ 27,056
Adjustments to reconcile net income to net cash provided by operating activities:		
Change in estimated fair value of contingent liabilities	1,475	993
Depreciation of fixed assets and amortization of intangible assets	25,561	26,612
Accretion of short-term investments	(2,943)	(725)
Amortization of debt discount and issuance fees	708	314
Non-cash income from financial royalty assets	(1,248)	(4,687)
CECL adjustment to financial royalty assets	(724)	(3,463)
Impairment loss of financial royalty assets	—	26,491
Gain on Pelthos Transaction	(53,072)	—
Loss on derivative instruments	134	14,655
Loss from equity method investment in Primrose Bio	—	5,763
(Gain) loss from change in fair value of equity-method investments and other investments	(75,887)	34,601
Share-based compensation	32,579	33,565
Deferred income taxes, net	12,113	(3,108)
Loss (gain) from short-term investments	3,630	(98,923)
Lease amortization expense	1,462	1,555
Other	1,941	123
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable	(19,650)	(794)
Inventory	2,214	7,053
Accounts payable and accrued liabilities	(1,463)	2,617
Income tax receivable and payable	3,622	(607)
Deferred revenue	(578)	(1,172)
Other assets and liabilities	(6,099)	657
Net cash provided by operating activities	3,444	68,576
Cash flows from investing activities:		
Acquisition of financial royalty assets	(10,212)	(17,819)
Acquisition of royalty receivables	(813)	—
Proceeds from financial royalty assets	8,766	4,892
Purchases of derivatives	(8,679)	—
Purchases of property and equipment	(443)	(1,109)
Purchases of short-term investments	(514,856)	(133,629)
Proceeds from sale of short-term investments	38,599	189,563
Proceeds from maturity of short-term investments	136,505	27,751
Cash outflow on Pelthos Transaction	(8,085)	—
Cash paid for investment in Primrose Bio	—	(998)
Cash paid for Palvella notes receivable	—	(2,500)
Cash paid for the Agenus Transaction	—	(75,000)

Cash paid for Apeiron Acquisition, net of cash received	—	(91,996)
Cash paid for InvIOs investment	—	(4,196)
Net cash used in investing activities	(359,218)	(105,041)
Cash flows from financing activities:		
Gross proceeds from issuance of 2030 Convertible Senior Notes	460,000	—
Debt discount and payment of debt issuance cost	(14,911)	(308)
Purchase of 2030 Convertible Senior Notes hedge	(113,250)	—
Proceeds from issuance of warrants	67,390	—
Repurchase of common stock	(15,000)	—
Proceeds from common stock issuance, net of commissions and fees	—	34,030
Payments under finance lease obligations	(20)	(19)
Payments to CVR holders	(174)	—
Net proceeds from stock option exercises and ESPP	38,203	46,251
Taxes paid related to net share settlement of equity awards	(9,255)	(3,201)
Proceeds from Pelthos investors	6,910	—
Net cash provided by financing activities	419,893	76,753
Effect of exchange rate changes on cash and cash equivalents	2,950	377
Net increase in cash and cash equivalents	67,069	40,665
Cash and cash equivalents at beginning of period	72,307	22,954
Cash and cash equivalents at end of period	$ 139,376	$ 63,619
Supplemental disclosure of cash flow information:		
Interest paid	$ 299	$ 262
Taxes paid	$ 5,175	$ 17,346
Apeiron Acquisition:		
Fair value of tangible assets acquired, net of cash and restricted cash received	$ —	$ 8,965
Financial royalty assets	—	106,156
Liabilities assumed	—	(23,125)
Cash paid for Apeiron Acquisition, net of cash received	$ —	$ 91,996
Supplemental schedule of non-cash investing and financing activities:		
Pelthos shares received in exchange for LNHC, Inc. business	$ 44,092	$ —
Pelthos shares received for a bridge loan cancellation	$ 12,732	$ —
Addition of right-of-use assets and lease liabilities	$ 2,315	$ 1,769
Accrued debt issuance costs	$ 634	$ 8
Accrued fixed asset purchases	$ —	$ 289
Unrealized gain on available-for-sale investments, net of tax	$ 7	$ 3

See accompanying notes to unaudited condensed consolidated financial statements.

LIGAND PHARMACEUTICALS INCORPORATED
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Unless the context requires otherwise, references in this report to "Ligand," "we," "us," the "Company," and "our" refer to Ligand Pharmaceuticals Incorporated and its consolidated subsidiaries.

1. Basis of Presentation and Summary of Significant Accounting Policies

Business

We are a biopharmaceutical company enabling scientific advancement through supporting the clinical development of high-value medicines. We do this by providing financing, licensing our technologies or both.

Basis of Presentation and Principles of Consolidation

Our unaudited condensed consolidated financial statements include the financial statements of Ligand and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. We have included all adjustments, consisting only of normal recurring adjustments, which we considered necessary for a fair presentation of our financial results. These unaudited condensed consolidated financial statements and accompanying notes should be read together with the audited consolidated financial statements included in our 2024 Annual Report. Interim financial results are not necessarily indicative of the results that may be expected for the full year.

Segment Information

The Company has one operating and one reportable segment: development and licensing of biopharmaceutical assets. The Company's Chief Operating Decision Maker ("CODM") is Todd Davis, our Chief Executive Officer. The CODM uses net income (loss) as a single segment profit or loss measure to evaluate our single segment performance, and in deciding whether to reinvest into the existing assets, or to new potential opportunities. Our CODM relies on internal management reporting processes that provide information on segment operating income (loss) for making financial decisions and allocating resources. The CODM does not evaluate, manage or measure performance of segments using asset information.

The information on significant segment expenses that are regularly provided to the CODM, and other segment items included within the reported segment profit or loss measure, is presented in a table below:

	Three months ended September 30,		Nine months ended September 30,	
	2025	**2024**	**2025**	**2024**
Total revenues and other income	$ 115,461	$ 51,812	$ 208,421	$ 124,321
Share-based compensation	(14,746)	(15,171)	(32,579)	(33,565)
Other segment items:				
Amortization of intangibles	(8,097)	(8,258)	(24,612)	(24,701)
Depreciation of property and equipment	(172)	(736)	(949)	(1,911)
Interest income	3,874	1,347	7,266	6,124
Interest expense	(910)	(741)	(2,930)	(2,154)
Other *	21,863	(35,425)	(74,948)	(41,058)
Net income (loss)	$ 117,273	$ (7,172)	$ 79,669	$ 27,056

** Other items for the three months ended September 30, 2025 and 2024 include the amount of other general, administrative, research and development expenses of $34.5 million and $14.2 million (net of share-based compensation and depreciation expenses), respectively, cost of Captisol and other non-operating income and expenses.*

Other items for the nine months ended September 30, 2025 include the amount of other general, administrative, research and development expenses of $111.6 million (including a $44.3 million one-time research and development expense in connection with the Castle Creek Transaction, a $17.8 million one-time research and development expense in connection with the Orchestra Transaction and net of share-based compensation and depreciation expenses), cost of Captisol and other non-operating income and expenses.

Other items for the nine months ended September 30, 2024 include the amount of other general, administrative, research and development expenses of $34.6 million (net of share-based compensation and depreciation expenses), and additional operating income and expense items that are presented in the unaudited condensed consolidated statement of operations such as financial royalty assets impairment of $26.5 million, fair value adjustments to partner program derivatives, cost of Captisol and other non-operating income and expenses.

Reclassification

Certain reclassification has been made to the previously issued audited consolidated financial statement to conform with the current period presentation. Specifically, within the condensed consolidated balance sheet as of December 31, 2024, a portion of other current assets has been reclassified to short-term portion of financial royalty assets, net.

In addition, within the unaudited condensed consolidated statement of operations for the three and nine months ended September 30, 2024, a portion of the other non-operating expense, net has been reclassified to gain (loss) from change in fair value of equity-method investments and other investments.

Significant Accounting Policies

We have described our significant accounting policies in *Note 1, Basis of Presentation and Summary of Significant Accounting Policies* of the Notes to Consolidated Financial Statements in our 2024 Annual Report.

Use of Estimates

The preparation of the unaudited condensed consolidated financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated financial statements and the accompanying notes. Actual results may differ from those estimates.

Revenue and Other Income

Our revenue and other income is generated primarily from royalties on sales of products commercialized by our partners, Captisol material sales, income from financial royalty assets, contract revenue for license fees, technical, regulatory and sales-based milestone payments, and other income resulting from other royalty transactions.

For all revenue transactions, we apply the following five-step model in accordance with ASC 606, *Revenue from Contracts with Customers*, in order to determine the revenue: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

Revenue from Intangible Royalty Assets

We receive royalty revenue from intangible royalty assets on sales by our partners of products covered by patents that we or our partners own under contractual agreements. We do not have future performance obligations under these license arrangements. We generally satisfy our obligation to grant intellectual property rights on the effective date of the contract. However, we apply the royalty recognition constraint required under the guidance for sales-based royalties which requires a royalty to be recorded no sooner than when the underlying sale occurs. Therefore, royalties on sales of products commercialized by our partners are recognized in the quarter the product is sold. Our partners generally report sales information to us on a one quarter lag. Thus, we estimate the expected royalty proceeds based on an analysis of historical experience and interim data provided by our partners including their publicly announced sales. Differences between actual and estimated royalty revenues, which have not been material, are adjusted in the period in which they become known, typically the following quarter.

Income from Financial Royalty Assets

We recognize income from financial royalty assets when there is a reasonable expectation about the timing and amount of cash flows expected to be collected. Income is calculated by multiplying the carrying value of the financial royalty asset by the periodic effective interest rate.

We account for financial royalty assets related to developmental pipeline or recently commercialized products on a non-accrual basis. Developmental pipeline products are non-commercialized, non-approved products that require FDA or other regulatory approval, and thus have uncertain cash flows. Newly commercialized products typically do not have an established reliable sales pattern, and thus have uncertain cash flows.

Captisol Sales

Revenue from Captisol sales is recognized when control of Captisol material is transferred or intellectual property license rights are granted to our customers in an amount that reflects the consideration we expect to receive from our customers in exchange for those products or rights. A performance obligation is considered distinct from other obligations in a contract when it provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and is separately identified in the contract. For Captisol material or intellectual property license rights, we consider our performance obligation satisfied once we have transferred control of the product or granted the intellectual property rights, meaning the customer has the ability to use and obtain the benefit of the Captisol material or intellectual property license right.

We recognize revenue for satisfied performance obligations only when we determine there are no uncertainties regarding payment terms or transfer of control. Sales tax and other taxes we collect concurrent with revenue-producing activities are excluded from revenue. We have elected to recognize the cost of freight and shipping when control over Captisol material has transferred to the customer as an expense in cost of Captisol. We expense incremental costs of obtaining a contract when incurred if the expected amortization period of the asset that we would have recognized is one year or less or the amount is immaterial. We did not incur any incremental costs of obtaining a contract during the periods reported.

Contract Revenue

Our contracts with customers often include variable consideration in the form of contingent milestone payments. We include contingent milestone payments in the estimated transaction price when it is probable a significant reversal in the amount of cumulative revenue recognized will not occur. These estimates are based on historical experience, anticipated results and our best judgment at the time. If the contingent milestone payment is based on sales, we apply the royalty recognition constraint and record revenue when the underlying sale has taken place. Significant judgments must be made in determining the transaction price for our sales of intellectual property. Because of the risk that products in development with our partners will not reach development milestones or receive regulatory approval, we generally recognize any contingent payments that would be due to us upon the development milestone or regulatory approval.

Some customer contracts are sublicenses which require that we make payments to an upstream licensor related to license fees, milestones and royalties which we receive from customers. In such cases, we evaluate the determination of gross revenue as a principal versus net revenue as an agent reporting based on each individual agreement.

Other Income

Other operating income includes milestone and royalty income received from other royalty transactions and transaction involving our intellectual property including, R&D funding arrangements, dispositions and the related contingent consideration.

Other income for the three and nine months ended September 30, 2025 is primarily related to the $53.1 million income from the disposition of Ligand's wholly owned subsidiary, LNHC, Inc. in connection with the Pelthos Transaction (as defined below). For additional information on the Pelthos Transaction, see *Note 2, Pelthos Transaction*.

Deferred Revenue

Depending on the terms of the arrangement, we may also defer a portion of the consideration received because we have to satisfy a future obligation. The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the condensed consolidated balance sheets. Except for royalty revenue and certain service revenue, we generally receive payment at the point we satisfy our obligation or soon after. Any fees billed in advance of being earned are recorded as deferred revenue. During the three months ended September 30, 2025 and 2024, the amount recognized as revenue that was previously deferred was zero and $0.2 million, respectively. During the nine months ended September 30, 2025 and 2024, the amount recognized as revenue that was previously deferred was $0.6 million and $1.2 million, respectively.

Disaggregation of Revenue

The following table represents disaggregation of royalties, Captisol, and contract revenue and other income (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Royalties				
Kyprolis	$ 11,619	$ 11,599	$ 25,145	$ 27,229
Evomela	1,893	1,747	5,339	5,877
Teriparatide injection	2,632	2,376	6,121	6,520
Rylaze	3,557	3,886	9,540	10,070
Filspari	9,078	3,206	20,957	7,402
Vaxneuvance	2,039	1,466	5,967	3,962
Ohtuvayre	2,717	112	6,213	113
Capvaxive	3,206	435	6,341	435
Other	3,420	1,725	6,209	5,904
Revenue from intangible royalty assets	40,161	26,552	91,832	67,512
Qarziba	5,976	4,628	17,303	4,628
Other	449	529	1,337	1,826
Income from financial royalty assets	6,425	5,157	18,640	6,454
Total royalties	46,586	31,709	110,472	73,966
Captisol	10,672	6,255	32,419	22,967
Contract revenue and other income				
Income from Pelthos Transaction	53,072	—	53,072	—
Contract revenue	131	13,848	6,441	25,444
Other income	5,000	—	6,017	1,944
Contract revenue and other income	58,203	13,848	65,530	27,388
Total	$ 115,461	$ 51,812	$ 208,421	$ 124,321

Short-term Investments

Our short-term investments consist of the following at September 30, 2025 and December 31, 2024 (in thousands):

September 30, 2025	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Corporate notes/bonds	$ 134,162	$ 71	$ (91)	$ 134,142
U.S. Treasuries	121,248	61	(18)	121,291
Commercial paper	118,371	30	(29)	118,372
U.S. Government Agencies	98,714	56	(34)	98,736
Corporate equity securities	15,056	36,686	(3,657)	48,085
Certificates of Deposit	4,520	—	—	4,520
Total short-term investments	$ 492,071	$ 36,904	$ (3,829)	$ 525,146
December 31, 2024				
U.S. Treasuries	$ 78,442	$ 19	$ (13)	$ 78,448
Corporate equity securities	11,386	38,808	(6,595)	43,599
Commercial paper	23,483	5	(6)	23,482
Certificates of Deposit	22,812	12	(4)	22,820
Corporate notes/bonds	15,496	21	(8)	15,509
Total short-term investments	$ 151,619	$ 38,865	$ (6,626)	$ 183,858

During the three and nine months ended September 30, 2025, we did not sell any shares of Viking common stock. During the nine months ended September 30, 2024, we sold 0.7 million shares of Viking common stock and recognized a realized gain of $60.0 million in total. We did not sell any shares of Viking common stock during the three months ended September 30, 2024.

Gain (loss) from short-term investments in our condensed consolidated statements of operations includes both realized and unrealized gain (loss) from our short-term investments in public equity and warrant securities.

Allowances are recorded for available-for-sale debt securities with unrealized losses. This limits the amount of credit losses that can be recognized for available-for-sale debt securities to the amount by which carrying value exceeds fair value and requires the reversal of previously recognized credit losses if fair value increases. The provisions of the credit losses standard did not have a material impact on our available-for-sale debt securities during the three and nine months ended September 30, 2025 and 2024.

The following table summarizes our available-for-sale debt securities by contractual maturity (in thousands):

	September 30, 2025	
	Amortized Cost	Fair Value
Within one year	$ 281,815	$ 281,873
After one year through five years	195,199	195,188
Total	$ 477,014	$ 477,061

Our investment policy is capital preservation and we only invest in U.S.-dollar denominated investments. We held a total of 73 investments which were in an unrealized loss position with a total of $0.17 million unrealized losses as of September 30, 2025. We believe that we will collect the principal and interest due on our debt securities that have an amortized cost in excess of fair value. The unrealized losses are largely due to changes in interest rates and not to unfavorable changes in the credit quality associated with these securities that impacted our assessment on collectability of principal and interest. We do not intend to sell these securities and it is not more-likely-than-not that we will be required to sell these securities before the recovery of the amortized cost basis as of September 30, 2025. Accordingly, there was no credit loss recognized for the three and nine months ended September 30, 2025. In July 2024, we sold certain securities before the recovery of the amortized cost basis to fund the Apeiron Acquisition. Accordingly, we wrote down the amortized cost of $0.05 million during the nine months ended September 30, 2024. There was no credit loss recognized for the three months ended September 30, 2024.

Accounts Receivable and Allowance for Credit Losses

Our accounts receivable arise primarily from sales on credit to customers. We establish an allowance for credit losses to present the net amount of accounts receivable expected to be collected. The allowance is determined by using the loss-rate method, which requires an estimation of loss rates based upon historical loss experience adjusted for factors that are relevant to determining the expected collectability of accounts receivable. Some of these factors include macroeconomic conditions that correlate with historical loss experience, delinquency trends, aging behavior of receivables and credit and liquidity quality indicators for industry groups, customer classes or individual customers. During the three months ended September 30, 2025 and 2024, we considered the current and expected future economic and market conditions and concluded an increase of $0.3 million and a decrease of $0.2 million in the aggregate of general and specific allowance for credit losses, respectively. During the nine months ended September 30, 2025 and 2024, we considered the current and expected future economic and market conditions and concluded an increase of $0.4 million and a decrease of $0.3 million in the aggregate of general and specific allowance for credit losses, respectively.

Inventory

Inventory, which consists of finished goods (Captisol), is stated at the lower of cost or net realizable value. We determine cost using the specific identification method. We analyze our inventory levels periodically and write down inventory to net realizable value if it has become obsolete, has a cost basis in excess of its expected net realizable value or is in excess of expected requirements. There was no obsolete inventory charge recorded during the three and nine months ended September 30, 2025. There was a $0.1 million and $0.2 million obsolete inventory charge recorded during the three and nine months ended September 30, 2024, respectively. In addition to finished goods, as of September 30, 2025 and December 31, 2024, inventory included prepayments of $2.3 million and $3.1 million, respectively, to our supplier for Captisol.

Goodwill and Other Identifiable Intangible Assets

Goodwill and other identifiable intangible assets consist of the following (in thousands):

	September 30, 2025	December 31, 2024
Indefinite-lived intangible assets		
Goodwill	$ 101,541	$ 105,250
Definite lived intangible assets		
Complete technology	$ 29,619	$ 39,249
Less: accumulated amortization	(20,333)	(19,710)
Trade name	2,642	2,642
Less: accumulated amortization	(1,943)	(1,843)
Customer relationships	29,600	29,600
Less: accumulated amortization	(21,771)	(20,652)
Contractual relationships	360,000	360,000
Less: accumulated amortization	(144,279)	(122,638)
Total definite lived intangible assets	233,535	266,648
Total goodwill and other identifiable intangible assets, net	$ 335,076	$ 371,898

Financial Royalty Assets, net

Financial royalty assets represent a portfolio of future milestone and royalty payment rights acquired that are passive in nature (i.e., we do not own the intellectual property or have the right to commercialize the underlying products).

Although a financial royalty asset does not have the contractual terms typical of a loan (such as contractual principal and interest), we account for financial royalty assets under ASC 310, *Receivables*. Our financial royalty assets are classified similar to loans receivable and are measured at amortized cost using the prospective effective interest method described in ASC 835-30, *Imputation of Interest*.

The effective interest rate is calculated by forecasting the expected cash flows to be received over the life of the asset relative to the initial invested amount. The effective interest rate is recalculated in each reporting period as the difference between expected cash flows and actual cash flows are realized and as there are changes to expected future cash flows.

The gross carrying value of a financial royalty asset is made up of the opening balance, or net purchase price for a new financial royalty asset, which is increased by accrued interest income (except for assets under the non-accrual method) and decreased by cash receipts in the period to arrive at the ending balance.

We evaluate financial royalty assets for recoverability on an individual basis by comparing the effective interest rate at each reporting date to that of the prior period. If the effective interest rate is lower for the current period than the prior period, and if the gross cash flows have declined (expected and collected), we record provision expense for the change in expected cash flows. The provision is measured as the difference between the financial royalty asset's amortized cost basis and the net present value of the expected future cash flows, calculated using the prior period's effective interest rate.

In addition to the above allowance, we recognize an allowance for current expected credit losses under ASC 326, *Financial Instruments – Credit Losses* on our financial royalty assets. The credit rating, which is primarily based on publicly available data and updated quarterly, is the primary credit quality indicator used to determine the credit loss provision.

The carrying value of financial royalty assets is presented net of the cumulative allowance for changes in expected future cash flows and expected credit losses. The initial amount and subsequent revisions in allowances for changes in expected future cash flows and expected credit losses are recorded as part of general and administrative expenses on the condensed consolidated statements of operations.

When we are reasonably certain that a part of a financial royalty asset's net carrying value (or all of it) is not recoverable, we recognize a permanent impairment which is recorded in financial royalty assets impairment on the condensed consolidated statements of operations. To the extent there was an allowance previously recorded for this asset, the amount of such impairment is written off against the allowance at the time that such a determination is made. Any future recoveries from such impairment are recognized when cash is collected in a respective period earnings.

The current portion of financial royalty assets represents an estimation for current quarter royalty receipts which are collected during the subsequent quarter, net of the allowance for expected credit losses.

For additional information, see *Note 5, Financial Royalty Assets, net.*

Research and Development Funding Expense

We enter into transactions where we agree to fund a portion of the research and development ("R&D") performed by our partners for products undergoing late-stage clinical trials in exchange for future royalties or milestones if the products are successfully developed and commercialized. In accordance with ASC 730, *Research and Development*, we account for the funded amounts as R&D expense when we have the ability to obtain the results of the R&D, the transfer of financial risk is genuine and substantive and, at the time of entering into the transaction, it is not yet probable that the product will receive regulatory approval. If these conditions are not met, we may record the funded amounts as a financial royalty asset. We may fund R&D upfront or over time as the underlying products undergo clinical trials.

Royalties earned on successfully commercialized products generated from R&D arrangements are recognized as revenue from intangible royalty assets in the same period in which the sale of the commercialized product occurs. Fixed or milestone payments receivable based on the achievement of contractual criteria for products arising out of our R&D arrangements are recognized as contract revenue and other income in the period that the milestone threshold is met.

Derivative Assets

As of September 30, 2025, all our derivative assets are warrants which are not used for risk management purposes. See *Note 3, Investment Transactions.*

As a result of our early adoption of ASU 2025-07, *Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606),* certain assets previously accounted as derivatives have qualified for a new derivative scope exception introduced by ASU 2025-07, and are now accounted for as financial royalty assets with January 1, 2025, being the effective date of ASU 2025-07 adoption. Such assets include (1) our rights in future milestone and royalty payments from Agenus Partnered Programs (see *Note 3, Investment Transactions*), (2) rights to receive from Primrose Bio 50% of milestone payments on two contracts previously entered into by Primordial Genetics ("Primrose mRNA"), and (3) Castle Creek Milestone (as defined in *Note 3, Investment Transactions*).

All derivatives are measured at fair value on the condensed consolidated balance sheets. Derivative assets consist of the following (in thousands):

	September 30, 2025	December 31, 2024
Agenus Partner Programs	$ —	$ 6,326
Primrose mRNA	—	3,451
Agenus Warrant	1,282	806
Castle Creek Warrant	5,242	—
Orchestra Warrant	2,112	—
Arecor Warrant	715	—
Total noncurrent derivative assets	$ 9,351	$ 10,583

A change in the fair value of warrants that amounted to $(0.7) million and $(0.1) million, respectively, for the three and nine months ended September 30, 2025, was included in other non-operating expense, net in the condensed consolidated statements of operations. Due to the adoption of ASU 2025-07, a change in the fair value of Agenus Partner Programs, Primrose mRNA and Castle Creek Milestone derivatives that amounted to $(0.5) million, $(0.6) million and $0.3 million, respectively, which was previously included in fair value adjustments to partner program derivatives in the condensed consolidated statement of operations for the six months ended June 30, 2025, was reversed during the three months ended September 30, 2025.

In May 2024, we entered into a collar arrangement to hedge against the fluctuation risk in Viking's share price (the "Viking Share Collar"), which was fully exercised in October 2024. A change in the fair value of Viking Share Collar that amounted to $(7.9) million and $7.3 million, respectively, for the three and nine months ended September 30, 2024, was included in gain (loss) from short-term investments in the condensed consolidated statements of operations. A change in the fair value of Agenus Partner Programs and Primrose mRNA derivative that amounted to $(7.2) million and $(0.6) million, respectively, for the three and nine months ended September 30, 2024, was included in fair value adjustments to partner program derivatives in the condensed consolidated statement of operations. A change in the fair value of other derivatives including Agenus Upsize Option (expired on June 30, 2025) and Agenus Warrant that amounted to $(8.0) million and $(6.8) million, respectively, for the three and nine months ended September 30, 2024, was included in other non-operating expense, net in the condensed consolidated statements of operations.

Equity Method Investments

The Company accounts for investments in entities over which it has significant influence (generally defined as ownership interest of 20% or more) using the equity method of accounting. Under this method the investment is initially recorded at cost and subsequently adjusted for the Company's share of the investee's earnings or losses and any dividends received, unless the fair value option under ASC 825-10 is elected. Such selection is made on an instrument-by-instrument basis and is irrevocable.

The Company did not elect a fair value option for Primrose equity method investment. As such, Primrose equity method investment is adjusted for the Company's share of the investee's earnings or losses and any dividends received. Any income or loss from our share of Primrose earnings or losses is presented in other non-operating expense, net in our consolidated statement of operations.

Ligand owned 31.5% and 31.4%, respectively, of the equity of Primrose Bio as of September 30, 2025 and December 31, 2024. Our proportionate share of net loss of Primrose Bio for the three and nine months ended September 30, 2024 was $1.2 million and $5.8 million, respectively, which was presented in other non-operating expense, net in our condensed consolidated statements of operations.

The Company does not record its share of the investee's losses beyond the zero basis. The Company resumes recognition of its share of earnings only after the cumulative unrecognized losses have been recovered. As of December 31, 2024, equity method investment in Primrose Bio had been written down to zero, and we are not required to fund further losses from Primrose Bio. We have no outstanding advances, guarantees, or commitment to fund Primrose Bio's losses; therefore, our proportionate share of net loss of Primrose Bio for the three and nine months ended September 30, 2025 was not recorded.

Equity method investments the Company did not elect a fair value option for are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment of equity method investments is presented in gain (loss) from change in fair value of equity-method investments and other investments in our consolidated statements of operations. Our equity method investments are reviewed for indicators of impairment at each reporting period and are written down to fair value if there is evidence of a loss in value that is other-than-temporary. In June 2024, Primrose Bio entered into an equity investment from an equity firm. In July 2024, Primrose Bio raised additional funds from another equity firm. As a result, we recognized an impairment loss on our equity method investments in the amount of $5.8 million during the nine months ended September 30, 2024, which was presented in gain (loss) from change in fair value of equity-method investments and other investments in our condensed consolidated statements of operations. There was no impairment to our equity method investments during the three months ended September 30, 2024 or during the three and nine months ended September 30, 2025.

The Company has elected the fair value option for Pelthos equity method investment. Under the fair value option, the investment is measured at fair value with changes in fair value recognized in earnings each reporting period. The election was made to simplify the accounting and reporting process, as Pelthos is a publicly traded entity with readily available market price. A change in fair value of Pelthos equity method investment is presented in gain (loss) from change in fair value of equity-method investments and other investments in our consolidated statements of operations.

Other Investments

Other investments represent our investments in equity securities of third parties that do not result in us having a control or significant influence over such investments.

Other investments consist of the following (in thousands):

	September 30, 2025	December 31, 2024
Pelthos Series A preferred shares	$ 95,978	$ —
Equity securities in Primrose Bio	6,547	6,712
InvIOs investment	4,196	4,196
Total other investments	$ 106,721	$ 10,908

Our investment in Pelthos Series A preferred shares is measured at fair value with changes in fair value recognized in earnings each reporting period. For additional information, see *Note 2, Pelthos Transaction.*

Our other equity securities investments that do not have a readily determinable or estimable fair value, and therefore we elected the measurement alternative in ASC 321 to subsequently record the investment at cost less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer. When fair value becomes determinable, from observable price changes in orderly transactions, our investment will be marked to fair value. In June 2024, Primrose Bio entered into an equity investment from an equity firm. In July 2024,

Primrose Bio raised additional funds from another equity firm. As a result, our investment in Series A preferred stock and reserve stock was reduced by $0.03 million and $25.79 million, respectively, during the three and nine months ended September 30, 2024. There were no observable price changes or impairments identified for the three and nine months ended September 30, 2025.

The change in fair value for other investments (including those due to impairment) recognized during the period is presented in gain (loss) from change in fair value of equity-method investments and other investments in our condensed consolidated statements of operations.

Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	September 30, 2025	December 31, 2024
Royalties owed to third parties	$ 12,321	$ 6,500
Compensation	3,696	5,522
Professional fees	2,063	4,858
Subcontractor	1,756	1,756
Acquisition related liabilities	1,000	—
Value-added tax	882	5,159
Customer deposit	621	621
Other	1,745	3,490
Total accrued liabilities	$ 24,084	$ 27,906

Contingent Liabilities

In connection with the acquisition of CyDex® in January 2011, we recorded a contingent liability for amounts potentially due to holders of the CyDex CVRs and former license holders. The liability is periodically assessed based on events and circumstances related to the underlying milestones, royalties and material sales.

In connection with the acquisition of Metabasis in January 2010, we issued Metabasis stockholders four tradable CVRs for each Metabasis share. The fair values of the CVRs are remeasured at each reporting date through the term of the related agreement.

Any change in fair value is recorded in other non-operating expense, net in our condensed consolidated statements of operations. For additional information, see *Note 6, Fair Value Measurements.*

Other Long-Term Liabilities

Other long-term liabilities consist of the following (in thousands):

	September 30, 2025	December 31, 2024
Unrecognized tax benefits	$ 19,865	$ 14,160
Novan (Pelthos) contract liability	—	15,938
Other long-term liabilities	47	65
Total other long-term liabilities	$ 19,912	$ 30,163

Share-Based Compensation

Share-based compensation expense for awards to employees and non-employee directors is a non-cash expense and is recognized on a straight-line basis over the vesting period. The following table summarizes share-based compensation expense recorded as components of research and development expenses and general and administrative expenses for the periods indicated (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
SBC - Research and development expenses	$ 1,230	$ 982	$ 3,089	$ 2,588
SBC - General and administrative expenses	13,516	14,189	29,490	30,977
Total SBC expenses	$ 14,746	$ 15,171	$ 32,579	$ 33,565

The fair value for options that were awarded to employees and directors was estimated at the date of grant using the Black-Scholes option valuation model with the following weighted-average assumptions:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Risk-free interest rate	3.7%	4.4%	4.0%	4.3%
Dividend yield	—	—	—	—
Expected volatility	40.0%	44.7%	45.4%	44.7%
Expected term (years)	4.1	4.7	4.2	4.7

A limited amount of performance-based restricted stock units ("PSUs") contain a market condition based on our relative total shareholder return ranked on a percentile basis against the Nasdaq Biotechnology Index over a three-year performance period, with a range of 0% to 200% of the target amount granted to be issued under the award. Share-based compensation cost for these PSUs is measured using the Monte-Carlo simulation valuation model and is not adjusted for the achievement, or lack thereof, of the performance conditions.

Net Income (Loss) Per Share

Basic net income (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted net income per share is computed based on the sum of the weighted average number of common shares and potentially dilutive common shares outstanding during the period. Diluted net loss per share is computed based on the sum of the weighted average number of common shares outstanding during the period.

Potentially dilutive common shares consist of shares issuable under the 2030 Notes, warrants in connection with the 2030 Notes, stock options and restricted stock. The 2030 Notes are considered to be Instrument C where, upon conversion, the Company must satisfy the accreted value of the debt instrument in cash and may choose to satisfy the conversion spread in cash, shares, or a combination of cash and shares. The dilutive effect of Instrument C is limited to the conversion premium, which is reflected in the calculation of diluted earnings per share as if it were a freestanding written call option on the issuer's shares. The warrants will have a dilutive effect to the extent the market price per share of common stock exceeds the applicable exercise price of the warrants.

Potentially dilutive common shares from stock options and restricted stock are determined using the average share price for each period under the treasury stock method. In addition, the following amounts are assumed to be used to repurchase shares: proceeds from exercise of stock options and the average amount of unrecognized compensation expense for the awards. For additional information, see *Note 9, Stockholders' Equity*.

The following table presents the calculation of weighted average shares used to calculate basic and diluted earnings per share (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Weighted average shares outstanding:	19,578	18,419	19,367	18,061
Dilutive potential common shares:				
Restricted stock	337	—	260	173
Stock options	714	—	543	340
Shares used to compute diluted income (loss) per share	20,629	18,419	20,170	18,574
Potentially dilutive shares excluded from calculation due to anti-dilutive effect	3,541	1,099	1,898	1,815

For the three months ended September 30, 2024, due to the net loss for the period, the 0.7 million weighted average incremental options and restricted stock awards were anti-dilutive.

Foreign Currency Translation

The Euro is the functional currency of Apeiron and the corresponding financial statements have been translated into U.S. Dollars in accordance with ASC 830-30, *Translation of Financial Statements*. Assets and liabilities are translated at end-of-period rates while revenues and expenses are translated at average rates in effect during the period in which the activity took place. Equity is translated at historical rates and the resulting cumulative translation adjustments are included as a component of accumulated other comprehensive income (loss).

Accounting Standards Updates, Recently Adopted

In September 2025, the FASB issued ASU 2025-07*, Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606)* ("ASU 2025-07"). The update provides a derivative scope refinement and scope clarification for share-based noncash consideration from a customer in a revenue contract. Adoption of the amendment allows for either the prospective or modified retrospective application and is effective for annual periods beginning after December 15, 2026, with early adoption permitted.

We early adopted this standard using the modified retrospective method for the derivative scope refinement with the effective date of January 1, 2025, and the adoption has some impact on our financial condition and results of operations. The key change of this update applicable for Ligand is related to additional derivative scope exception for contracts with underlyings based on obtaining regulatory approval or achieving a product development milestone. The assessment of our derivatives existing before the adoption date concluded that the Agenus Partnered Programs and the Primrose mRNA derivative assets met the scope exception of this amendment. Such assets were derecognized from derivative assets and recognized within the financial royalty assets, net, starting from January 1, 2025. A carrying value of such financial royalty assets was determined as unamortized cost basis less impairment recognized for certain Agenus Partnered Programs as of January 1, 2025. The Castle Creek milestone derivative acquired in February 2025 also met the scope exception of ASU 2025-07 and is now included in the balance of financial royalty assets, net, in the amount of its purchase price on the acquisition date. Refer to *Note 3, Investment Transactions* and *Note 5, Financial Royalty Assets, net* for more information on these derivatives.

Financial royalty assets are assessed periodically for current expected credit losses ("CECL"). The CECL assessment on the derivatives reclassified to financial royalty assets acquired before the adoption date were recorded to retained earnings. The CECL adjustments made to financial royalty assets after the adoption date were recorded to general and administration in the condensed consolidated statements of operations for the three and nine months ended September 30, 2025. Any fair value adjustments recorded on such derivative assets during the six months ended June 30, 2025, were reversed during the three months ended September 30, 2025.

The scope clarification for share-based noncash consideration from a customer in a revenue contract is not applicable to us as we have not received any noncash consideration from our customers related to revenue contracts. Thus, we adopted this update effective on September 30, 2025 on a prospective method.

Accounting Standards Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The update requires a public business entity to disclose, on an annual basis, a tabular rate reconciliation using both percentages and currency amounts, broken out into specified categories with certain reconciling items further broken out by nature and jurisdiction to the extent those items exceed a specified threshold. In addition, all entities are required to disclose income taxes paid, net of refunds received disaggregated by federal, state/local, and foreign and by jurisdiction if the amount is at least 5% of total income tax payments, net of refunds received. Adoption of the ASU allows for either the prospective or retrospective application of the amendment and is effective for annual periods beginning after December 15, 2024, with early adoption permitted. We will adopt this ASU prospectively for the period ending December 31, 2025, and it will impact only our disclosures, with no impacts to our financial condition or results of operations.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income (Subtopic 220-40): Expense Disaggregation Disclosures*. This update requires entities to disaggregate operating expenses into specific categories, such as salaries and wages, depreciation, and amortization, to provide enhanced transparency into the nature and function of expenses. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, with early adoption permitted. ASU 2024-03 may be applied retrospectively or prospectively. We are currently evaluating the new guidance to determine the impact it may have on our condensed consolidated financial statements and related disclosures.

We do not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material impact on our condensed consolidated financial statements or disclosures.

2. Pelthos Transaction

In April 2025, we entered into a definitive merger agreement to combine our wholly owned subsidiaries, Pelthos Therapeutics Inc. and LNHC, Inc. (collectively "Pelthos") with CHRO Merger Sub Inc., a wholly owned subsidiary of Channel Therapeutics Corporation ("Channel"). On July 1, 2025, our wholly owned subsidiary, LNHC, Inc. was merged with CHRO Merger Sub Inc. and became a wholly owned subsidiary of Channel. The combined company now operates under the name Pelthos Therapeutics Inc. ("Pelthos") (such transaction, the "Pelthos Transaction").

Our CEO and director, Todd Davis, was also a director on Channel's board of directors. Mr. Davis did not participate in and recused himself from both boards' consideration and approval of the Pelthos Transaction, which was in the case of the Company approved by an authorized special transaction committee of the Board. Upon the consummation of the Pelthos

Transaction, Mr. Davis and Richard Baxter (our Senior Vice President of Investment Operations) were appointed to Pelthos' board of directors.

As LNHC, Inc. has the input, process and output elements defined in ASC 805, *Business Combinations*, we concluded the sale qualifies as a sale of business, and as such, as of July 1, 2025, we derecognized all assets and liabilities of LNHC, Inc and did not include its operations for the three months ended September 30, 2025, in our condensed consolidated statement of operations. Pelthos is considered a related party to Ligand due to Ligand's significant equity interest and ongoing contractual arrangements, although Ligand does not control Pelthos and is not the primary beneficiary under ASC 810.

Concurrent with the Pelthos Transaction, Ligand invested $18.0 million into Pelthos, out of which $12.7 million were invested by Ligand prior to July 1, 2025 in a form of intercompany loan. On July 1, 2025, this intercompany loan was cancelled, and Ligand contributed the remaining balance of $5.3 million to Pelthos.

Ligand received Pelthos Series A Convertible preferred shares and Pelthos common shares in connection with the Pelthos Transaction. We assessed Ligand's consolidation requirements for these investments under ASC 810, *Consolidation*, and concluded that Ligand is not required to consolidate Pelthos.

As further discussed in Note 1, *Basis of Presentation and Summary of Significant Accounting Policies,* we recorded Pelthos Series A Convertible preferred shares and Pelthos common shares in other investments and equity method investments, respectively, within our condensed consolidated balance sheet, and elected to subsequently measure them using the fair value option, with the change in fair value for these investments being recorded to gain (loss) from change in fair value of equity-method investments and other investments in our condensed consolidated statements of operations.

	Pelthos Series A preferred shares	Pelthos common shares	Total
Fair value on July 1, 2025	$ 43,192	$ 18,900	$ 62,092
Change in fair value for the three months ended September 30, 2025	52,786	23,100	75,886
Fair value on September 30, 2025	$ 95,978	$ 42,000	$ 137,978

As a result of the Pelthos Transaction, on July 1, 2025, Ligand recognized income in the amount of $53.1 million which was recorded to contract revenue and other income in our condensed consolidated statements of operations for the three and nine months ended September 30, 2025. The amount of income from Pelthos Transaction represents the excess of the fair value of 1) our investment in Pelthos Series A Convertible preferred shares and Pelthos common shares ($62.1 million in total); 2) the carrying amount of LNHC, Inc. assets and liabilities as of July 1, 2025, the date of sale; and 3) $5.3 million cash consideration paid to Pelthos.

Net assets sold, and cash consideration paid were as follows (in thousands):

	July 1, 2025
Cash and cash equivalents	$ 2,817
Accounts receivable, net	48
Other current assets	7,910
Property and equipment, net	11,091
Intangible assets, net	8,501
Goodwill	3,709
Operating lease right-of-use assets	3,625
Other assets	4,812
Accounts payable	(993)
Accrued liabilities	(3,894)
Deferred revenue	(2,835)
Operating lease liabilities	(3,566)
Short-term bridge loan	(6,963)
Deferred income taxes, net	(3,069)
Other long-term liabilities	(17,441)
Net assets sold	3,752
Cash consideration paid	5,268
Net assets sold and cash consideration paid	$ 9,020

Fair value of the consideration received included the following (in thousands):

Equity method investment (common shares)	$	18,900
Other investment (Series A preferred shares)		43,192
Total consideration received		62,092
Net assets sold and cash consideration paid		9,020
Gain from Pelthos Transaction	$	53,072

On July 10, 2025, Pelthos commercially launched Zelsuvmi. Ligand earned a $5 million milestone payment from Pelthos following the commercial launch of Zelsuvmi which was recorded in contract revenue and other income in our condensed consolidated statements of operations for the three and nine months ended September 30, 2025. We are also entitled to a 13% royalty on worldwide sales of Zelsuvmi, excluding Japan, and up to an additional $5 million in commercial sales milestones.

3. Investment Transactions

Arecor Transaction: Q3 2025

On September 24, 2025, we invested $7 million in strategic capital to purchase economic rights from Arecor Limited ("Arecor"), with an additional $1 million in deferred consideration payable in two equal parts at the six- and twelve-month anniversaries of the transaction closing date. The transaction was accounted for as an asset acquisition.

In connection with the transaction, Ligand received the economic rights in two partner programs: 1) a single-digit royalty on global net sales of AT220, an Arestat®-enhanced biosimilar product marketed by a global pharmaceutical company; and 2) potential annual technology access fees and milestones from AT292 (efdoralprin alfa/SAR447537/INBRX-101), a partnered program with Sanofi.

We accounted for both partner programs rights (except for the past period royalty rights) as financial royalty assets (loan receivables) under ASC 310, *Receivables*. AT220 royalty rights for the pre-transaction period have been recorded as other current assets. The AT220 financial royalty asset is placed on the accrual method as this drug is commercially available. The AT292 financial royalty asset is currently put under the non-accrual method as this drug is still under development and management cannot reliably estimate future cash flows from this program.

In addition to the economic rights, Ligand received warrants to purchase 1,002,739 ordinary shares of Arecor Therapeutics Plc, exercisable over a ten-year period. We accounted for the Arecor warrants ("Arecor Warrant") as derivative assets under ASC 815, *Derivatives and Hedging*, recognizing them at fair value as of the transaction date and marking them to fair value at each subsequent reporting period. Arecor Warrant is presented in noncurrent derivative assets line in our condensed consolidated balance sheet. The fair value of the Arecor Warrant is determined using a Black-Scholes model with the following assumptions as of September 24, 2025, and September 30, 2025, respectively: 1) volatility of 32% and 33%; and 2) risk-free rates of 4.7% and 4.8%.

Out of the $7 million Arecor transaction price and the $1 million of deferred consideration recognized as of the transaction closing date, $0.5 million was allocated to the Arecor Warrant, $4.8 million and $1.9 million were allocated to AT220 and AT292 financial royalty assets, respectively, and $0.8 million was allocated to past period royalties of AT220 (recorded as other current assets).

We are also obligated to pay up to $3 million in contingent consideration tied to commercial milestones in the AT292 partnered program. We accounted for this contingent consideration in accordance with ASC 450, *Contingencies,* and will recognize respective liability when the contingency is resolved, and the liability becomes payable. No contingent consideration was recognized as of the acquisition date or as of September 30, 2025.

Orchestra Transaction: Q3 2025

On August 4, 2025, we invested $25 million in strategic capital to fund Orchestra BioMed ("Orchestra")'s late-stage partnered cardiology programs. Our investment included a $20 million cash payment payable at the transaction closing date, with an additional $15 million contingent consideration to be recogzined when paid, at the nine-month anniversary of the transaction closing date. Ligand invested an additional $5 million in an equity private placement at the public offering price of $2.75 per share. In exchange, we will receive a low double-digit royalty on the first $100 million in commercial revenues from Orchestra's atrioventricular interval modulation ("AVIM") therapy and Virtue SAB programs in all indications. We will also earn a mid-single-digit royalty on annual revenues exceeding $100 million in commercial revenues from AVIM therapy in the uncontrolled hypertension and increased cardiovascular risk indication and Virtue SAB in coronary artery disease indications.

The $5 million equity private placement is included in our a short-term investments and subsequently marked to market during each reporting period. The remaining $20 million was allocated $2.3 million to the Orchestra Warrant derivative asset

and $17.8 million to the research and development funding arrangement and recognized in research and development expenses for the three and nine months ended September 30, 2025.

The Orchestra Warrant is presented in the noncurrent derivative assets line in our condensed consolidated balance sheet. The derivative asset was recorded at fair value as of August 4, 2025, and is marked to fair value at each subsequent reporting period. The fair value of the Orchestra Warrant was determined using a Black-Scholes model with the following assumptions as of August 4, 2025, and September 30. 2025, respectively: 1) volatility of 73% and 72%; and 2) risk-free rates of 4.4% and 4.2%.

We accounted for the acquired royalty rights as a research and development funding arrangement under ASC 730-20, *Research and Development Arrangements*, because (a) Orchestra is contractually required to use Ligand's capital for the execution of the Phase 3 clinical study for AVIM Therapy, and (b) the repayment of Ligand funding solely depends on the research and development results having future economic benefits. As Ligand will not be controlling or actively involved in the ongoing research and development efforts, this amount was expensed in the period of funding.

Castle Creek Transaction: Q1 2025

On February 24, 2025, we entered into a Purchase and Sale Agreement (the "Castle Creek Investment" transaction) with Castle Creek Biosciences, Inc., Castle Creek Biosciences, LLC (collectively, "Castle Creek") and a syndicate of co-investors for which Ligand acted as representative (collectively, including Ligand, the "Purchasers"), to support Castle Creek's autologous human fibroblast cell-based gene therapy genetically modified to express COL7, also known as FCX-007 (dabocemagene autoficel) ("D-Fi") Phase 3 clinical study. D-Fi is Castle Creek's lead candidate for patients with dystrophic epidermolysis bullosa ("DEB").

Pursuant to the Castle Creek Investment transaction, Ligand and the other Purchasers obtained, for an aggregate purchase price of $75 million ($50 million of which was paid by Ligand and $25 million of which was paid by the other Purchasers collectively) on a proportional basis: (a) a high single digit royalty on worldwide sales of D-Fi; and (b) the Warrant to purchase shares of Castle Creek's Series D-1 Preferred Stock, exercisable until February 24, 2035 ("Castle Creek Warrant"). As part of the Agreement, Castle Creek granted the Purchasers a security interest in certain assets related to the programs included in the Agreement, subject to certain customary exceptions.

In connection with the Castle Creek Investment transaction, on February 24, 2025, we acquired a portion of unsecured subordinated promissory notes (with an aggregate principal amount of $8.3 million payable upon FDA approval of D-Fi) from a Castle Creek related party for $1.8 million ("Milestone Buyout"). Management concluded that the individual prices of these two transactions (Castle Creek Investment and Milestone Buyout) reflect the fair value of the related assets acquired on a standalone basis.

We accounted for the Milestone Buyout transaction as a financial royalty asset. We further identified two units of account in the Castle Creek Investment transaction: (1) the Castle Creek Warrant, accounted for as a derivative asset; (2) D-Fi royalty rights accounted for as a research and development funding arrangement under ASC 730-20*, Research and Development Arrangements*, because (a) Castle Creek is contractually required to use Ligand's capital for the execution of the Phase 3 clinical study for D-Fi and (b) the repayment of Ligand funding solely depends on the research and development results having future economic benefits. Out of the $50.1 million Castle Creek Investment transaction price, including transaction costs, $5.8 million was allocated to the Castle Creek Warrant (based on their estimated fair value as of the effective date), with the remaining amount of $44.3 million being allocated to D-Fi royalty rights, and recognized in research and development expenses for the period (as Ligand will not be controlling or actively involved in the ongoing research and development efforts).

The Castle Creek Warrant derivative is presented in the noncurrent derivative assets line in our condensed consolidated balance sheet. The Castle Creek Warrant was recorded at fair value as of February 24, 2025, and is marked to fair value at each subsequent reporting period. The fair value of the Castle Creek Warrant was determined using a Black-Scholes model with the following assumptions as of February 24, 2025, and September 30, 2025, respectively: 1) volatility of 110% and 110%; and 2) risk-free rates of 4.2% and 3.6%.

Agenus Transaction: Q2 2024

On May 29, 2024, we closed the transactions pursuant to the $75 million purchase and sale agreement (the "Agenus Agreement"), dated May 6, 2024, among us and Agenus Inc., Agenus Royalty Fund, LLC, and Agenus Holdings 2024, LLC (collectively, "Agenus"). Under the terms of the Agenus Agreement, we received (i) 18.75% of the licensed royalties and 31.875% of the future licensed milestones paid to Agenus on six-partnered oncology programs, including BMS-986442 (Bristol Myers Squibb), AGEN2373 (Gilead Sciences), INCAGN2385 and INCAGN2390 (Incyte), MK-4830 (Merck), and UGN-301 (UroGen Pharma) (collectively referred as "Agenus Partnered Programs"), and (ii) a synthetic 2.625% royalty on future global net sales of Agenus' novel immuno-oncology botensilimab in combination with balstilimab ("BOT/BAL") program,

collectively subject to certain events which may adjust the royalty and milestone percentages paid to us. In addition, we received the option to commit an additional $25 million in the same assets on a pro rata basis which expired on June 30, 2025 ("Upsize Option"). We have also agreed to allow Agenus to raise up to an additional $100 million bringing the total syndicated purchase price up to an aggregate of $200 million. As part of the Agenus Agreement, Agenus granted us security over certain assets related to the programs included in the Agenus Agreement, subject to certain customary exceptions.

In connection with entry into the Agenus Agreement, Agenus issued us a five-year warrant ("Agenus Warrant") to purchase 867,052 shares of its common stock, at an exercise price equal to $17.30.

We initially accounted for all Agenus Partnered Programs as derivative assets. We reclassified them to financial royalty assets effective January 1, 2025 with the adoption of ASU 2025-07. The assets are currently put under the non-accrual method as management cannot reliably estimate future cash flows from these programs.

We accounted for the Agenus Warrant and Upsize Option as derivative assets, presented in noncurrent derivative assets line in our condensed consolidated balance sheets. The derivative assets were recorded at fair value as of May 29, 2024, and are marked to fair value at each subsequent reporting period.

The fair value of the Agenus Warrant was determined using a Black-Scholes model with the following assumptions as of May 29, 2024, and September 30, 2025, respectively: 1) volatility of 84% and 114%; 2) risk-free rates of 4.7% and 3.6%. The fair value of the Upsize Option was determined using the binomial option pricing model under which we assessed and considered the possible upwards and downwards scenarios through the expiration date of the Upsize Option. The fair value of the Upsize Option was written down to zero as of December 31, 2024, and it further expired on June 30, 2025.

For additional information on the Agenus Warrant and Upsize Option, see *Note 6, Fair Value Measurements.* For additional information on the Agenus Partnered Program financial royalty asset, see *Note 5, Financial Royalty Assets, net*.

We accounted for the acquired BOT/BAL rights as a financial royalty asset, which is currently put under the non-accrual method as management cannot reliably estimate future cash flows from this program. The amount of BOT/BAL financial royalty asset was determined as the residual value from the $75 million aggregate investment amount, less fair value of all acquired derivative assets as of May 29, 2024. For additional information on the Agenus BOT/BAL rights, see *Note 5, Financial Royalty Assets, net*.

4. Apeiron Acquisition

On July 15, 2024, we acquired all the outstanding shares of Apeiron Biologics AG ("Apeiron"), including the royalty rights to Qarziba® (dinutuximab beta) for the treatment of high-risk neuroblastoma (the "Apeiron Acquisition") for $100.5 million base consideration. We funded the Apeiron Acquisition from our available cash on hand.

In addition to base consideration, we would also pay Apeiron shareholders an additional consideration based on future commercial and regulatory events, including up to $28 million if Qarziba royalties exceed certain predetermined thresholds by either 2030 or 2034, and pay additional earn-outs on specific future events, primarily related to Qarziba regulatory approval and commercialization in the USA.

We evaluated this acquisition in accordance with ASC 805, *Business Combinations*, to discern whether the assets and operations of Apeiron met the definition of a business. We accounted for this transaction as an asset acquisition.

We incurred $4.9 million of transaction costs related to the Apeiron Acquisition, which were included in the amount of total purchase consideration. Financial assets acquired and liabilities assumed in the Apeiron Acquisition were recognized at their fair values. The remaining assets acquired were recognized on a relative fair value basis.

The amount of purchase consideration was allocated to the acquisition date fair values of acquired assets and assumed liabilities as follows (in thousands):

Cash and cash equivalents	$	13,437
Contract assets (financial royalty assets)		106,156
Other assets		8,965
Accounts payable and accrued liabilities		(3,740)
Income tax payable		(1,276)
Deferred tax liabilities, net		(18,109)
Total fair value of net assets acquired	$	105,433

Contract assets acquired are accounted for as financial royalty assets, similar to loans receivable, and are measured at amortized cost using the prospective effective interest method described in ASC 835-30. The acquired contracts assets include Qarziba and other development phase contract assets.

As Qarziba is a commercial phase program, we are able to reasonably estimate future cash flows and, as such, we recognize income from Qarziba financial royalty assets starting from the Apeiron Acquisition effective date, which is calculated by multiplying the carrying value of the financial royalty asset by the periodic effective interest rate. As described in *Note 1, Basis of Presentation and Significant Accounting Policies*, the effective interest rate is calculated by forecasting the expected cash flows to be received over the life of the asset relative to the initial invested amount. The effective interest rate is recalculated in each reporting period as the differences between expected cash flows and actual cash flows are realized and as there are changes to expected future cash flows. We account for other Apeiron development phase financial royalty assets on a non-accrual basis as there is a higher level of uncertainty over the related expected cash flows.

For tax purposes this transaction is treated as a stock purchase. As a result, we will not obtain a tax stepped-up basis in Apeiron's underlying assets and will assume the carryover tax basis. As part of the tax purchase price accounting, deferred tax liabilities of $18.1 million have been recorded to reflect the difference between the book and tax basis of the acquired assets.

We account for the earnout liabilities in the Apeiron Acquisition in accordance with ASC450, *Contingencies*, and we will recognize respective liability when the contingency is resolved, and the liability becomes payable. No earnout liability was recognized as of September 30, 2025 or as of December 31, 2024.

In conjunction with the Apeiron Acquisition, we have also invested $4.2 million (including $0.2 million transaction costs) in common shares of InvIOs Holding AG ("InvIOs"), a privately held spin-off of Apeiron. This investment was part of an €8 million (approximately $8.8 million) round with other investors which would help finance the research and development of three innovative early-stage immuno-oncology assets. Apeiron has previously outlicensed these assets to InvIOs and is entitled to future royalties and milestone payments.

As the result of this investment, we did not obtain control or significant influence over InvIOs. We determined that common stock of InvIOs did not have a readily determinable fair value and therefore elected the measurement alternative in ASC 321 to subsequently record the investment at cost, less any impairments, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer. When fair value becomes determinable, from observable price changes in orderly transactions, our investment will be marked to fair value.

5. *Financial Royalty Assets, net*

Financial royalty assets consist of the following (in thousands):

	September 30, 2025			December 31, 2024		
	Gross carrying value[2]	Allowance [1]	Net carrying value [2]	Gross carrying value[2]	Allowance [1]	Net carrying value
Qarziba	$ 112,052	$ (517)	$ 111,535	$ 105,329	$ (484)	$ 104,845
Agenus Bot/Bal (see Note 3)	40,815	(408)	40,407	40,815	(408)	40,407
Tolerance Therapeutics (Tzield®)	25,363	(99)	25,264	25,613	(101)	25,512
Ohtuvayre inventors	15,608	(142)	15,466	15,969	(157)	15,812
Elutia (CorMatrix)	8,466	(1,316)	7,150	9,418	(2,268)	7,150
AT220 (Tyenne)	4,751	(143)	4,608	—	—	—
UGN-301 (Urogen)	4,144	(41)	4,103	—	—	—
Primrose mRNA	3,281	(98)	3,183	—	—	—
Others	7,224	(192)	7,032	1,443	(120)	1,323
Total financial royalty assets, net	$ 221,704	$ (2,956)	$ 218,748	$ 198,587	$ (3,538)	$ 195,049

(1) The amounts of allowance include accumulated allowance for changes in expected cash flows and current expected credit losses.

(2) The amounts include current portion of financial royalty assets which represents an estimation for current quarter royalty receipts that are to be collected during the subsequent quarter. The current portion of financial royalty assets amounted to $12.4 million and $10.0 million were presented in a separate line on our condensed consolidated balance sheets as of September 30, 2025 and December 31, 2024, respectively.

Financial royalty assets represent future economic rights acquired by Ligand in various transactions. As discussed in *Note 1, Basis of Presentation and Summary of Significant Accounting Policies, w*ith the early adoption of ASU 2025-07*,* certain economic rights in partner programs that were previously accounted for as derivative assets (UGN-301 and other Agenus partner programs, Primrose mRNA, and Castle Creek milestone) are now accounted for as financial royalty assets.

There was no impairment loss for the three and nine months ended September 30, 2025. During nine months ended September 30, 2024, we recorded a $26.2 million impairment loss for Ovid (Soticlestat) financial royalty asset and a $0.3 million impairment loss for Selexis financial royalty asset.

Apeiron Programs

As discussed in *Note 4, Apeiron Acquisition*, we acquired certain financial royalty assets within the Apeiron Acquisition, including Qarziba and certain InvIOs programs, recorded at $104.9 million and $1.3 million, respectively, as of the Apeiron Acquisition date. As Qarziba is a commercial phase program, we are able to reasonably estimate future cash flows and, as such, we recognized income from Qarziba financial royalty assets starting from the Apeiron Acquisition effective date. We account for InvIOs financial royalty assets using the non-accrual method until we are able to reliably estimate future cash flows.

Agenus Programs

As discussed in *Note 3, Investment Transactions*, we acquired a synthetic royalty on future global net sales of Agenus' novel immuno-oncology botensilimab in combination with balstilimab ("Bot/Bal") program, which was accounted for as a financial royalty asset.

In addition to Bot/Bal, we acquired economic rights in certain partner programs (including UGN-301 with Urogen). We initially accounted for such economic rights as derivative assets, but reclassified them to financial royalty assets on January 1, 2025 with the adoption of ASU 2025-07. Refer to *Note 1, Basis of Presentation and Summary of Significant Accounting Policies,* for additional information related to the adoption of ASU 2025-07.

All Agenus program financial royalty assets are accounted for using the non-accrual method as management cannot reliably estimate future cash flows from these programs.

Tzield

In November 2023, we acquired Tolerance Therapeutics for $20 million in cash. Tolerance Therapeutics was a holding company, owned by the inventors of Tzield (teplizumab), and is owed a royalty of less than 1% on worldwide net sales of Tzield. Tzield is marketed by Sanofi, starting in 2023. For tax purposes this transaction was treated as a stock deal, so there is no step-up in basis and tax attributes. Therefore, a deferred tax liability of $5.5 million was recognized in 2024 on the book basis and tax basis difference and recorded to the book value of the Tolerance Therapeutics' financial royalty asset. Due to the early stages of Tzield's commercialization, management has placed this financial royalty asset on the non-accrual method until we are able to reliably estimate future cash flows.

Ohtuvayre Inventors

In March 2024, August 2024 and January 2025, we acquired future milestone and royalty rights related to Ohtuvayre from certain Ohtuvayre inventors for a total of $3.8 million, $13.6 million and $1.8 million, respectively. On June 26, 2024, Verona Pharma plc received FDA approval for ensifentrine for the maintenance treatment of patients with chronic obstructive pulmonary disease ("COPD"). During the third quarter of 2024, Verona started commercial sales of ensifentrine (marketed as Ohtuvayre™) in the U.S. Due to the early stages of Ohtuvayre's commercialization, management has placed the investment on the non-accrual method until we are able to reliably estimate future cash flows.

Elutia

In 2016, Ligand entered into a purchase agreement to acquire certain financial royalty assets from CorMatrix. In 2017, CorMatrix sold its marketed products to Elutia where Elutia assumed the Ligand royalty obligation. In 2017, we amended the terms of the royalty agreement with Elutia where we received $10 million to buydown the royalty rates on the products CorMatrix sold to Elutia (the "CorMatrix Asset Sale"). Per the amended agreement with Elutia, we will receive a 5% royalty, with certain annual minimum payments, on the products Elutia acquired in the CorMatrix Asset Sale and up to $10 million of milestones tied to cumulative net sales of these products. The royalty agreement will terminate on May 31, 2027.

In January 2024, we executed an amendment to our agreement with Elutia which will allow us to reliably estimate future cash flows. As such, the Elutia asset was switched from the non-accrual method to the effective interest method during the first quarter of 2024. We further considered the current and expected future economic and market conditions, current company performance and recent payments received from Elutia. In May 2025, we executed a second amendment to our agreement with Elutia where we received $2.3 million of Elutia common stock in lieu of cash payment, which was recorded to short-term investments in our condensed consolidated balance sheet. During the three months ended September 30, 2025 and 2024, we recorded a reduction of $0.2 million and $0.3 million, respectively, to Elutia allowance of expected credit loss. During the nine months ended September 30, 2025 and 2024, we recorded a reduction of $1.0 million and $4.9 million, respectively, to Elutia allowance of expected credit loss.

Arecor Programs

As discussed in *Note 3, Investment Transactions*, we acquired certain financial royalty assets within the Arecor Transaction, including AT220 (Tyenne) and AT292 programs, recorded at $4.8 million and $1.9 million, respectively, as of the Arecor Transaction closing date. As AT220 is a commercial phase program, we are able to reasonably estimate future cash

flows for this financial royalty asset and, as such, we recognized income from the AT220 financial royalty assets starting from the Arecor Transaction closing date. We account for the AT292 financial royalty asset using the non-accrual method until we are able to reliably estimate future cash flows.

Primrose mRNA

On September 18, 2023, we entered into a merger agreement, pursuant to which our subsidiary, Pelican Technology Holdings, Inc. ("Pelican") became a wholly owned subsidiary of Primrose Bio. Simultaneous with the merger, we entered into a purchase and sale agreement with Primrose Bio and contributed $15 million in exchange for 50% of potential development milestones and certain commercial milestones from two contracts previously entered into by Primordial Genetics. A portion of the consideration was initially recognized as derivative assets and adjusted to fair value each reporting period. Upon the adoption of ASU 2025-07, we reclassified the fair value of this asset to financial royalty asset as of January 1, 2025. The asset is currently put under the non-accrual method as management cannot reliably estimate future cash flows from this program. Refer to *Note 1, Basis of Presentation and Summary of Significant Accounting Policies,* for additional information related to the adoption of ASU 2025-07.

6. Fair Value Measurements

Assets and Liabilities Measured on a Recurring Basis

The following table presents the hierarchy for our assets and liabilities measured at fair value (in thousands):

	September 30, 2025				December 31, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Short-term investments[1]	$ 169,376	$ 355,770	$ —	$ 525,146	$ 122,047	$ 61,811	$ —	$ 183,858
Pelthos Series A Preferred Shares	95,978	—	—	95,978	—	—	—	—
Equity method investment in Pelthos	42,000	—	—	42,000	—	—	—	—
Derivative assets[2]	—	—	9,351	9,351	—	—	10,583	10,583
Total assets	$ 307,354	$ 355,770	$ 9,351	$ 672,475	$ 122,047	$ 61,811	$ 10,583	$ 194,441
Liabilities:								
Contingent liabilities - CyDex	$ —	$ —	$ 390	$ 390	$ —	$ —	$ 383	$ 383
Contingent liabilities - Metabasis[3]	—	3,447	—	3,447	—	3,298	—	3,298
Total liabilities	$ —	$ 3,447	$ 390	$ 3,837	$ —	$ 3,298	$ 383	$ 3,681

(1) Excluding our investment in corporate equity securities and US government securities, our short-term investments in marketable debt and equity securities are classified as available-for-sale securities based on management's intentions and are at level 2 of the fair value hierarchy, as these investment securities are valued based upon quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market. We have classified marketable securities with original maturities of greater than one year as short-term investments based upon our ability and intent to use any or all of those marketable securities to satisfy the liquidity needs of our current operations.

(2) Derivative assets include instruments used for risk-management purposes, and other instruments. Derivative assets which are not used for risk management purposes include: (a) Agenus Warrant (b) Castle Creek Warrant (c) Orchestra Warrant and (d) Arecor Warrant. They are recognized as derivative assets under ASC 815, Derivatives and Hedging. Note that as of December 31,2024, the derivative assets balance included Agenus Partnered Programs and Primrose mRNA derivative, which were reclassified to financial royalty assets as of January 1, 2025 due to the adoption of ASU 2025-07. Refer to Note 1, Basis of Presentation and Summary of Significant Accounting Policies, for information related to ASU 2025-07 adoption. The fair value of the Agenus Warrant, Castle Creek Warrant, Orchestra Warrant, and Arecor Warrant was determined using a Black-Scholes model.

(3) In connection with our acquisition of Metabasis in January 2010, we issued Metabasis stockholders four tradable CVRs, one CVR from each of four respective series of CVR, for each Metabasis share. The CVRs entitle Metabasis stockholders to cash payments as frequently as every six months as cash is received by us from proceeds from the sale or partnering of any of the Metabasis drug development programs, among other triggering events. The liability for the CVRs is determined using quoted prices in a market that is not active for the underlying CVR. The carrying amount of the liability may fluctuate significantly based upon quoted market prices and actual amounts paid under the agreements may be materially different than the carrying amount of the liability. Several of the Metabasis drug development programs have been outlicensed to Viking, including VK2809. VK2809 is a novel selective TR-β agonist with potential in multiple indications, including hypercholesterolemia, dyslipidemia, NASH, and X-ALD. Under the terms of the agreement with Viking, we may be entitled to up to $375 million of development, regulatory and commercial milestones and tiered royalties on potential future sales including a $10 million payment upon initiation of a Phase 3 clinical trial. During the three months ended September 30, 2025 and 2024, we recorded a change in the fair value of the Metabasis CVR liability that amounted to $(0.5) million and $(0.2) million, respectively, to mark to market. During the nine months ended September 30, 2025 and 2024, we recorded a change in the fair value of the Metabasis CVR liability that amounted to $1.4 million and $0.9 million, respectively, to mark to market.

A reconciliation of the level 3 financial instruments as of September 30, 2025 is as follows (in thousands):

Assets		
Fair value of level 3 financial instruments as of December 31, 2024	$	10,583
ASU 2025-07 adoption (Note 1)		(9,777)
Additions to derivative assets		8,679
Fair value adjustments to derivative assets		(134)
Fair value of level 3 financial instruments as of September 30, 2025	$	9,351
Liabilities		
Fair value of level 3 financial instruments as of December 31, 2024	$	383
Payments to CVR holders and other contingent payments		(50)
Fair value adjustments to contingent liabilities		57
Fair value of level 3 financial instruments as of September 30, 2025	$	390

Assets Measured on a Non-Recurring Basis

We apply fair value techniques on a non-recurring basis associated with valuing potential impairment losses related to our goodwill, intangible assets with estimated useful lives and long-lived assets.

We evaluate goodwill annually for impairment and whenever circumstances occur indicating that goodwill might be impaired. We determine the fair value of our reporting unit based on a combination of inputs, including the market capitalization of Ligand, as well as Level 3 inputs such as discounted cash flows, which are not observable from the market, directly or indirectly.

We evaluate intangible assets with estimated useful lives and long-lived assets for impairment whenever circumstances occur indicating that intangible assets or long-lived may not be recoverable. An impairment evaluation is based on an undiscounted cash flow analysis at the lowest level at which cash flows of the intangible assets with estimated useful lives and long-lived assets are largely independent of other groups of assets and liabilities.

There was no impairment of our goodwill, intangible assets with estimated useful lives, or long-lived assets recorded during the three and nine months ended September 30, 2025 and 2024.

Fair Value of Financial Instruments

Our cash and cash equivalents, accounts receivable, other current assets, accounts payable, accrued liabilities, deferred revenue, current operating lease liabilities, and current finance lease liabilities are financial instruments and are recorded at cost in the condensed consolidated balance sheets. The estimated fair value of the financial instruments approximates their carrying value.

Financial royalty assets are measured and carried on the balance sheet at amortized cost using the effective interest method or on a non-accrual basis. Management calculates the fair value of financial royalty assets using forecasted royalty receipts. The projected future cash flows derive from royalty payments and milestones, then discounted using appropriate individual discount rates. The fair value of financial royalty assets and other economic rights assets is classified as Level 3 within the fair value hierarchy since it is determined based upon inputs that are both significant and unobservable. The estimated fair value and related carrying values of short-term and long-term financial royalty assets as of September 30, 2025 were $251.5 million and $218.7 million, respectively. The estimated fair value and related carrying values of financial royalty assets as of December 31, 2024 were $196.6 million and $195.0 million, respectively. To determine the fair value of long-term financial royalty assets, we estimated future underlying product sales, applied a probability of technical and regulatory success for development stage programs, estimated a timeline for any development and regulatory milestones, and applied a discount rate based on the level of partner execution and commercialization risk, in the range of 14%-35% and 15%-30% as of September 30, 2025 and December 31, 2024, respectively. Weighted average discount rate (weighted by relative fair value) was 20% and 19% as of September 30, 2025 and December 31, 2024, respectively.

7. Debt

0.75% Convertible Senior Notes due 2030

On August 14, 2025, we issued $460 million aggregate principal amount of 0.75% convertible senior notes due 2030 (the “Notes”). The aggregate principal includes the purchase of an additional $60 million aggregate principal amount of Notes by the initial purchasers pursuant to the full exercise of the initial purchasers’ option to purchase additional Notes. The net proceeds from the offering were approximately $445.1 million, after deducting the initial purchasers’ discount, and debt

issuance cost. Ligand used approximately $113.3 million of the net proceeds from the offering to pay the cost of the convertible note hedge transaction described below. In addition, Ligand used approximately $15 million of the net proceeds from the offering, together with cash on hand, to repurchase 102,034 shares of Ligand's common stock at a price of $147.01 per share, which is equal to the last reported price per share of Ligand's common stock as of the date of pricing of the Notes, in privately negotiated transactions effected through one of the initial purchasers concurrently with the pricing of the Notes. Ligand expects to use the remaining net proceeds from the offering for general corporate purposes. In addition, Ligand received approximately $67.4 million from the warrant transactions with the option counterparties in connection with the pricing of the notes and the initial purchasers' exercise of their option to purchase additional notes.

The Notes are general senior, unsecured obligations of Ligand and accrue interest payable semiannually in arrears on April 1 and October 1 of each year, beginning on April 1, 2026. The Notes will mature on October 1, 2030, unless earlier converted, redeemed or repurchased. Upon conversion, we will pay cash up to the aggregate principal amount of the Notes to be converted and pay or deliver, as the case may be, cash, shares of common stock, or a combination of cash and shares of common stock, at our election, in respect of the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the Notes being converted, in the manner and subject to the terms and conditions provided in the Indenture entered into in connection with the Notes issuance (the "Indenture").

Holders may convert their Notes at their option prior to July 1, 2030, under certain circumstances, and at any time on or after July 1, 2030, until the second scheduled trading day immediately preceding the maturity date. The initial conversion rate is 5.1338 shares of our common stock per $1,000 principal amount of Notes (equivalent to an initial conversion price of approximately $194.79 per share), subject to adjustment upon the occurrence of certain events. The maximum conversion rate, subject to adjustment, is 6.8022 per $1,000 principal amount of the Notes which represents a conversion price of approximately $147.01.

The Notes are not redeemable by us prior to October 6, 2028. On or after that date, and prior to the 51st scheduled trading day immediately preceding the maturity date for the Notes, we may redeem for cash all or part of the Notes if the last reported sale price of our common stock has been at least 130% of the conversion price for at least 20 trading days during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption.

Holders may require us to repurchase all or a portion of their Notes for cash at 100% of the principal amount plus accrued and unpaid interest to, but excluding, the purchase date upon the occurrence of a "Fundamental Change" (as defined in the Indenture).

We account for the Notes in accordance with ASC 470-20, *Debt with Conversion and Other Options*. At issuance, we evaluated the terms of the Notes and determined that the embedded conversion feature does not require separate accounting as a derivative. The Notes are recorded as a single liability measured at amortized cost. Interest expense include a portion recognized at the stated coupon rate, and amortization of any debt discount and issuance costs, as discussed below.

In connection with the issuance of the Notes, we incurred $14.9 million of debt discount and issuance costs, which primarily consisted of underwriting, legal and other professional fees. These costs are netted with the total debt liability and are amortized to interest expense using the effective interest method over the five-year expected life of the Notes. Annual effective interest rate, including coupon portion was 1.4% as of September 30, 2025. During the three and nine months ended September 30, 2025, we recognized a total of $0.8 million in interest expense which includes $0.4 million in coupon expense and $0.4 million in amortized issuance costs.

The Indenture contains customary covenants and events of default, including payment defaults, certain bankruptcy events, and failure to comply with other covenants, subject to applicable grace periods. As of September 30, 2025, there were no events of default or violation of any covenants under the Indenture.

The following table summarizes information about the Notes (in thousands).

		September 30, 2025
Principal amount of the Notes outstanding	$	460,000
Unamortized discount (including unamortized debt issuance cost)		(14,507)
Total long-term portion of notes payable	$	445,493
Fair value of convertible senior notes outstanding (Level 2)	$	519,234

Convertible Note Hedge and Warrant Transactions

In connection with the pricing of the Notes and the initial purchasers' exercise of their option to purchase additional Notes, in August 2025, we entered into convertible note hedge transactions with certain of the initial purchasers or their affiliates and certain other financial institutions (the "option counterparties"), to reduce the potential dilution to holders of our common stock upon conversion of the Notes and/or offset any cash payments we may be required to make in excess of the principal amount upon conversion of the Notes. The convertible note hedges have an exercise price of $194.79 per share and are exercisable when and if the Notes are converted. If upon conversion of the Notes, the price of our common stock is above the exercise price of the convertible note hedges, the option counterparties will deliver shares of common stock and/or cash with an aggregate value approximately equal to the difference between the price of common stock at the conversion date and the exercise price, multiplied by the number of shares of common stock related to the convertible note hedges being exercised.

The convertible note hedge transaction is classified as an equity instrument and is not accounted for as a derivative under ASC 815, as it meets the criteria for equity classification. We paid $113.3 million for these convertible note hedges, which was recorded as a reduction to additional paid-in capital in accordance with ASC 815-40. The convertible note hedge is not remeasured at fair value subsequent to initial recognition.

We also entered into warrant transactions with the option counterparties in connection with the pricing of the Notes and the initial purchasers' exercise of their option to purchase additional Notes, pursuant to which we issued warrants to purchase 2,361,548 shares of common stock (the "warrants") to such option counterparties. The warrant transactions could separately have a dilutive effect on our common stock to the extent that the market price per share of our common stock exceeds the strike price of the warrants. The strike price of the warrants will initially be $294.02 per share, subject to certain adjustments under the terms of the warrants. We received $67.4 million for these warrants. The warrants have various expiration dates ranging from January 2, 2031 to May 27, 2031. The warrants will have a dilutive effect to the extent the market price per share of common stock exceeds the applicable exercise price of the warrants, as measured under the terms of the warrant transactions. The common stock issuable upon exercise of the warrants has not been registered under the Securities Act, and we do not have an obligation and do not intend to file any registration statement with the SEC registering the issuance of the shares under the warrants.

The convertible note hedges and warrants described above are separate transactions entered into by us and are not part of the terms of the Notes. Holders of the Notes and warrants will not have any rights with respect to the convertible note hedges.

Revolving Credit Facility

On October 12, 2023, we entered into a $75 million revolving credit facility (the "Revolving Credit Facility") with Citibank, N.A. as the Administrative Agent (as defined in the Credit Agreement). We, our material domestic subsidiaries, as Guarantors (as defined in the Credit Agreement), and the Lenders (as defined in the Credit Agreement) entered into a credit agreement (the "Credit Agreement") with the Administrative Agent, under which the Lenders, the Swingline Lender and the L/C Issuer (each as defined in the Credit Agreement) agreed to make revolving loans, swingline loans and other financial accommodations to us (including the issuance of letters of credit) in an aggregate amount of up to $75 million. Borrowings under the Revolving Credit Facility accrue interest at a rate equal to either Term Secured Overnight Financing Rate ("Term SOFR") or a specified base rate plus an applicable margin linked to our leverage ratio, ranging from 1.75% to 2.50% per annum for Term SOFR loans and 0.75% to 1.50% per annum for base rate loans. The Revolving Credit Facility is subject to a commitment fee payable on the unused Revolving Credit Facility commitments ranging from 0.30% to 0.45%, depending on our leverage ratio. During the term of the Revolving Credit Facility, we may borrow, repay and re-borrow amounts available under the Revolving Credit Facility, subject to voluntary reductions of the swing line, letter of credit and revolving credit commitments.

Borrowings under the Revolving Credit Facility are secured by certain of our collateral and that of the Guarantors. In specified circumstances, additional guarantors are required to be added to the Credit Agreement. The Credit Agreement contains customary affirmative and negative covenants, including certain financial maintenance covenants, and events of default applicable to us. In the event of violation of the representations, warranties and covenants made in the Credit Agreement, we may not be able to utilize the Revolving Credit Facility or repayment of amounts owed thereunder could be accelerated.

Amendments to Revolving Credit Facility

On July 8, 2024, we entered into the first amendment to the Credit Agreement, which amends the Credit Agreement to, among other things, increase the aggregate revolving credit facility amount from $75 million to $125 million. In connection with the offering of the Notes, on August 11, 2025, we entered into the second amendment to the Credit Agreement, to permit, among other things, certain cash settlement payments on the Notes, subject to customary conditions set forth therein.

On September 12, 2025, we entered into the third amendment to the Credit Agreement to, among other things, extend the maturity date to September 12, 2028 and modify the minimum consolidated EBITDA (as defined in the Credit Agreement) covenant to require us to maintain not less than $55 million of consolidated EBITDA (as defined in the Credit Agreement) for the trailing four-quarter period ended September 30, 2025 and each trailing four-quarter period ending thereafter.

As of September 30, 2025 and December 31, 2024, we had $124.4 million in available borrowing under the Revolving Credit Facility, after utilizing $0.6 million for letter of credit.

As of September 30, 2025 and December 31, 2024, there were no events of default or violation of any covenants under the Revolving Credit Facility.

8. Income Tax

Our effective tax rate may vary from the U.S. federal statutory tax rate due to the change in the mix of earnings in various foreign and state jurisdictions with different statutory rates, the use of tax loss carryforwards to reduce foreign taxes, the tax impact of non-deductible expenses, stock award activities and other permanent differences between income before income taxes and taxable income. The effective tax rate for the three months ended September 30, 2025 and 2024 was 16.9% and (13.1)%, respectively. The effective tax rate for the nine months ended September 30, 2025 and 2024 was 22.0% and 35.1%, respectively. The variance from the U.S. federal statutory tax rate of 21% for the three and nine months ended September 30, 2025 was primarily due to Section 162(m) limitation on deduction for officer compensation, and income from foreign operations, which were partially offset by the foreign-derived intangible income deduction. The variance from the U.S. federal statutory tax rate of 21% for the three and nine months ended September 30, 2024 was primarily due to tax benefits from the foreign-derived intangible income deduction as well as the research and development tax credits, which were partially offset by the Section 162(m) limitation during the period.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted in the U.S. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. This new legislation has multiple effective dates, with certain provisions becoming effective in 2025 and others implemented through 2027. The Company has reflected the effect of OBBBA within the provision for income taxes and the deferred taxes as of September 30, 2025.

9. Stockholders' Equity

We grant options and awards to employees and non-employee directors pursuant to a stockholder approved stock incentive plan, which is described in further detail in *Note 11, Stockholders' Equity*, of the Notes to Consolidated Financial Statements in our 2024 Annual Report.

The following is a summary of our stock options and restricted stock awards activities and related information:

	Stock Options		Restricted Stock Awards	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Grant Date Fair Value
Balance as of December 31, 2024	2,226,273	$ 75.14	437,872	$ 83.55
Granted	468,876	$ 114.59	231,761	$ 106.95
Options exercised/RSUs vested	(520,891)	$ 72.78	(204,487)	$ 76.19
Forfeited	(58,318)	$ 83.99	(5,933)	$ 87.97
Balance as of September 30, 2025	2,115,940	$ 84.22	459,213	$ 98.58

As of September 30, 2025, outstanding options to purchase 1.1 million shares were exercisable with a weighted average exercise price per share of $74.83.

Employee Stock Purchase Plan

The price at which common stock is purchased under the Amended Employee Stock Purchase Plan ("ESPP") is equal to 85% of the fair market value of the common stock on the first or last day of the offering period, whichever is lower. As of September 30, 2025, 21,137 shares were available for future purchases under the ESPP.

At-the-Market Equity Offering Program

On September 30, 2022, we filed a registration statement on Form S-3 (the "Shelf Registration Statement"), which became automatically effective upon filing, covering the offering of common stock, preferred stock, debt securities, warrants and units.

On September 30, 2022, we also entered into an At-The-Market Equity Offering Sales Agreement (the "Sales Agreement") with Stifel, Nicolaus & Company, Incorporated (the "Agent"), under which we were able to, from time to time, sell shares of our common stock having an aggregate offering price of up to $100 million in "at the market" offerings through the Agent (the "ATM Offering"). The Shelf Registration Statement included a prospectus covering the offering, issuance and sale of up to $100 million of our common stock from time to time through the ATM Offering. The shares that were sold under the Sales Agreement were issued and sold pursuant to the Shelf Registration Statement. As of the date hereof, the Shelf Registration statement is no longer effective and the ATM Offering has expired. During the three and nine months ended September 30, 2025, we did not issue any shares of common stock in the ATM Offering. During the three and nine months ended September 30, 2024, we issued 334,325 shares of common stock in the ATM Offering, generating proceeds of $34.3 million, net of commissions and other transaction costs.

Share Repurchases

In April 2023, our Board of Directors has approved a stock repurchase program authorizing, but not requiring, the repurchase of up to $50 million of our common stock from time to time through April 2026. We expect to acquire shares, if at all, primarily through open-market transactions in accordance with all applicable requirements of Rule 10b-18 under the Securities Exchange Act of 1934, as amended. The timing and amount of repurchase transactions will be determined by management based on our evaluation of market conditions, share price, legal requirements and other factors. During the three and nine months ended September 30, 2025 and 2024, we did not repurchase any shares of common stock.

In connection with the issuance of the 2030 Notes, Ligand used approximately $15 million of the net proceeds from the offering to repurchase 102,034 shares of Ligand's common stock at a price of $147.01 per share. Refer to *Note 7, Debt* for information on the 2030 Notes offering.

10. Commitment and Contingencies

Legal Proceedings

We record an estimate of a loss when the loss is considered probable and estimable. Where a liability is probable and there is a range of estimated loss and no amount in the range is more likely than any other number in the range, we record the minimum estimated liability related to the claim in accordance with ASC 450, *Contingencies*. As additional information becomes available, we assess the potential liability related to our pending litigation and revises our estimates. Revisions in our estimates of potential liability could materially impact our results of operations.

On October 31, 2019, we received three civil complaints filed in the U.S. District Court for the Northern District of Ohio on behalf of several Indian tribes. The Northern District of Ohio is the Court that the Judicial Panel on Multi-District Litigation ("JPML") has assigned more than one thousand civil cases which have been designated as a Multi-District Litigation ("MDL") and captioned In Re: National Prescription Opiate Litigation. The allegations in these complaints focus on the activities of defendants other than the Company and no individualized factual allegations have been advanced against us in any of the three complaints. We reject all claims raised in the complaints and intend to vigorously defend these matters.

On August 22, 2024, CyDex Pharmaceuticals, Inc. filed a Verified Complaint in the Delaware Court of Chancery against Bexson Biomedical, Inc. ("Bexson"), asserting claims for declaratory relief and breach of contract arising out of a Captisol In Vivo Agreement (the "In Vivo Agreement") between the parties, pursuant to which CyDex provided Bexson with research-grade Captisol and related confidential and proprietary information for a potential new formulation of ketamine being developed by Bexson. CyDex alleges that Bexson breached its obligations under the In Vivo Agreement, including by misusing confidential information and materials provided by CyDex and by using CyDex's confidential information and materials to file patent applications that purport to cover formulations that are "not ketamine". CyDex also asserts that Bexson failed to return and destroy CyDex's confidential information and materials as required by the In Vivo Agreement. CyDex seeks relief including specific performance of certain co-ownership provisions of the In Vivo Agreement and disgorgement from Bexson for any benefits obtained in violation of the In Vivo Agreement. On September 27, 2024, Bexson filed a Motion to Dismiss the Verified Complaint. A Verified Amended Complaint was filed by CyDex on November 6, 2024, and a Motion to Dismiss the Verified Amended Complaint was filed by Bexson on January 17, 2025. On May 23, 2025, Bexson withdrew its pending Motion to Dismiss and filed a Verified Counterclaim, Answer, and Affirmative Defenses. On July 17, 2025, CyDex and Bexson agreed to a joint stipulation for a schedule on judgment on the pleadings, providing for briefing to be complete by November 17, 2025. CyDex filed its reply to Bexson's counterclaim on July 23, 2025. On August 22, 2025, Bexson filed its opening brief in support of its motion for judgment on the pleadings. On September 25, 2025, CyDex filed its partial cross-motion for judgment on the pleadings and opposition to Bexson's motion, and on October 27, 2025 Bexson filed its combined answering brief in opposition to CyDex's motion and reply in support of its motion. CyDex anticipates filing a reply brief on November 17, 2025.

On July 18, 2025, CyDex received a letter (the "Notice Letter") from PH Health Limited ("PH Health"), a wholly-owned indirect subsidiary of Endo, Inc., stating that PH Health had submitted to the U.S. Food and Drug Administration an

Abbreviated New Drug Application ("ANDA") referencing New Drug Application No. 022235, owned by Baxter Healthcare Corp. ("Baxter") for Captisol®-enabled Nexterone® (amiodarone hydrochloride, 150 mg/100 mL, premixed for injection). In its Notice Letter, PH Health stated that its ANDA includes a certification under 21 U.S.C. § 355(j)(2)(A)(vii)(IV) that, in PH Health's opinion, CyDex's U.S. Patent No. 7,635,773 ("the '773 patent") is invalid, unenforceable and/or will not be infringed by Par Heath's ANDA product. The Notice Letter included an explanation intended to support PH Health's position that its ANDA product would not infringe the '773 patent but did not include detailed explanations regarding invalidity or unenforceability. On August 29, 2025, during the 45 day period for filing a lawsuit pursuant to the Hatch-Waxman Act, Baxter and CyDex filed a lawsuit in the United States District Court for the Distinct of New Jersey against Par Health Ltd., Par Health USA, Endo USA, Inc., Endo Operations Limited, and Endo, Inc., asserting that the ANDA filing infringed the '773 patent. See Case No. 3:25-cv-15120-MCA. An Answer has not yet been filed.

From time to time, we may also become subject to other legal proceedings or claims arising in the ordinary course of our business. We currently believe that none of the claims or actions pending against us is likely to have, individually or in aggregate, a material adverse effect on our business, financial condition or results of operations. Given the unpredictability inherent in litigation, however, we cannot predict the outcome of these matters.

Operating Leases

In March 2025, we extended the lease agreement for our office located in Boston, Massachusetts for three years from May 2029 to May 2032, which resulted in a $0.8 million increase in both operating right-of-use assets and operating lease liabilities at lease commencement date. In May 2025, we commenced the expansion of the lease agreement for our office located in Boston, Massachusetts, for an additional 3,806 square feet, which resulted in a $1.5 million increase in both operating right-of-use assets and operating lease liabilities as of the lease commencement date. During the nine months ended September 30, 2024, we entered into a lease agreement for our office located in Boston, Massachusetts, which resulted in a $1.6 million increase in both operating lease assets and operating lease liabilities at lease commencement.

11. Subsequent Events

On November 6, 2025, we invested $9 million in Pelthos' $18 million private convertible notes financing. The notes will be secured obligations of Pelthos and will bear interest at a rate of 8.5% per annum, payable quarterly in arrears. The notes will mature on November 6, 2027, unless earlier repurchased, redeemed or converted into shares of Pelthos common stock in accordance with their terms.

In addition to the notes, we and the other Pelthos notes investors will be entitled to a low single-digit royalty on U.S. net sales of Pelthos' Xepi and additional milestone payments and royalties on ZELSUVMI net sales in Japan, if ZELSUVMI is approved in Japan.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Caution: This discussion and analysis may contain predictions, estimates and other forward-looking statements that involve a number of risks and uncertainties, including those discussed in Part II, Item 1A. Risk Factors. This outlook represents our current judgment on the future direction of our business. These statements include those related to our future results of operations and financial position, Captisol-related revenues and Kyprolis and other product royalty revenues and milestones under license agreements, product development, and product regulatory filings and approvals, and the timing thereof. Actual events or results may differ materially from our expectations. For example, there can be no assurance that our revenues or expenses will meet any expectations or follow any trend(s), that we will be able to retain our key employees or that we will be able to enter into any strategic partnerships or other transactions. We cannot assure you that we will receive expected Kyprolis, Captisol and other product revenues to support our ongoing business or that our internal or partnered pipeline products will progress in their development, gain marketing approval or achieve success in the market. In addition, ongoing or future arbitration, litigation or disputes with third parties may have a material adverse effect on us. Such risks and uncertainties, and others, could cause actual results to differ materially from any future performance suggested. We undertake no obligation to make any revisions to these forward-looking statements to reflect events or circumstances arising after the date of this quarterly report. This caution is made under the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

We use our trademarks, trade names and services marks in this report as well as trademarks, trade names and service marks that are the property of other organizations. Solely for convenience, trademarks and trade names referred to in this report appear without the ® and ™ symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or that the applicable owner will not assert its rights, to these trade marks and trade names.

References to "Ligand Pharmaceuticals Incorporated," "Ligand," the "Company," "we" or "our" include Ligand Pharmaceuticals Incorporated and our wholly-owned subsidiaries.

Overview

We are a biopharmaceutical company enabling scientific advancement through supporting the clinical development of high-value medicines. We do this by providing financing, licensing our technologies or both. Our business model seeks to generate value for stockholders by creating a diversified portfolio of biopharmaceutical 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 focuses on funding programs in mid- to late-stage drug development in return for economic rights, purchasing royalty rights in development stage or commercial biopharmaceutical products and licensing our technology 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) in order to generate our revenue. We operate two infrastructure-light royalty-generating IP platform technologies. Our Captisol platform technology is a chemically modified cyclodextrin with a structure designed to optimize the solubility and stability of drugs. Our NITRICIL platform technology facilitates "tunable" dosing, permitting an adjustable drug release profile to allow proprietary formulations that target a broad range of indications. We have established multiple alliances, licenses and other business relationships with the world's leading biopharmaceutical companies including Amgen, Merck, Pfizer, Jazz, Gilead Sciences and Baxter.

Our revenue is generated primarily from royalties on sales of products commercialized by our partners, Captisol material sales, and contract revenue for license fees, regulatory and sales based milestone payments. Other operating income is primarily related to milestone income received for financial royalty assets that have been fully amortized or where there is no underlying asset recognized on the condensed consolidated balance sheets. Also, we selectively pursue acquisitions and drug development funding opportunities that address high unmet clinical needs to bring in new assets, pipelines, and technologies to aid in generating additional potential new incremental revenue streams.

Business Updates

2030 Convertible Senior Notes Offering

On August 14, 2025, we completed the offering of 0.75% convertible senior notes due 2030. The aggregate principal amount of the notes sold was $460 million, which includes the full exercise of the option by the initial purchasers.

The net proceeds from the offering were approximately $445 million after fees and expenses. Of that amount, we used approximately $46 million of the proceeds to enter into a call spread overlay, comprised of convertible note hedge and warrant transactions and approximately $15 million of the proceeds to repurchase approximately 100,000 shares of Ligand common stock at a price of approximately $147 per share. Ligand expects to use the remaining net proceeds from the offering for general

corporate purposes. The convertible note hedge transactions reduce the potential for dilution upon conversion. As a result of the warrants transactions, there will be no dilution to Ligand's stock until the share price exceeds $294.02 per share.

Pelthos Therapeutics Transaction

On July 1, 2025, we completed a previously announced merger between the Company's wholly owned subsidiary, LNHC, Inc., and CHRO Merger Sub Inc., a wholly owned subsidiary of Channel Therapeutics Corporation ("Channel") (such transaction, the "Pelthos Transaction"). The combined company operates under the name Pelthos Therapeutics Inc. ("Pelthos") and trades on the NYSE American exchange under the ticker symbol "PTHS".

Concurrent with the merger, Pelthos raised $50.1 million of equity capital, including a private placement from a group of strategic investors led by Murchinson ("Investor Group" and together with Ligand, the "Investors"). The Investor Group invested $32 million and we invested $18 million in the combined company, respectively. The capital was invested into Pelthos' Series A Convertible Preferred Stock ("Series A") and common stock and includes cancellation of approximately $18.8 million in bridge capital that was advanced to Pelthos by several of the Investors (including Ligand) since the beginning of 2025 to support the commercial launch of Zelsuvmi.

On July 10, 2025, Pelthos commercially launched Zelsuvmi (berdazimer) topical gel 10.3%, the first and only U.S. FDA approved at-home treatment for molluscum contagiosum. Ligand earned a $5 million milestone payment from Pelthos following the commercial launch of Zelsuvmi. Ligand is also entitled to a 13% royalty on worldwide sales of Zelsuvmi, excluding Japan, and up to an additional $5 million in commercial sales milestones.

On November 6, 2025, we invested $9 million in Pelthos' $18 million private convertible notes financing. The notes will be secured obligations of Pelthos and will bear interest at a rate of 8.5% per annum, payable quarterly in arrears. The notes will mature on November 6, 2027, unless earlier repurchased, redeemed or converted into shares of Pelthos common stock in accordance with their terms.

In addition to the notes, we and the other Pelthos notes investors will be entitled to a low single-digit royalty on U.S. net sales of Pelthos' Xepi and additional milestone payments and royalties on ZELSUVMI net sales in Japan, if ZELSUVMI is approved in Japan.

New Royalty Investments

On September 25, 2025, we purchased the global royalty rights to AT220, an Arestat®-enhanced biosimilar product marketed by a global pharmaceutical company, and all potential milestone and technology access fees related to AT292, now Sanofi's SAR447537, from Arecor Therapeutics plc. We paid Arecor $7 million in cash at closing and have committed an additional $4 million, which is payable upon the achievement of certain commercial milestones related to AT220 and AT292.

On August 4, 2025, we invested $25 million in strategic capital to fund Orchestra BioMed's late-stage partnered cardiology programs with an additional $15 million to be funded, subject to certain conditions precedent, at the nine-month anniversary of the transaction closing date. Our investment included a $20 million cash payment and a $5 million equity investment. We are entitled to a low-double-digit royalty on the first $100 million in commercial revenues from Orchestra's AVIM therapy and Virtue SAB programs in all indications and a mid-single-digit royalty on annual revenues exceeding $100 million in commercial revenues from AVIM therapy in the uncontrolled hypertension and increased cardiovascular risk indication and Virtue SAB in coronary artery disease indications.

Portfolio Updates

Filspari

On October 24, 2025, Renalys Pharma and Chugai Pharmaceutical Company announced a definitive stock purchase agreement, under which Chugai will acquire Renalys. Renalys is advancing sparsentan in Japan and has completed primary endpoint data collection in its Phase 3 clinical trial of sparsentan for IgA nephropathy, with topline results expected in Q4 2025. Renalys will proceed with analyses of efficacy and safety data, as well as comparisons with global Phase 3 trial results, in preparation for the submission of a NDA.

As part of the transaction, Chugai will gain exclusive rights to develop and commercialize sparsentan in Japan, South Korea and Taiwan.

On September 26, 2025, CSL Vifor and Travere announced support of the recent publication of the updated Kidney Disease: Improving Global Outcomes (KDIGO) clinical practice guidelines for the treatment of IgAN. Within the guidelines it is mentioned that treatment with Filspari, may be an appropriate first-line approach to manage the responses of IgAN-induced nephron loss in contrast to the RASi-first approach. The guidelines also highlight Filspari as the only therapy with proven efficacy compared to optimized RASi in clinical trials.

On August 27, 2025, Travere announced that the U.S. FDA has approved updated Risk Evaluation and Mitigation Strategy (REMS) labeling for Filspari. The update reduces the frequency of liver function monitoring during the first year of treatment from once a month to once every three months and removes the embryo-fetal toxicity (EFT) monitoring requirement from the REMS.

Qtorin rapamycin

On September 24, 2025, Palvella announced the expansion of its Qtorin rapamycin 3.9% anhydrous gel (Qtorin rapamycin) development program into clinically significant angiokeratomas. Clinically significant angiokeratomas are superficial vascular malformations of lymphatic origin that can cause bleeding, pain, functional impairment, and risk of infection, with no tendency for spontaneous regression. Despite the substantial disease burden, there are currently no FDA-approved treatments available for clinically significant angiokeratomas. Palvella plans to meet with the FDA in the first half of 2026 to discuss the proposed design of a Phase 2 study. Study initiation is anticipated in the second half of 2026.

On September 15, 2025, Palvella announced the successful completion of enrollment in TOIVA, a Phase 2 trial of Qtorin rapamycin for the treatment of cutaneous venous malformations (cutaneous VMs). The Phase 2 trial enrolled 16 subjects at leading vascular anomaly centers. Top-line results from TOIVA are expected in mid-December 2025.

Other Program Updates

On October 27, 2025, Orchestra BioMed announced enrollment of the first patients in the Virtue Trial. This is a U.S. investigational device exemption pivotal study comparing Orchestra's highly differentiated Virtue SAB to the AGENT paclitaxel-coated balloon, currently the only drug-coated balloon that is FDA approved for a coronary indication

On October 22, 2025, Sanofi announced positive results from the global ElevAATe Phase 2 study, showing that efdoralprin alfa (SAR447537, formerly known as INBRX-101) met all primary and key secondary endpoints in patients with alpha-1 antitrypsin deficiency emphysema.

On October 20, 2025, Sanofi announced the FDA accepted for expedited review the supplemental biologics license application for Tzield (teplizumab) to delay the progression of stage 3 type 1 diabetes in adults and pediatric patients eight years of age and older recently diagnosed with stage 3 type 1 diabetes. The FDA also nominated Tzield for the Commissioner's National Priority Voucher (CNPV) pilot program. The new CNPV process aims to shorten the standard 10 to 12 month timeline to one to two months. Tzield is currently approved to delay the onset of stage 3 type 1 diabetes in adults and children eight years and older diagnosed with stage 2 type 1 diabetes.

On October 8, 2025, SQ Innovation announced that the FDA approved its drug-device combination Lasix® ONYU (furosemide injection), a novel drug-device combination for the treatment of edema (due to fluid overload) in adult patients with chronic heart failure. Lasix ONYU provides a novel high-concentration formulation of furosemide combined with a state-of-the-art small Infusor for treatment at home. Captisol is a key part of the Lasix ONYU formulation. Lasix ONYU is the 17th Captisol enabled approved product and Ligand is entitled to milestone payments, a low-single-digit royalty, and revenue from material sales.

On October 7, 2025, Merck announced the completion of the Verona Pharma acquisition. Verona is now a wholly-owned subsidiary of Merck. Ohtuvayre, a first-in-class maintenance treatment for chronic obstructive pulmonary disease, is now part of Merck's portfolio of treatments for patients with cardio-pulmonary disease.

On September 9, 2025, Agenus announced that the French National Agency of Medicines and Health Product Safety's (ANSM) granted reimbursed compassionate access for Agenus' investigational combination botensilimab plus balstilimab (Bot/Bal) in refractory microsatellite-stable (MSS) metastatic colorectal cancer. The ANSM listings for Bot/Bal are live and include eligibility (including MSS and no active liver metastases) and dosing. Bot/Bal remains investigational and is not approved for commercial marketing in France or elsewhere.

On July 10, 2025, Pelthos announced the launch of Zelsuvmi, for the treatment of molluscum contagiosum (molluscum) in adults and pediatric patients one year of age and older. Zelsuvmi received a Novel Drug designation from the FDA in January 2024 and is the first and only prescription therapy approved for use at home by patients, parents, and caregivers to treat molluscum infections, a highly contagious viral skin condition.

Results of Operations

Revenue and Other Income

(Dollars in thousands)	Q3 2025	Q3 2024	Change	% Change	YTD 2025	YTD 2024	Change	% Change
Revenue from intangible royalty assets	$ 40,161	$ 26,552	$ 13,609	51 %	$ 91,832	$ 67,512	$ 24,320	36 %
Income from financial royalty assets	6,425	5,157	1,268	25 %	18,640	6,454	12,186	189 %
Royalties	46,586	31,709	14,877	47 %	110,472	73,966	36,506	49 %
Captisol	10,672	6,255	4,417	71 %	32,419	22,967	9,452	41 %
Contract revenue and other income	58,203	13,848	44,355	320 %	65,530	27,388	38,142	139 %
Total revenue and other income	$ 115,461	$ 51,812	$ 63,649	123 %	$ 208,421	$ 124,321	$ 84,100	68 %

Q3 2025 vs. Q3 2024

Total revenue and other income increased by $63.6 million, or 123%, to $115.5 million in Q3 2025 compared to $51.8 million in Q3 2024.

Royalties increased by $14.9 million, or 47%, to $46.6 million in Q3 2025 compared to $31.7 million in Q3 2024, primarily due to increase in Filspari, Ohtuvayre and Capvaxive sales.

Captisol sales increased by $4.4 million, or 71%, to $10.7 million in Q3 2025 compared to $6.3 million in Q3 2024, primarily due to the timing of customer orders.

Contract revenue and other income increased by $44.4 million, or 320%, to $58.2 million in Q3 2025 compared to $13.8 million in Q3 2024, with the change due to income from the Pelthos Transaction. DuringQ3 2025, we recognized $53.1 million in total income related to the divestiture of our Pelthos subsidiary. This included $24.5 million associated with the out-license of Zelsuvmi and a $28.6 million gain on the sale of the business. The full $53.1 million is reported in contract revenue and other income.

YTD 2025 vs. YTD 2024

Total revenue and other income increased by $84.1 million, or 68%, to $208.4 million in YTD 2025 compared to $124.3 million in YTD 2024.

Royalties increased by $36.5 million, or 49%, to $110.5 million in YTD 2025 compared to $74.0 million in YTD 2024, primarily due to income from Qarziba financial royalty asset acquired in Q3 2024 and an increase in Filspari, Ohtuvayre and Capvaxive sales.

Captisol sales increased by $9.5 million, or 41%, to $32.4 million in YTD 2025 compared to $23.0 million in YTD 2024, primarily due to the timing of customer orders.

Contract revenue and other income increased by $38.1 million, or 139%, to $65.5 million in YTD 2025 compared to $27.4 million in YTD 2024, with the change due to the above mentioned income from the Pelthos Transaction.

Revenue from intangible royalty assets is a function of our partners' product sales and the applicable royalty rate. Kyprolis royalty rates are under a tiered royalty rate structure with the highest tier being 3%. Evomela has a fixed royalty rate of 20%. Teriparatide injection has a tiered royalty between 25% and 40% on sales adjusted for certain deductible items as defined in the respective license agreement. The Rylaze, Vaxneuvance, Ohtuvayre and Capvaxive royalty rates are in the low single digits. Filspari has a fixed royalty rate of 9%.

The following table represents revenue from intangible royalty assets by program (in millions):

(in millions)	Q3 2025 Estimated Partner Product Sales	Effective Royalty Rate	Q3 2025 Royalty Revenue	Q3 2024 Estimated Partner Product Sales	Effective Royalty Rate	Q3 2024 Royalty Revenue
Kyprolis	**$ 404.4**	**2.9 %**	**$ 11.6**	$ 405.4	2.9 %	$ 11.6
Evomela	**9.5**	**20.0 %**	**1.9**	8.5	20.0 %	1.7
Teriparatide injection[(1)]	**7.3**	**35.6 %**	**2.6**	8.6	27.9 %	2.4
Rylaze	**104.6**	**3.4 %**	**3.6**	98.8	3.9 %	3.9
Filspari	**101.1**	**9.0 %**	**9.1**	35.6	9.0 %	3.2
Vaxneuvance	**226.0**	**0.9 %**	**2.0**	239.0	0.6 %	1.5
Ohtuvayre[(2)]	**135.8**	**2.0 %**	**2.7**	5.6	1.8 %	0.1
Capvaxive	**244.0**	**1.3 %**	**3.2**	58.0	0.7 %	0.4
Other	**107.3**	**3.3 %**	**3.5**	82.3	2.2 %	1.8
Total	**$ 1,340.0**		**$ 40.2**	$ 941.8		$ 26.6

(in millions)	YTD 2025 Estimated Partner Product Sales	Effective Royalty Rate	YTD 2025 Royalty Revenue	YTD 2024 Estimated Partner Product Sales	Effective Royalty Rate	YTD 2024 Royalty Revenue
Kyprolis	**$ 1,168.4**	**2.1 %**	**$ 25.1**	$ 1,213.7	2.2 %	$ 27.2
Evomela	**26.5**	**20.0 %**	**5.3**	29.5	20.0 %	5.9
Teriparatide injection[(1)]	**21.5**	**28.4 %**	**6.1**	24.3	26.7 %	6.5
Rylaze	**299.5**	**3.2 %**	**9.5**	309.4	3.3 %	10.1
Filspari	**233.3**	**9.0 %**	**21.0**	82.2	9.0 %	7.4
Vaxneuvance	**672.5**	**0.9 %**	**6.0**	636.9	0.6 %	4.0
Ohtuvayre[(2)]	**310.0**	**2.0 %**	**6.2**	5.6	1.8 %	0.1
Capvaxive	**477.5**	**1.3 %**	**6.3**	58.0	0.7 %	0.4
Other	**294.5**	**2.1 %**	**6.3**	258.9	2.3 %	5.9
Total	**$ 3,503.7**		**$ 91.8**	$ 2,618.5		$ 67.5

(1) We receive tiered profit sharing of 25% on quarterly profits less than $3.75 million, 35% on quarterly profits greater than $3.75 million but less than $7.5 million and 40% on quarterly profits greater than $7.5 million.

(2) Our royalty rate on Ohtuvayre is 3%, of which 2% is recognized in revenue from intangible royalty assets and the remaining 1% is accounted for as financial royalty asset. See detail in Note 5, Financial Royalty Assets, net.

Operating Costs and Expenses

(Dollars in thousands)	Q3 2025	% of Revenue	Q3 2024	% of Revenue	YTD 2025	% of Revenue	YTD 2024	% of Revenue
Cost of Captisol	$ 3,801		$ 2,449		$ 11,557		$ 8,237	
Amortization of intangibles	8,097		8,258		24,612		24,701	
Research and development	21,019		5,675		77,671		17,000	
General and administrative	28,446		24,475		67,422		53,049	
Financial royalty assets impairment	—		—		—		26,491	
Fair value adjustments to partner program derivatives	(833)		7,812		—		7,812	
Total operating costs and expenses	$ 60,530	52%	$ 48,669	94%	$ 181,262	87%	$ 137,290	110%

Q3 2025 vs. Q3 2024

Total operating costs and expenses increased by $11.9 million, or 24%, to $60.5 million in Q3 2025 compared to $48.7 million in Q3 2024.

Cost of Captisol increased by $1.4 million, or 55%, to $3.8 million in Q3 2025 compared to $2.4 million in Q3 2024, with the increase primarily due to the higher Captisol sales in Q3 2025 compared to Q3 2024.

Amortization of intangibles remained relatively steady in Q3 2025 at $8.1 million compared to $8.3 million in Q3 2024, with the change due to deconsolidation of LNHC, Inc. on July 1, 2025.

At any one time, we are working on multiple R&D programs. As such, we generally do not track our R&D expenses on a specific program basis. Research and development expense was $21.0 million for Q3 2025, compared with $5.7 million for Q3 2024, with the increase primarily attributable to a $17.8 million research and development funding arrangement related to the royalty rights of AVIM Therapy acquired in the Orchestra transaction as discussed in *Note 3, Investment Transactions*.

General and administrative expense was $28.4 million for Q3 2025, compared to $24.5 million for Q3 2024, with the increase primarily attributable to transaction costs.

Fair value adjustments to partner program derivatives were $(0.8) million for Q3 2025 compared to $7.8 million for Q3 2024. The $(0.8) million in Q3 2025 was a reversal of the adjustments for the six months ended June 30, 2025 upon adopting ASU 2025-07 with the adoption date of January 1, 2025. Refer to *Note 1, Basis of Presentation and Summary of Significant Accounting Policies,* for additional information on the adoption of this amendment. The adjustment of $7.8 million in Q3 2024 was primarily related to certain Agenus partners discontinuing development of their partnered programs.

YTD 2025 vs. YTD 2024

Total operating costs and expenses increased by $44.0 million, or 32%, to $181.3 million in YTD 2025 compared to $137.3 million in YTD 2024.

Cost of Captisol increased by $3.3 million, or 40%, to $11.6 million in YTD 2025 compared to $8.2 million in YTD 2024, with the increase primarily due to the higher Captisol sales in YTD 2025 compared to YTD 2024.

Amortization of intangibles remained relatively steady in YTD 2025 at $24.6 million compared to $24.7 million in YTD 2024, with the change due to deconsolidation off LNHC, Inc. on July 1, 2025.

Research and development expense was $77.7 million for YTD 2025, compared with $17.0 million for YTD 2024, with the increase primarily due to a $44.3 million research and development funding arrangement related to the D-Fi royalty rights acquired with the Castle Creek Investment transaction and a $17.8 million research and development funding arrangement related to the Orchestra transaction. Both transaction are discussed in *Note 3, Investment Transactions*.

General and administrative expense was $67.4 million for YTD 2025, compared to $53.0 million for YTD 2024, with the increase primarily due to transaction costs.

Financial royalty asset impairment was $26.5 million for YTD 2024 due to Takeda's Soticlestat missing its Phase 3 clinical trial primarily endpoint of reducing the frequency of convulsive seizures for patients with Dravet Syndrome.

We had no fair value adjustments to partner program derivatives for YTD 2025 due to the adoption of ASU 2025-07 on January 1, 2025, based on which we no longer have partnered program derivative assets. Refer to *Note 1, Basis of Presentation and Summary of Significant Accounting Policies,* for additional information on the adoption of ASU 2025-07. The adjustment of $7.8 million in YTD 2024 was primarily related to certain Agenus partners discontinuing development of their partnered programs.

Non-operating Income and Expenses

(Dollars in thousands)	Q3 2025	Q3 2024	Change	% Change	YTD 2025	YTD 2024	Change	% Change
Gain (loss) from short-term investments	$ 7,798	$ 2,407	$ 5,391	224 %	$ (3,630)	$ 98,923	$ (102,553)	(104)%
Gain (loss) from change in fair value of equity-method investments and other investments	75,887	(3,029)	78,916	(2605)%	75,887	(34,601)	110,488	(319)%
Interest income	3,874	1,347	2,527	188 %	7,266	6,124	1,142	19 %
Interest expense	(910)	(741)	(169)	23 %	(2,930)	(2,154)	(776)	36 %
Other non-operating expense, net	(443)	(9,466)	9,023	(95)%	(1,572)	(13,605)	12,033	(88)%
Total non-operating income (expenses), net	$ 86,206	$ (9,482)	$ 95,688	(1009)%	$ 75,021	$ 54,687	$ 20,334	37 %

Q3 2025 vs. Q3 2024

The gain from short-term investments was $7.8 million in Q3 2025 compared to $2.4 million in Q3 2024. In Q3 2025, we recorded an unrealized loss on Viking common stock of $0.2 million as compared to an unrealized gain of $10.3 million in Q3 2024. In Q3 2025, we recorded a $9.8 million unrealized gain on Palvella common stock that we acquired in December 2024. In Q3 2024, we recorded a loss of $7.9 million on the fair value adjustment to the Viking Share Collar.

The gain (loss) from change in fair value of equity-method investments and other investments increased by $78.9 million to $75.9 million in Q3 2025, primarily attributable to the fair value changes of the Pelthos common shares and Pelthos Series A preferred shares that we acquired in connection with the Pelthos Transaction. For additional information, see *Note 2, Pelthos Transaction.* In Q3 2024, we recognized a full impairment of $3.0 million for our investment in Neuritek warrants.

Interest income consists primarily of interest earned on our short-term investments. The increase over the prior year period was due to the increase in average investment balances in Q3 2025 compared to Q3 2024.

In Q3 2025, interest expense consists primarily of the 0.75% coupon cash interest expense in addition to the non-cash accretion of discount (including the amortization of debt issuance costs) on our 0.75% Convertible Senior Notes due 2030 (the "Notes"), which were issued in August 2025. In Q3 2024, interest expense consists primarily of interest accrued related to a royalty and milestone payments purchase agreement entered into by Novan, Inc. in 2019, assumed by Ligand as part of the Novan acquisition in September 2023, and deconsolidated on July 1, 2025.

Other non-operating expense, net, primarily consists of mark-to-market adjustments on derivatives (other than the Viking Share Collar and the partner program derivatives) and CVRs. Other non-operating expense, net, in Q3 2025 decreased by $9.0 million as compared to Q3 2024, primarily due to the fair value changes to derivative assets and the loss from equity method investment in Primrose Bio in Q3 2024.

YTD 2025 vs. YTD 2024

The fluctuation in the gain (loss) from short-term investments is primarily driven by the changes in the fair value of our ownership in Viking common stock and other equity security investments. The loss from short-term investments was $3.6 million in YTD 2025 as compared to the gain from short-term investments of $98.9 million in YTD 2024. In YTD 2025, we recorded an unrealized loss on Viking common stock of $14.0 million as compared to an unrealized gain of $32.1 million in YTD 2024. In YTD 2025, we recorded a $12.3 million unrealized gain on Palvella common stock that we acquired in December 2024. In YTD 2024, we recorded a gain of $7.3 million on the fair value adjustment to the Viking Share Collar. In addition, we sold 0.7 million shares of Viking common stock and recognized a realized gain of $60.0 million in total in YTD 2024.

The gain (loss) from change in fair value of equity-method investments and other investments increased by $110.5 million to $75.9 million in YTD 2025, primarily attributable to the fair value changes of the Pelthos common shares and Pelthos Series A preferred shares that we acquired in connection with the Pelthos Transaction. For additional information, see *Note 2, Pelthos Transaction.* In YTD 2024, we recognized a fair value adjustment of $25.8 million to Primrose Bio securities investment and a $5.8 million impairment to Primrose Bio equity method investment.

Interest income consists primarily of interest earned on our short-term investments. The increase over the prior year period was due to the increase in average investment balances in YTD 2025 compared to YTD 2024.

Interest expense consists primarily of 1) the 0.75% coupon cash interest expense in addition to the non-cash accretion of discount (including the amortization of debt issuance costs) on our 0.75% Convertible Senior Notes due 2030 which was issued in August 2025, and 2) interest accrued related to a royalty and milestone payments purchase agreement entered into by Novan, Inc. in 2019, assumed by Ligand as part of the Novan acquisition in September 2023, and deconsolidated on July 1, 2025.

Other non-operating expense, net, primarily consists of mark-to-market adjustments on derivatives (other than the Viking Share Collar and the partner program derivatives) and CVRs. Other non-operating expense, net, in YTD 2025 decreased by $12.0 million as compared to YTD 2024, primarily due to the fair value changes to derivative assets and the loss from equity method investment in Primrose Bio in YTD 2024.

Income Tax Expense

(Dollars in thousands)	Q3 2025	Q3 2024	Change	YTD 2025	YTD 2024	Change
(Loss) income before income taxes	$ 141,137	$ (6,339)	$ 147,476	$ 102,180	$ 41,718	$ 60,462
Income tax benefit (expense)	(23,864)	(833)	(23,031)	(22,511)	(14,662)	(7,849)
(Loss) income from operations	$ 117,273	$ (7,172)	$ 124,445	$ 79,669	$ 27,056	$ 52,613
Effective tax rate	16.9 %	(13.1)%		22.0 %	35.1 %	

We compute our income tax provision by applying the estimated annual effective tax rate to income from operations and adding the effects of any discrete income tax items specific to the period. The effective tax rate for the three months ended September 30, 2025 and 2024 was 16.9% and (13.1)%, respectively. The effective tax rate for the nine months ended September 30, 2025 and 2024 was 22.0% and 35.1%, respectively. The variance from the U.S. federal statutory tax rate of 21% for the three and nine months ended September 30, 2025 was primarily due to Section162(m) limitation on deduction for officer compensation, and income from foreign operations, which were partially offset by the foreign derived intangible income

deduction. The variance from the U.S. federal statutory tax rate of 21% for the three and nine months ended September 30, 2024 was primarily due to tax benefits from the foreign-derived intangible income deduction as well as the research and development tax credits, which were partially offset by the Section 162(m) limitation during the period.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted in the U.S. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. We are currently assessing its impact on our consolidated financial statements.

Liquidity and Capital Resources

As of September 30, 2025, our cash, cash equivalents, and short-term investments totaled $664.5 million, which increased by $408.4 million from the end of last year mainly due to the issuance of the Notes in August 2025. Our primary source of liquidity, other than our holdings of cash, cash equivalents, and short-term investments, has been cash flows from operations. Our ability to generate cash from operations provides us with the financial flexibility we need to meet operating, investing, and financing needs.

Historically, we have liquidated our short-term investments and/or issued debt and equity securities to finance our business needs as a supplement to cash provided by operating activities. Our short-term investments include U.S. government debt securities, investment-grade corporate debt securities, commercial paper, and certificates of deposit. We have established guidelines relative to diversification and maturities of our investments in order to provide both safety and liquidity. These guidelines are periodically reviewed and modified to take advantage of trends in yields and interest rates. Additionally, we own certain equity securities which are classified as short-term investments that we received as a result of a milestone and an upfront license payment as well as 1.0 million shares of common stock in Viking.

On August 14, 2025, we issued $460.0 million aggregate principal amount of 0.75% convertible senior notes due 2030. The aggregate principal includes the purchase of an additional $60.0 million aggregate principal amount of the Notes by the initial purchasers pursuant to the full exercise of the initial purchasers' option to purchase additional Notes. The net proceeds from the offering were approximately $445.1 million, after deducting the initial purchasers' discounts and debt issuance costs incurred by Ligand.

On September 30, 2022, we entered into an At-The-Market Equity Offering Sales Agreement (the "Sales Agreement") with Stifel, Nicolaus & Company, Incorporated (the "Agent"), under which we may, from time to time, sell shares of our common stock having an aggregate offering price of up to $100 million in "at the market" offerings through the Agent (the "ATM Offering"). The shelf registration statement relating to such shares included a prospectus covering the offering, issuance and sale of up to $100 million of our common stock from time to time through the ATM Offering. The shares to be sold under the Sales Agreement may be issued and sold pursuant to the shelf registration statement. During the three and nine months ended September 30, 2025, we did not issue any shares of common stock in the ATM Offering. During the three and nine months ended September 30, 2024, we issued 334,325 shares of common stock in the ATM Offering, generating proceeds of 34.3 million, net of commissions and other transaction costs.

In April 2023, our Board has approved a stock repurchase program authorizing, but not requiring, the repurchase of up to $50 million of our common stock from time to time through April 2026. We expect to acquire shares, if at all, primarily through open-market transactions in accordance with all applicable requirements of Rule 10b-18 of the Exchange Act. The timing and amount of repurchase transactions will be determined by management based on our evaluation of market conditions, share price, legal requirements and other factors. During the three and nine months ended September 30, 2025 and 2024, we did not repurchase any shares of common stock, respectively, under the stock repurchase program.

On October 12, 2023, we entered into a $75 million revolving credit facility (the "Revolving Credit Facility") with Citibank, N.A. as the Administrative Agent (as defined in the Credit Agreement). We, our material domestic subsidiaries, as Guarantors (as defined in the Credit Agreement), and the Lenders (as defined in the Credit Agreement) entered into a credit agreement (the "Credit Agreement") with the Administrative Agent, under which the Lenders, the Swingline Lender and the L/C Issuer (each as defined in the Credit Agreement) agreed to make revolving loans, swingline loans and other financial accommodations to us (including the issuance of letters of credit) in an aggregate amount of up to $75 million. Borrowings under the Revolving Credit Facility accrue interest at a rate equal to either Term Secured Overnight Financing Rate ("Term SOFR") or a specified base rate plus an applicable margin linked to our leverage ratio, ranging from 1.75% to 2.50% per annum for Term SOFR loans and 0.75% to 1.50% per annum for base rate loans. The Revolving Credit Facility is subject to a commitment fee payable on the unused Revolving Credit Facility commitments ranging from 0.30% to 0.45%, depending on our leverage ratio. During the term of the Revolving Credit Facility, we may borrow, repay and re-borrow amounts available under the Revolving Credit Facility, subject to voluntary reductions of the swing line, letter of credit and revolving credit commitments.

On July 8, 2024, we entered into the first amendment to the Revolving Credit Facility which amends the Credit Agreement to, among other things, increase the aggregate revolving credit facility amount from $75 million to $125 million. In connection with the Notes, on August 11, 2025, we entered into the second amendment to the Credit Agreement, to permit, among other things, certain cash settlement payments on the Notes, subject to customary conditions set forth therein. On September 12, 2025, we entered into the third amendment to the Credit Agreement to, among other things, extend the maturity date to September 12, 2028 and modify the minimum consolidated EBITDA (as defined in the Credit Agreement) covenant to require the Company to maintain not less than $55 million of consolidated EBITDA (as defined in the Credit Agreement) for the trailing four-quarter period ended September 30, 2025 and each trailing four-quarter period ending thereafter.

Borrowings under the Credit Agreement are secured by certain of our collateral and that of the Guarantors. In specified circumstances, additional guarantors are required to be added. The Credit Agreement contains customary affirmative and negative covenants, including certain financial maintenance covenants, and events of default applicable to us. In the event of violation of the representations, warranties and covenants made in the Credit Agreement, we may not be able to utilize the Revolving Credit Facility or repayment of amounts owed thereunder could be accelerated.

As of September 30, 2025, we had $124.4 million in available borrowing under the Revolving Credit Facility, after utilizing $0.6 million for letter of credit.

We believe that our existing funds, cash generated from operations and existing sources of and access to financing are adequate to fund our need for working capital, capital expenditures, Pelthos Transaction, debt service requirements, continued advancement of research and development efforts, potential stock repurchases and other business initiatives we plan to strategically pursue, including acquisitions and strategic investments.

As of September 30, 2025, we had $3.8 million in fair value of contingent consideration liabilities associated with prior acquisitions to be settled in future periods.

Cash Flow Summary

(Dollars in thousands)	YTD 2025	YTD 2024
Net cash provided by (used in):		
Operating activities	$ 3,444	$ 68,576
Investing activities	$ (359,218)	$ (105,041)
Financing activities	$ 419,893	$ 76,753

During the nine months ended September 30, 2025, we generated cash from operations primarily from revenue and other operating income which was partially offset by our investments in Castle Creek and Orchestra R&D funding arrangements. We used cash in investing activities primarily for purchases of short-term investments, financial royalty assets, and warrants derivative assets, as well as Pelthos deconsolidation, partially offset by cash proceeds from sale and maturity of short-term investments, and cash proceeds from financial royalty assets. We generated cash from financing activities primarily due to net proceeds from Convertible Notes and related transactions (purchase of hedge, issuance of warrants, and repurchase of shares). stock options exercises and ESPP, as well as proceeds from Pelthos investors.

During the nine months ended September 30, 2024, we generated cash from operations primarily from revenue and other operating income. We used cash in investing activities primarily for Apeiron Acquisition, Agenus acquisition, and purchases of short-term investments, financial royalty assets and Palvella notes receivable, partially offset by cash proceeds from sale and maturity of short-term investments including Viking common stock. We generated cash from financing activities primarily due to net proceeds from sales of our common stock in the ATM Offering, and net proceeds from stock options exercises and ESPP.

Critical Accounting Policies and Estimates

Certain of our policies require the application of management judgment in making estimates and assumptions that affect the amounts reported in our consolidated financial statements and the disclosures made in the accompanying notes. Those estimates and assumptions are based on historical experience and various other factors deemed applicable and reasonable under the circumstances. The use of judgment in determining such estimates and assumptions is by nature, subject to a degree of uncertainty. Accordingly, actual results could differ materially from the estimates made. There have been no material changes in our critical accounting policies and estimates as compared to the critical accounting policies and estimates described in our 2024 Annual Report.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There were no material changes to our market risks in the nine months ended September 30, 2025, when compared to the disclosures in Item 7A of our 2024 Annual Report.

Item 4. Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as of September 30, 2025 were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On October 31, 2019, we received three civil complaints filed in the U.S. District Court for the Northern District of Ohio on behalf of several Indian tribes. The Northern District of Ohio is the Court that the Judicial Panel on Multi-District Litigation ("JPML") has assigned more than one thousand civil cases which have been designated as a Multi-District Litigation ("MDL") and captioned In Re: National Prescription Opiate Litigation. The allegations in these complaints focus on the activities of defendants other than the Company and no individualized factual allegations have been advanced against us in any of the three complaints. We reject all claims raised in the complaints and intend to vigorously defend these matters.

On August 22, 2024, CyDex Pharmaceuticals, Inc. filed a Verified Complaint in the Delaware Court of Chancery against Bexson Biomedical, Inc. ("Bexson"), asserting claims for declaratory relief and breach of contract arising out of a Captisol In Vivo Agreement (the "In Vivo Agreement") between the parties, pursuant to which CyDex provided Bexson with research-grade Captisol and related confidential and proprietary information for a potential new formulation of ketamine being developed by Bexson. CyDex alleges that Bexson breached its obligations under the In Vivo Agreement, including by misusing confidential information and materials provided by CyDex and by using CyDex's confidential information and materials to file patent applications that purport to cover formulations that are "not ketamine." CyDex also asserts that Bexson failed to return and destroy CyDex's confidential information and materials as required by the In Vivo Agreement. CyDex seeks relief including specific performance of certain co-ownership provisions of the In Vivo Agreement and disgorgement from Bexson for any benefits obtained in violation of the In Vivo Agreement. On September 27, 2024, Bexson filed a Motion to Dismiss the Verified Complaint. A Verified Amended Complaint was filed by CyDex on November 6, 2024, and a Motion to Dismiss the Verified Amended Complaint was filed by Bexson on January 17, 2025. On May 23, 2025, Bexson withdrew its pending Motion to Dismiss and filed a Verified Counterclaim, Answer, and Affirmative Defenses. On July 17, 2025, CyDex and Bexson agreed to a joint stipulation for a schedule on judgment on the pleadings, providing for briefing to be complete by November 17, 2025. CyDex filed its reply to Bexson's counterclaim on July 23, 2025. On August 22, 2025, Bexson filed its opening brief in support of its motion for judgment on the pleadings. On September 25, 2025, CyDex filed its partial cross-motion for judgment on the pleadings and opposition to Bexson's motion, and on October 27, 2025 Bexson filed its combined answering brief in opposition to CyDex's motion and reply in support of its motion. CyDex anticipates filing a reply brief on November 17, 2025.

On July 18, 2025, CyDex received a letter from PH Health Limited ("PH Health"), a wholly-owned indirect subsidiary of Endo, Inc., stating that PH Health had submitted to the U.S. Food and Drug Administration an Abbreviated New Drug Application ("ANDA") referencing New Drug Application No. 022235, owned by Baxter Healthcare Corp. ("Baxter") for Captisol®-enabled Nexterone® (amiodarone hydrochloride, 150 mg/100 mL, premixed for injection). In its Notice Letter, PH Health stated that its ANDA includes a certification under 21 U.S.C. § 355(j)(2)(A)(vii)(IV) that, in PH Health's opinion, CyDex's U.S. Patent No. 7,635,773 ("the '773 patent") is invalid, unenforceable and/or will not be infringed by Par Heath's ANDA product. The Notice Letter included an explanation intended to support PH Health's position that its ANDA product would not infringe the '773 patent but did not include detailed explanations regarding invalidity or unenforceability. On August 29, 2025, during the 45 day period for filing a lawsuit pursuant to the Hatch-Waxman Act, Baxter and CyDex filed a lawsuit in the United States District Court for the Distinct of New Jersey against Par Health Ltd., Par Health USA, Endo USA, Inc., Endo Operations Limited, and Endo, Inc., asserting that the ANDA filing infringed the '773 patent. See Case No. 3:25-cv-15120-MCA. An Answer has not yet been filed.

From time to time, we may also become subject to other legal proceedings or claims arising in the ordinary course of our business. We currently believe that none of the claims or actions pending against us is likely to have, individually or in aggregate, a material adverse effect on our business, financial condition or results of operations. Given the unpredictability inherent in litigation, however, we cannot predict the outcome of these matters.

Item 1A. Risk Factors

We do not believe that there have been any material changes to the risk factors disclosed in Part I, Item 1A of our 2024 Annual Report. The risk factors described in our 2024 Annual Report are not the only risks we face. Factors we currently do not know, factors that we currently consider immaterial or factors that are not specific to us, such as general economic and political conditions, may also materially adversely affect our business or our consolidated operating results, financial condition or cash flows.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None

Item 6. Exhibits

Exhibit Number	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File Number	Date of Filing	Exhibit Number	
4.1	Indenture, dated as of August 14, 2025, by and between Ligand Pharmaceuticals Incorporated and U.S. Bank National Association, as Trustee.	8-K	001-33093	8/14/2025	4.1	
4.2	Form of Global Note, representing Ligand Pharmaceuticals Incorporated's 0.75% Convertible Senior Notes due 2030 (included as Exhibit A to the Indenture filed as Exhibit 4.1).	8-K	001-33093	8/14/2025	4.2	
10.1	Second Amendment to Credit Agreement, dated as of August 11, 2025, to that certain Credit Agreement, dated as of October 12, 2023, by and among Ligand Pharmaceuticals Incorporated, certain of its subsidiaries, as Guarantors (as defined therein), the Lenders (as defined therein) party thereto, and Citibank, N.A., as Administrative Agent, Swingline Lender and L/C Issuer (each as defined therein), as amended by that certain First Amendment to Credit Agreement, dated as of July 8, 2024.	8-K	001-33093	8/11/2025	10.1	
10.2	Form of Convertible Note Hedge Transaction Confirmation.	8-K	001-33093	8/14/2025	10.1	
10.3	Form of Warrant Transaction Confirmation.	8-K	001-33093	8/14/2025	10.2	
10.4	Third Amendment to Credit Agreement, dated as of September 12, 2025, to that certain Credit Agreement, dated as of October 12, 2023, by and among Ligand Pharmaceuticals Incorporated, certain of its subsidiaries, as Guarantors (as defined therein), the Lenders (as defined therein) party thereto, and Citibank, N.A., as Administrative Agent, Swingline Lender and L/C Issuer (each as defined therein), as amended by that certain First Amendment to Credit Agreement, dated as of July 8, 2024 and as amended by that certain Second Amendment to Credit Agreement.	8-K	001-33093	9/16/2025	10.1	
19.1	Insider Trading Policy (October 2025 Update).					X
31.1	Certification by Principal Executive Officer, Pursuant to Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification by Principal Financial Officer, Pursuant to Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certifications by Principal Executive Officer and Principal Financial Officer, Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101	The following financial information from our Quarterly Report on Form 10-Q for the quarter ended September 30, 2025, formatted in iXBRL (inline eXtensible Business Reporting Language): (i) Consolidated Condensed Balance Sheets, (ii) Consolidated Condensed Statements of Operations, (iii) Consolidated Condensed Statement of Comprehensive Income, (iv) Consolidated Condensed Statements of Stockholders' Equity, (v) Consolidated Condensed Statements of Cash Flows, and (vi) the Notes to Consolidated Condensed Financial Statements.					X
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2025, formatted in Inline XBRL and contained in Exhibit 101.					X

* These certifications are deemed not filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall they be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

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 thereunto duly authorized.

Date: November 7, 2025

By: /s/ Octavio Espinoza
Octavio Espinoza
Chief Financial Officer
Duly Authorized Officer and Principal Financial Officer

LIGAND PHARMACEUTICALS INCORPORATED
INSIDER TRADING COMPLIANCE PROGRAM

CP-LAW-001

This Insider Trading Compliance Program (the "***Program***") consists of five sections:

Section I provides an overview; Section II sets forth the policies of Ligand Pharmaceuticals Incorporated (the "***Company***") prohibiting insider trading; Section III explains insider trading; Section IV consists of various procedures which have been put in place by the Company to prevent insider trading; and Section V explains 10b5-1 trading plans.

I. SUMMARY

Preventing insider trading is necessary to comply with securities laws and to preserve the reputation and integrity of the Company as well as that of all persons affiliated with it. "Insider trading" occurs when any person purchases or sells a security while in possession of inside information relating to the security. As explained in Section III below, "inside information" is information which is considered to be both "material" and "non-public." Insider trading is a crime and the penalties for violating the law include imprisonment, disgorgement of profits, civil fines of up to three (3) times the profit gained or loss avoided, and criminal fines of up to $5,000,000 for individuals and $25,000,000 for entities. Insider trading is also prohibited by this Program and could result in serious sanctions, including dismissal.

This Program applies to all officers, directors and employees of the Company and extends to all activities within and outside an individual's duties at the Company. Every officer, director and employee must review this Program. Questions regarding the Program should be directed to Andrew Reardon, the Company's Chief Legal Officer (the "***Compliance Officer***"), at (857) 758-9567.

II. STATEMENT OF POLICIES PROHIBITING INSIDER TRADING

No officer, director or employee shall purchase or sell any type of security while in possession of material, non-public information relating to the security, whether the issuer of such security is the Company or any other company. Except for the exercise of options that does not involve the sale of Company securities (e.g., the cashless exercise of a Company stock option does involve the sale of Company securities and therefore would not qualify under this exception) or a trade executed under an approved 10b5-1 trading plan, **no officer, director or employee shall purchase or sell any security of the Company during the period beginning one (1) week before the end of any fiscal quarter of the Company and ending one (1) full trading day after the public release of earnings data for such fiscal quarter whether or not the Company or any of its officers, directors or employees is in possession of material, non-public information (the "*Black-Out Period*").**

For the purposes of this Program, a "trading day" shall mean a day on which national stock exchanges are open for trading and a "security" shall include contingent value rights (CVRs).

No officer, director or employee shall directly or indirectly tip material, non-public information to anyone while in possession of such information. In addition, material, non-public information should not be communicated to anyone outside the Company under any circumstances (absent prior approval by the Compliance Officer and execution of an appropriate confidentiality agreement), or to anyone within the Company other than on a need-to-know basis.

III. EXPLANATION OF INSIDER TRADING

As noted above, "insider trading" refers to the purchase or sale of a security while in possession of "material," "non-public" information relating to the security. "Securities" include not only stocks, bonds, notes and debentures, but also options, warrants and similar instruments. "Purchase" and "sale" are defined broadly under the federal securities laws. "Purchase" includes not only the actual purchase of a security, but any contract to purchase or otherwise acquire a security. "Sale" includes not only the actual sale of a security, but any contract to sell or otherwise dispose of a security. These definitions extend to a broad range of transactions including conventional cash-for-stock transactions, conversions, the grant and exercise of stock options and acquisitions and exercises of warrants or puts, calls or other options related to a security. It is generally understood that insider trading includes the following:

- Trading by insiders while in possession of material, non-public information;
- Trading by persons other than insiders while in possession of material, non-public information where the information either was given in breach of an insider's fiduciary duty to keep it confidential or was misappropriated; or
- Communicating or tipping material, non-public information to others, including recommending the purchase or sale of a security while in possession of such information.

A. WHAT FACTS ARE MATERIAL?

The materiality of a fact depends upon the circumstances. A fact is considered "material" if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security or where the fact is likely to have a significant effect on the market price of the security. Material information can be positive or negative and can relate to virtually any aspect of a company's business or to any type of security, debt or equity.

Examples of material information include (but are not limited to) certain facts concerning: dividends; corporate earnings or earnings forecasts; possible mergers or acquisitions; major litigation; significant developments in borrowings or financings; information concerning product developments; important business developments; and major litigation developments. Moreover, material information does not have to be related to a company's business. For example, the contents of a forthcoming newspaper column that is expected to affect the market price of a security can be material.

The mere fact that something about the subject matter was previously material does not mean that new information about the subject matter is necessarily material. For example, the

entry into an agreement may be material, but the termination of the same agreement may not be material (or vice versa). A general quantitative financial test is whether the information impacts more or less than 5% of net income for the income statement items and 5% of the balance sheet for balance sheet only items, but it is important to remember that such tests are only an initial guideline and that the evaluation of any particular item must consider all of the relevant facts and circumstances.

A good general rule of thumb: **when in doubt, do not trade.** Another useful rule of thumb is **if in doubt, don't guess, but instead ask.** Officers and Directors (current and former with respect to each) should be particularly careful, since avoiding the appearance of engaging in a securities transaction on the basis of non-public material information can be as important as avoiding a transaction actually based upon such information.

B. WHAT IS NON-PUBLIC?

Information is "non-public" if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors through such media as Dow Jones, Reuters, The Wall Street Journal, Business Wire, Associated Press or United Press International. The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination.

In addition, even after a public announcement, a reasonable period of time must lapse in order for the market to react to the information. This period of time may vary depending on the particular circumstances for a given company; in the case of the Company, you should wait until the close of business one (1) full trading day after the information has been made available to the public before engaging in any transaction.

C. WHO IS AN INSIDER?

"Insiders" include officers, directors and employees of a company and anyone else who has material inside information about a company. Insiders have independent fiduciary duties to their company and its stockholders not to trade on material, non-public information relating to the company's securities. All officers, directors and employees of the Company should consider themselves insiders with respect to material, non-public information about the Company's business, activities and securities. Officers, directors and employees may not trade the Company's securities while in possession of material, non-public information relating to the Company nor tip (or communicate except on a need-to-know basis) such information to others.

The policies and prohibitions contained in this Program will continue to apply to the officer, director or employee after the termination of his or her employment or service with the Company for so long as he or she is in possession of material non-public information about the Company. **Any transaction by a former insider within 90 days of termination (180 days in the case of an officer and director) must be pre-cleared under this Program.** Any transaction by an investment fund or partnership over which a director has investment, voting or dispositive power must also be pre-cleared in accordance with this Program.

It should be noted that trading by members of an officer's, director's or employee's household can be the responsibility of such officer, director or employee under certain circumstances and could give rise to legal and Company-imposed sanctions.

D. TRADING BY PERSONS OTHER THAN INSIDERS

Insiders may be liable for communicating or tipping material, non-public information to a third party (a "***tippee***"), and insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material, non-public information tipped to them or individuals who trade on material, non-public information which has been misappropriated.

Tippees inherit an insider's duties and are liable for trading on material, non-public information illegally tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the information along to others who trade. In other words, a tippee's liability for insider trading is no different from that of an insider. Tippees can obtain material, non-public information by receiving overt tips from others or through, among other things, conversations at social, business or other gatherings.

E. PENALTIES FOR ENGAGING IN INSIDER TRADING

Penalties for trading on or tipping material, non-public information can extend significantly beyond any profits made or losses avoided, both for individuals engaging in such unlawful conduct and their employers. The Securities and Exchange Commission (the "***SEC***") and the Department of Justice have made the civil and criminal prosecution of insider trading violations a top priority. Enforcement remedies available to the government or private plaintiffs under the federal securities laws include:

- SEC administrative sanctions;
- Securities industry self-regulatory organization sanctions;
- Civil injunctions;
- Damage awards to private plaintiffs;
- Disgorgement of all profits;
- Civil fines for the violator of up to three (3) times the amount of profit gained or loss avoided;
- Civil fines for the employer or other controlling person of a violator (i.e., where the violator is an employee or other controlled person) of up to the greater of $1,000,000 or three (3) times the amount of profit gained or loss avoided by the violator;
- Criminal fines for individual violators of up to $5,000,000 ($25,000,000 for an entity); and
- Jail sentences of up to twenty (20) years.

In addition, insider trading could result in serious sanctions by the Company, including dismissal. Insider trading violations are not limited to violations of the federal securities laws; other federal and state civil or criminal laws, such as the laws prohibiting mail and wire fraud and the Racketeer Influenced and Corrupt Organizations Act, also may be violated upon the occurrence of insider trading.

Violations of this Program may result in disciplinary action up to and including immediate termination. In addition, the Company in its discretion may advise appropriate government officials of any apparent violations of law. This Program is in no way intended to modify the at-will nature of your employment with the Company. Except for the aspects of this Program delegated herein to the Compliance Officer, the CFO and the Secretary (for purposes of this Program, the "***Administrative Committee***") shall jointly and in their sole discretion, interpret and administer this Program. This Program may not be amended or supplemented except in writing and with the express approval of the Board of Directors or the Administrative Committee. In particular, employees may not rely on any oral statements that are inconsistent with this Program, nor which purport to change or add to it.

F. EXAMPLES OF INSIDER TRADING

Examples of insider trading cases include actions brought against: corporate officers, directors and employees who traded a company's securities after learning of significant confidential corporate developments; friends, business associates, family members and other tippees of such officers, directors and employees who traded the securities after receiving such information; government employees who learned of such information in the course of their employment; and other persons who misappropriated, and took advantage of, confidential information from their employers.

The following are illustrations of insider trading violations. These illustrations are hypothetical and, consequently, not intended to reflect on the actual activities or business of the Company or any other entity.

Trading by Insider

An officer of X Corporation learns that earnings to be reported by X Corporation will increase dramatically. Prior to the public announcement of such earnings, the officer purchases X Corporation's stock. The officer, an insider, is liable for all profits as well as penalties of up to three (3) times the amount of all profits. The officer also is subject to, among other things, criminal prosecution, including up to $5,000,000 in additional fines and twenty (20) years in jail. Depending upon the circumstances, X Corporation and the individual to whom the officer reports also could be liable as controlling persons.

Trading by Tippee

An officer of X Corporation tells a friend that X Corporation is about to publicly announce that it has concluded an agreement for a major acquisition. This tip causes the friend to purchase X Corporation's stock in advance of the announcement. The officer is

jointly liable with his friend for all of the friend's profits and each is liable for all penalties of up to three (3) times the amount of the friend's profits. In addition, the officer and his friend are subject to, among other things, criminal prosecution, as described above.

G. INSIDER REPORTING REQUIREMENTS, SHORT-SWING PROFITS AND SHORT SALES

1. REPORTING OBLIGATIONS UNDER SECTION 16(A)--SEC FORMS 3, 4 AND 5

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "***1934 Act***"), generally requires all officers, directors and 10% stockholders, within ten (10) days after the insider becomes an officer, director or 10% stockholder, to file with the SEC an "Initial Statement of Beneficial Ownership of Securities" on SEC Form 3 ("***Form 3***") listing the amount of the Company's Common Stock (the "***Stock***"), options and warrants which the insider beneficially owns. Following the initial filing on Form 3, every change in the beneficial ownership of the Company's Stock, options and warrants must be reported on SEC Form 4 ("***Form 4***") within two (2) days after the date on which such change occurs or in certain cases on SEC Form 5 ("***Form 5***") within forty-five (45) days after fiscal year end. Form 4 must be filed even if, as a result of balancing transactions, there has been no net change in holdings. In deciding the month during which a purchase or sale on the open market occurs for purposes of filing Form 4, the trade date rather than the settlement date is ordinarily determinative.

Special rules apply in certain situations. If any officer or director purchases or sells any Stock within six (6) months after the event which required him or her to file Form 3, the Form 4 filed with respect to that purchase or sale must also report any other purchases or sales he or she made within the preceding six (6) months which were not previously reported. Similarly, if an officer or director purchases or sells any Stock within six (6) months after his or her termination from such position, the transaction must be reported on Form 4 if he or she made any purchase or sale within the preceding six (6) months and prior to termination.

2. RECOVERY OF PROFITS UNDER SECTION 16(B)

For the purpose of preventing the unfair use of information which may have been obtained by an insider, any profits realized by any officer, director or 10% stockholder from any "purchase" and "sale" of Stock during a six (6) month period, so called "short-swing profits," may be recovered by the Company. When such a purchase and sale occurs, good faith is no defense. The insider is liable even if compelled to sell for personal reasons, and even if the sale takes place after full disclosure and without the use of any inside information.

The liability of an insider under Section 16(b) of the 1934 Act is only to the Company itself. The Company, however, cannot waive its right to short-swing profits, and any Company stockholder can bring suit in the name of the Company. In this connection it must be remembered that reports of ownership filed with the SEC on Form 3, Form 4 or Form 5 pursuant to Section 16(a) (discussed above) are readily available to the public, and certain attorneys carefully monitor these reports for potential Section 16(b) violations. In addition, liabilities

under Section 16(b) may require separate disclosure in the Company's annual report to the SEC on Form 10-K or its proxy statement for its annual meeting of stockholders. No suit may be brought more than two (2) years after the date the profit was realized. However, if the insider fails to file a report of the transaction under Section 16(a), as required, the two (2) year limitation period does not begin to run until after the transactions giving rise to the profit have been disclosed. Failure to report transactions and late filing of reports require separate disclosure in the Company's proxy statements.

Officers and directors should consult the attached "Short-Swing Profit Rule Section 16(b) Checklist" attached hereto as Attachment A in addition to consulting with the Compliance Officer prior to engaging in any transactions involving the Company's securities, including without limitation, the Company's Stock, options or warrants.

3. SHORT SALES PROHIBITED UNDER SECTION 16(C)

Section 16(c) of the 1934 Act prohibits insiders absolutely from making short sales of the Company's Stock, i.e., sales of shares which the insider does not own at the time of sale or sales of Stock against which the insider does not deliver the shares within twenty (20) days after the sale. Under certain circumstances, the purchase or sale of put or call options, or the writing of such options, can result in a violation of Section 16(c). Insiders violating Section 16(c) face criminal liability.

The Compliance Officer should be consulted if you have any questions regarding reporting obligations, short-swing profits or short sales under Section 16.

H. PROHIBITION OF RECORDS FALSIFICATIONS AND FALSE STATEMENTS

Section 13(b)(2) of the 1934 Act requires companies subject to the 1934 Act to maintain proper internal books and records and to devise and maintain an adequate system of internal accounting controls. The SEC has supplemented the statutory requirements by adopting rules that prohibit (1) any person from falsifying records or accounts subject to the above requirements and (2) officers or directors from making any materially false, misleading or incomplete statement to any accountant in connection with any audit or filing with the SEC. These provisions reflect the SEC's intent to discourage officers, directors and other persons with access to the Company's books and records from taking action that might result in the communication of materially misleading financial information to the investing public.

IV. STATEMENT OF PROCEDURES PREVENTING INSIDER TRADING

The following procedures have been established, and will be maintained and enforced, by the Company to prevent insider trading. Every officer, director and employee is required to follow these procedures.

A. IDENTIFYING MATERIAL, NON-PUBLIC INFORMATION

Prior to directly or indirectly trading any security of the Company, every officer, director and employee is required to contact the Compliance Officer (as part of the pre-clearance procedure discussed below in Section D) and make an initial determination whether the Company and/or such officer, director or employee is in possession of material, non-public information relating to such security. In making such assessment, the explanations of "material" and "non-public" information set forth above should be of assistance. If after consulting with the Compliance Officer it is determined that the Company and/or such officer, director or employee is in possession of material, non-public information, there may be no trading of such security.

B. INFORMATION RELATING TO THE COMPANY

1. ACCESS TO INFORMATION

Access to material, non-public information about the Company, including the Company's business, earnings or prospects, should be limited to officers, directors and employees of the Company on a need-to-know basis. In addition, such information should not be communicated to anyone outside the Company under any circumstances or to anyone within the Company on an other than need-to-know basis.

In communicating material, non-public information to employees of the Company, all officers, directors and employees must take care to emphasize the need for confidential treatment of such information and adherence to the Company's policies with regard to confidential information.

2. INQUIRIES FROM THIRD PARTIES

INQUIRIES FROM THIRD PARTIES, SUCH AS INDUSTRY ANALYSTS OR MEMBERS OF THE MEDIA, ABOUT THE COMPANY SHOULD BE DIRECTED TO INVESTOR RELATIONS AT (858) 550-7500.

C. LIMITATIONS ON ACCESS TO THE COMPANY INFORMATION

The following procedures are designed to maintain confidentiality with respect to the Company's business operations and activities.

1. ALL OFFICERS, DIRECTORS AND EMPLOYEES SHOULD TAKE ALL STEPS AND PRECAUTIONS NECESSARY TO RESTRICT ACCESS TO, AND SECURE, MATERIAL, NON-PUBLIC INFORMATION BY, AMONG OTHER THINGS:

- Maintaining the confidentiality of Company related transactions;
- Conducting their business and social activities so as not to risk inadvertent disclosure of confidential information. Review of confidential documents in public places should be conducted so as to prevent access by unauthorized persons;

- Restricting access to documents and files (including computer files) containing material, non-public information to individuals on a need-to-know basis (including maintaining control over the distribution of documents and drafts of documents);
- Promptly removing and cleaning up all confidential documents and other materials from conference rooms following the conclusion of any meetings;
- Disposing of all confidential documents and other papers, after there is no longer any business or other legally required need, through shredders when appropriate;
- Restricting access to areas likely to contain confidential documents or material, non-public information; and
- Avoiding the discussion of material, non-public information in places where the information could be overheard by others such as in elevators, restrooms, hallways, restaurants, airplanes or taxicabs.

2. PERSONNEL INVOLVED WITH MATERIAL, NON-PUBLIC INFORMATION, TO THE EXTENT FEASIBLE, SHOULD CONDUCT THEIR BUSINESS AND ACTIVITIES IN AREAS SEPARATE FROM OTHER COMPANY ACTIVITIES.

D. PRE-CLEARANCE OF TRADES BY OFFICERS, DIRECTORS AND EMPLOYEES

To provide assistance in preventing inadvertent violations of applicable securities laws and to avoid the appearance of impropriety in connection with the purchase and sale of the Company securities and the securities of other companies with which the Company has an existing or potential business relationship, the Company has instituted the following procedures. All transactions in Company securities (including without limitation, acquisitions and dispositions of the Company's Stock, the exercise of stock options and the sale of the Company's Stock issued upon exercise of stock options) by officers, directors and employees must be pre- cleared by the Compliance Officer. Additionally, except for the exercise of options for cash (but not the sale of such shares), the granting of stock awards, and the receipt or purchase of shares in settlement of any restricted stock unit agreement or stock appreciation rights agreement (but not the sale of any such shares), including the payment of any associated taxes through the surrender or sale of shares received from such stock award (or the right to receive such shares), neither the Company nor any of its officers, directors or employees may trade in any securities of the Company during the Black-Out Period. Also, please consult the "Insider Trading Reminders" attached hereto as Attachment B.

Subject to the general rule described above, officers, directors and employees who, due to unavoidable and extraordinary circumstances, need to engage in a transaction in Company securities outside of the trading window periods must contact the Compliance Officer. The Compliance Officer, with advice from counsel, will attempt to determine whether the relevant officer, director or employee is in possession of non-public material information which would restrict such person's ability to trade in Company securities. If it is determined, in the Compliance Officer's sole discretion, that there is no non-public material information within the

possession of such person, then provided the circumstances reflect an appropriate level of need, the officer, director or employee may be allowed to trade in Company securities.

Additionally, the Compliance Officer maintains a list (the "***Restricted List***") listing those companies with respect to which the officers, directors and employees must obtain pre-clearance from the Compliance Officer before trading in their securities. The Restricted List will contain the names of:

- all public companies with respect to which any officer, director or employee of the Company has acquired non-public information as a result of their role with the Company that may be material to the trading markets, including companies in which the Company does not have any ownership; and
- all public companies for which any officer, director or employee of the Company serves as a director or officer and with which the Company has an existing or potential business relationship.

The Compliance Officer will promptly inform the officers, directors and employees of changes to the Restricted List.

If a company is listed on the Restricted List, you are strictly prohibited from engaging in any transaction in that company's securities without obtaining "pre-clearance" from the Compliance Officer.

Further, to avoid the appearance of impropriety, the officers, directors and employees should take reasonable measures to ensure that their affiliates do not trade in the securities of the Company or of the companies on the Restricted List; provided that the affiliates of the officers, directors and employees may be permitted to trade in such securities if the officer, director or employee takes reasonable measures to ensure that he or she is "walled off" from the investment decisions with respect to such securities and does not provide any inside information with respect to such securities to the affiliates making such investment decisions.

E. AVOIDANCE OF CERTAIN AGGRESSIVE OR SPECULATIVE TRADING

Officers, directors and employees and their respective family members (including spouses, minor children or any other family members living in the same household), should ordinarily not directly or indirectly participate in transactions involving trading activities which by their aggressive or speculative nature may give rise to an appearance of impropriety. Such activities would include the purchase of put or call options, or the writing of such options.

V. RULE 10B5-1 TRADING PLANS

A. OVERVIEW

SEC Rule 10b5-1 ("***Rule 10b5-1***"), will protect directors, officers and employees from insider trading liability under Rule 10b5-1 for transactions under a previously established contract, plan or instruction to trade the Company's Stock (a "***Trading Plan***") entered into in good faith and in accordance with the terms of Rule 10b5-1 of the 1934 Act and all applicable

state laws and shall be exempt from the trading restrictions set forth in the Program. The initiation of, and any modification to, any such Trading Plan will be deemed to be a transaction in the Company's securities and such initiation or modification is subject to all limitations and prohibitions of transactions involving the Company's securities. Each such Trading Plan, and any modification thereof, shall be submitted to and pre-approved by the Compliance Officer, or such other person as the Company's board of directors may designate from time to time (the "***Authorizing Officer***"), who may impose such conditions on the implementation and operation of the Trading Plan as the Authorizing Officer deems necessary or advisable. However, compliance of the Trading Plan to the terms of Rule 10b5-1 and the execution of transactions pursuant to the Trading Plan are the sole responsibility of the person initiating the Trading Plan, not the Company or the Authorizing Officer.

Rule 10b5-1 presents an opportunity for insiders to establish arrangements to sell (or purchase) Company Stock without the restrictions of windows and blackout periods even when there is undisclosed material information. A Trading Plan might also help reduce negative publicity that may result when key executives sell the Company's Stock. Rule 10b5-1 only provides an "affirmative defense" in the event there is an insider-trading lawsuit. It does not prevent someone from bringing a lawsuit.

A director, officer and employee may enter into a Trading Plan only when he or she is not in possession of material, nonpublic information, and only during a trading window period outside of the Black-Out Period. Although transactions effected under a Trading Plan will not require further pre-clearance at the time of the trade, any transaction (including the quantity and price) made pursuant to a Trading Plan of a Section 16 reporting person must be reported to the Company promptly on the day of each trade to permit the Company's filing coordinator to assist in the preparation and filing of a required Form 4.

From time to time, for legal or other reasons, the Authorizing Officer may direct that purchases and sales pursuant to any Trading Plan be suspended or discontinued. Failure to discontinue purchases and sales as directed shall constitute a violation of the terms of this Section V and result in a loss of the exemption set forth herein.

Officers, directors and employees may adopt Trading Plans with brokers that outline a pre-set plan for trading of the Company's Stock, including the exercise of options. Trading Plans are to be implemented only during open window periods and when the individual is not aware of any material non-public information. Trades pursuant to a Trading Plan may occur at any time. An individual may adopt more than one Trading Plan. Please review the following description of how a Trading Plan works.

Pursuant to Rule 10b5-1, an individual's purchase or sale of securities will not be "on the basis of" material non-public information if:

- First, before becoming aware of the information, the individual enters into a binding contract to purchase or sell the securities, provides instructions to another person to sell the securities or adopts a written plan for trading the securities (i.e., the Trading Plan).

- Second, the Trading Plan must either:
  - specify the amount of securities to be purchased or sold, the price at which the securities are to be purchased or sold and the date on which the securities are to be purchased or sold;
  - include a written formula or computer program for determining the amount, price and date of the transactions; or
  - prohibit the individual from exercising any subsequent influence over the purchase or sale of the Company's Stock under the Trading Plan in question.
- Third, the purchase or sale must occur pursuant to the Trading Plan and the individual must not enter into a corresponding hedging transaction or alter or deviate from the Trading Plan.

B. REVOCATION/AMENDMENTS TO TRADING PLANS

REVOCATION OF TRADING PLANS SHOULD OCCUR ONLY IN UNUSUAL CIRCUMSTANCES, AND EFFECTIVENESS OF ANY REVOCATION OF A TRADING PLAN WILL BE SUBJECT TO THE PRIOR REVIEW AND APPROVAL OF THE AUTHORIZING OFFICER. REVOCATION IS EFFECTED UPON WRITTEN NOTICE TO THE BROKER. HOWEVER, IF THE INDIVIDUAL TERMINATES THE TRADING PLAN AFTER THE FIRST OPTION EXERCISE OR STOCK SALE, THEN THE INDIVIDUAL MUST CANCEL ALL OUTSTANDING TRADING PLANS AND AGREE NOT TO ENTER INTO ANOTHER TRADING PLAN UNTIL SIX (6) MONTHS AFTER TERMINATION OF THE TRADING PLAN.

Under certain circumstances, a Trading Plan must be revoked. This includes circumstances such as the announcement of a merger or the occurrence of an event that would cause the transaction either to violate the law or to have an adverse effect on the Company. The Authorizing Officer or administrator of the Company's stock plans is authorized to notify the broker in such circumstances, thereby insulating the insider in the event of revocation.

Amendments to Trading Plans will not be allowed.

C. DISCRETIONARY PLANS

DISCRETIONARY TRADING PLANS, WHERE THE DISCRETION OR CONTROL OVER TRADING IS TRANSFERRED TO A BROKER, ARE PERMITTED IF PRE- APPROVED BY THE AUTHORIZING OFFICER.

The Authorizing Officer of the Company must pre-approve any Trading Plan, arrangement or trading instructions, etc., involving potential sales or purchases of the Company's Stock or option exercises, including but not limited to, blind trusts, limit orders or hedging strategies. The actual transactions effected pursuant to a pre-approved Trading Plan will not be subject to further pre-clearance for transactions in the Company's Stock once the Trading Plan or other arrangement has been pre-approved.

D. REPORTING (IF REQUIRED)

SEC FORM 144 ("***FORM 144***") WILL BE FILLED OUT AND FILED BY THE INDIVIDUAL/BROKERAGE FIRM IN ACCORDANCE WITH THE EXISTING RULES REGARDING FORM 144 FILINGS. A FOOTNOTE AT THE BOTTOM OF THE FORM 144 SHOULD INDICATE THAT THE TRADES "ARE IN ACCORDANCE WITH A TRADING PLAN THAT COMPLIES WITH RULE 10B5-1 AND EXPIRES___." FOR SECTION 16 REPORTING PERSONS, FORM 4S SHOULD BE FILED BEFORE THE END OF THE SECOND (2ND) BUSINESS DAY FOLLOWING THE DATE THAT THE BROKER, DEALER OR PLAN ADMINISTRATOR INFORMS THE INDIVIDUAL THAT A TRANSACTION WAS EXECUTED, PROVIDED THAT THE DATE OF SUCH NOTIFICATION IS NOT LATER THAN THE THIRD (3RD) BUSINESS DAY FOLLOWING THE TRADE DATE. A SIMILAR FOOTNOTE SHOULD BE PLACED AT THE BOTTOM OF THE FORM 4 AS OUTLINED ABOVE.

E. OPTIONS

CASH EXERCISE OF OPTIONS CURRENTLY CAN BE EXECUTED AT ANY TIME. SAME DAY SALES EXERCISES OF OPTIONS ARE SUBJECT TO TRADING WINDOWS. HOWEVER, THE COMPANY WILL PERMIT SAME DAY SALES UNDER TRADING PLANS. IF A BROKER IS REQUIRED TO EXECUTE A SAME DAY SALE IN ACCORDANCE WITH A TRADING PLAN, THEN THE COMPANY MUST HAVE EXERCISE FORMS ATTACHED TO THE TRADING PLAN THAT ARE SIGNED, UNDATED AND WITH THE NUMBER OF SHARES TO BE EXERCISED LEFT BLANK. ONCE A BROKER DETERMINES THAT THE TIME IS RIGHT TO EXERCISE THE OPTION AND DISPOSE OF THE SHARES IN ACCORDANCE WITH THE TRADING PLAN, THE BROKER WILL NOTIFY THE COMPANY IN WRITING AND THE ADMINISTRATOR OF THE COMPANY'S STOCK PLANS WILL FILL IN THE NUMBER OF SHARES AND THE DATE OF EXERCISE ON THE PREVIOUSLY SIGNED EXERCISE FORM. THE INSIDER SHOULD NOT BE INVOLVED WITH THIS PART OF THE EXERCISE.

F. TRADES OUTSIDE OF A TRADING PLAN

DURING AN OPEN WINDOW, TRADES WHICH DIFFER FROM TRADING PLAN INSTRUCTIONS THAT ARE ALREADY IN PLACE ARE ALLOWED AS LONG AS THE TRADING PLAN CONTINUES TO BE FOLLOWED.

The Trading Plans do not exempt the individuals from complying with the Section 16 six (6) month short-swing profit rules or liability.

G. PUBLIC ANNOUNCEMENTS

THE COMPANY MAY MAKE A PUBLIC ANNOUNCEMENT THAT TRADING PLANS ARE BEING IMPLEMENTED IN ACCORDANCE WITH RULE 10B5-1. IT WILL CONSIDER IN EACH CASE WHETHER A PUBLIC ANNOUNCEMENT OF A PARTICULAR TRADING PLAN SHOULD BE MADE. IT MAY ALSO MAKE PUBLIC

ANNOUNCEMENTS OR RESPOND TO INQUIRIES FROM THE MEDIA AS TRANSACTIONS ARE MADE UNDER A TRADING PLAN.

H. PLEDGING THE COMPANY'S STOCK TO SECURE MARGIN OR OTHER LOANS

EXCEPT IN CONNECTION WITH A PERMITTED PLEDGE (AS DEFINED IN THIS SECTION V(H)), THE COMPANY DOES NOT PERMIT OFFICERS AND DIRECTORS TO PLEDGE THE COMPANY'S STOCK AS COLLATERAL TO SECURE LOANS. SUCH PLEDGES ALSO CANNOT BE CARRIED OUT THROUGH A TRADING PLAN.

A "***Permitted Pledge***" for purposes of this Program means a pledge of the Company's stock by an officer or director that:

- is for the purpose of securing a loan (not including margin debt) for legitimate non-speculative purposes;
- constitutes no more than 15% of the total amount of Company Securities beneficially owned by such officer or director;
- is made pursuant to an instrument that contains a condition that the holder of the collateral shall notify their custodian and/or broker-dealer that they are not permitting such pledged Securities to be loaned to any other person;
- is made during the Company's open trading window (i.e. not during the Black-Out Period) and at a time when such officer or director does not have any material non-public information concerning Company Securities; *and*
- has received the prior approval of the Compliance Officer.

In addition, the Compliance Officer shall not approve any pledge that would otherwise be a Permitted Pledge if such pledge would result in more than 10% of all Company Securities beneficially owned by officers and directors being subject to a Permitted Pledge.

For the avoidance of doubt, pledging of Company Securities to secure margin loans and/or the holding of any Company Securities in a margin account is strictly prohibited.

THE COMPLIANCE OFFICER MAY APPROVE OR DENY ALL REQUESTS TO MAKE A PERMITTED PLEDGE IN ITS SOLE DISCRETION.

I. PUT AND CALL OPTIONS AND OTHER HEDGING TRANSACTIONS

PUT AND CALL OPTIONS AND OTHER HEDGING TRANSACTIONS WILL NOT BE PERMITTED UNDER A TRADING PLAN. IN FACT, SUCH TRANSACTIONS OUTSIDE OF A TRADING PLAN MAY DESTROY THE PROTECTION AFFORDED BY A TRADING PLAN.

VI. EXECUTION AND RETURN OF CERTIFICATION OF COMPLIANCE

After reading this Program all officers, directors and employees should execute and return to the Compliance Officer the applicable Certification of Compliance form attached hereto as Attachment C.

Attachment A

SHORT-SWING PROFIT RULE SECTION 16(b) CHECKLIST

Note: ANY combination of PURCHASE AND SALE or SALE AND PURCHASE within six (6) months of each other results in a violation of Section 16(b), and the "profit" must be recovered by the Company. It makes no difference how long the shares being sold have been held--or that you are an insider for only one of the two matching transactions. The highest priced sale will be matched with the lowest priced purchase within the six (6) month period.

SALES

If a sale is to be made by an officer, director or 10% stockholder (or any family member living in the same household):

a. HAVE THERE BEEN ANY PURCHASES BY THE INSIDER (OR FAMILY MEMBERS LIVING IN THE SAME HOUSEHOLD) WITHIN THE PAST SIX (6) MONTHS?

b. HAVE THERE BEEN ANY OPTION EXERCISES WITHIN THE PAST SIX (6) MONTHS?

c. ARE ANY PURCHASES (OR OPTION EXERCISES) ANTICIPATED OR REQUIRED WITHIN THE NEXT SIX (6) MONTHS?

d. HAS A FORM 4 BEEN PREPARED?

Note: If a sale is to be made by an affiliate of the Company and unregistered stock is to be sold, has a Form 144 been prepared and has the broker been reminded to sell pursuant to Rule 144?

PURCHASES AND OPTIONS EXERCISES

If a purchase or option exercise for stock is to be made:

a. HAVE THERE BEEN ANY SALES BY THE INSIDER (OR FAMILY MEMBERS LIVING IN THE SAME HOUSEHOLD) WITHIN THE PAST SIX (6) MONTHS?

b. ARE ANY SALES ANTICIPATED OR REQUIRED WITHIN THE NEXT SIX (6) MONTHS (SUCH AS TAX-RELATED OR YEAR-END TRANSACTIONS)?

c. HAS A FORM 4 BEEN PREPARED?

BEFORE PROCEEDING WITH A PURCHASE OR SALE, CONSIDER WHETHER YOU ARE AWARE OF MATERIAL, NON-PUBLIC INFORMATION WHICH COULD AFFECT THE PRICE OF THE STOCK.

Attachment B

INSIDER TRADING REMINDERS

Before engaging in any transaction in the Company's securities, please read the following:

Both the federal securities laws and the Company's policy prohibit transactions in the Company's securities at a time when you may be in possession of material information about the Company which has not been publicly disclosed. This also applies to members of your household as well as all others whose transactions may be attributable to you.

Material information, in short, is any information which could affect the price of the securities. Either positive or negative information may be material. Once a public announcement has been made, you should wait until the close of business one (1) full trading day after the information has been made available to the public before engaging in any transaction.

Except for the exercise of options that does not involve the sale of Company securities (e.g., the cashless exercise of a Company stock option does involve the sale of Company securities and therefore would not qualify under this exception), **neither the Company nor any of its officers, directors or designated employees may trade in any securities of the Company during the period beginning one (1) week before the end of any fiscal quarter of the Company and ending on the close of business one (1) full trading day after the public release of earnings data for such quarter whether or not the Company or any of its officers, directors or employees is in possession of material, non-public information. Important: All transactions by officers, directors and designated employees must be pre-cleared with the Compliance Officer.**

For further information and guidance, please refer to our Insider Trading Compliance Program and do not hesitate to contact the Compliance Officer.

ALL TRANSACTIONS IN LIGAND PHARMACEUTICALS INCORPORATED SECURITIES BY OFFICERS, DIRECTORS AND DESIGNATED EMPLOYEES MUST BE PRE-CLEARED BY CONTACTING the Compliance Officer, Andrew Reardon, the Company's Chief Legal Officer, at (857) 758-9567.

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Todd C. Davis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ligand Pharmaceuticals Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2025

/s/ Todd C. Davis

Todd C. Davis
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Octavio Espinoza, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ligand Pharmaceuticals Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2025

/s/ Octavio Espinoza

Octavio Espinoza
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

In connection with the Quarterly Report of Ligand Pharmaceuticals Incorporated (the "Company") on Form 10-Q for the quarter ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Todd C. Davis, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2025

/s/ Todd C. Davis

Todd C. Davis
Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

In connection with the Quarterly Report of Ligand Pharmaceuticals Incorporated (the "Company") on Form 10-Q for the quarter ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Octavio Espinoza, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2025

/s/ Octavio Espinoza

Octavio Espinoza
Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required

by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.