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 June 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**	
(Address of principal executive offices)	**33458** *(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 August 5, 2025, the registrant had 19,596,560 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.
Q2 2024	The Company's fiscal quarter ended June 30, 2024
Q2 2025	The Company's fiscal quarter ended June 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)

	June 30, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 67,669	$ 72,307
Short-term investments	177,351	183,858
Accounts receivable, net	41,288	38,376
Inventory	15,489	14,114
Short-term portion of financial royalty assets, net	10,276	10,025
Income taxes receivable	828	4,073
Other current assets	4,816	8,806
Assets held for sale (Note 2)	35,228	—
Total current assets	352,945	331,559
Intangible assets, net	250,133	266,648
Goodwill	101,541	105,250
Long-term portion of financial royalty assets, net	193,556	185,024
Noncurrent derivative assets	17,958	10,583
Property and equipment, net	3,632	15,133
Lease right-of-use assets	7,991	9,673
Other investments	10,908	10,908
Deferred income taxes, net	829	72
Other assets	9,111	6,924
Total assets	$ 948,604	$ 941,774
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 8,584	$ 5,233
Accrued liabilities	17,464	27,906
Income taxes payable	305	1,199
Deferred revenue	111	1,278
Current contingent liabilities	1,465	206
Current operating lease liabilities	1,089	1,266
Current finance lease liabilities	24	24
Liabilities related to assets held for sale (Note 2)	35,692	—
Total current liabilities	64,734	37,112
Long-term deferred revenue	—	2,246
Long-term contingent liabilities	4,097	3,475
Long-term operating lease liabilities	4,629	5,815
Deferred income taxes, net	32,246	32,524
Other long-term liabilities	14,369	30,163
Total liabilities	120,075	111,335
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value; 5,000 shares authorized; zero issued and outstanding at June 30, 2025 and December 31, 2024	—	—
Common stock, $0.001 par value; 60,000 shares authorized; 19,411 and 19,106 shares issued and outstanding at June 30, 2025 and December 31, 2024, respectively	20	20
Additional paid-in capital	358,635	337,377
Accumulated other comprehensive income (loss)	8,494	(5,942)
Retained earnings	461,380	498,984
Total stockholders' equity	828,529	830,439
Total liabilities and stockholders' equity	$ 948,604	$ 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 June 30,		Six months ended June 30,	
	2025	**2024**	**2025**	**2024**
Revenues and other income:				
Revenue from intangible royalty assets	$ 30,084	$ 22,603	$ 51,671	$ 40,960
Income from financial royalty assets	6,313	559	12,215	1,297
Royalties	36,397	23,162	63,886	42,257
Captisol	8,287	7,500	21,747	16,712
Contract revenue and other income	2,943	10,869	7,327	13,540
Total revenues and other income	47,627	41,531	92,960	72,509
Operating costs and expenses:				
Cost of Captisol	2,907	2,906	7,756	5,788
Amortization of intangibles	8,258	8,257	16,515	16,443
Research and development	6,567	5,354	56,652	11,325
General and administrative	20,175	17,623	38,976	28,574
Financial royalty assets impairment	—	26,491	—	26,491
Fair value adjustments to partner program derivatives	1,276	—	833	—
Total operating costs and expenses	39,183	60,631	120,732	88,621
Operating income (loss)	8,444	(19,100)	(27,772)	(16,112)
Non-operating income and expenses:				
Gain (loss) from short-term investments	939	(14,256)	(11,428)	96,516
Interest income	1,621	2,757	3,392	4,777
Interest expense	(1,153)	(1,268)	(2,020)	(1,411)
Other non-operating expense, net	1,372	(33,523)	(1,129)	(35,713)
Total non-operating income (expenses), net	2,779	(46,290)	(11,185)	64,169
Income (loss) before income taxes	11,223	(65,390)	(38,957)	48,057
Income tax (expense) benefit	(6,376)	13,479	1,353	(13,829)
Net income (loss)	$ 4,847	$ (51,911)	$ (37,604)	$ 34,228
Basic net income (loss) per share	$ 0.25	$ (2.88)	$ (1.95)	$ 1.91
Shares used in basic per share calculation	19,327	18,028	19,259	17,880
Diluted net income (loss) per share	$ 0.24	$ (2.88)	$ (1.95)	$ 1.87
Shares used in diluted per share calculation	19,926	18,028	19,259	18,282

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three months ended June 30,		Six months ended June 30,	
	2025	**2024**	**2025**	**2024**
Net income (loss)	$ 4,847	$ (51,911)	$ (37,604)	$ 34,228
Unrealized net loss on available-for-sale securities, net of tax	(49)	(25)	(71)	(118)
Foreign currency translation adjustment, net of tax	10,106	—	14,507	—
Comprehensive income (loss)	$ 14,904	$ (51,936)	$ (23,168)	$ 34,110

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
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	—	—	—	—	(42,451)	(42,451)
Balance at March 31, 2025	19,276	20	340,544	(1,563)	456,533	795,534
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	—	—	—	—	4,847	4,847
Balance at June 30, 2025	19,411	$ 20	$ 358,635	$ 8,494	$ 461,380	$ 828,529

	Common Stock		Additional paid in capital	Accumulated other comprehensive 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

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Six months ended June 30,	
	2025	**2024**
Cash flows from operating activities:		
Net (loss) income	$ (37,604)	$ 34,228
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Change in estimated fair value of contingent liabilities	1,931	1,200
Depreciation of fixed assets and amortization of intangible assets	17,292	17,618
Accretion of short-term investments	(1,605)	(587)
Amortization of debt discount and issuance fees	261	180
Non-cash income from financial royalty assets	(888)	—
CECL adjustment to financial royalty assets	(750)	(4,260)
Impairment loss of financial royalty assets	—	26,491
Loss (gain) on derivative instruments	245	(1,696)
Losses from equity method investment in Primrose Bio	—	10,382
Fair value adjustment to Primrose Bio securities investments	—	25,759
Share-based compensation	17,833	18,394
Deferred income taxes, net	(9,169)	(1,120)
Loss (gain) from short-term investments	11,428	(96,516)
Lease amortization expense	983	982
Other	1,736	358
Changes in operating assets and liabilities:		
Accounts receivable	(3,341)	(5,587)
Inventory	(1,375)	5,121
Accounts payable and accrued liabilities	(2,556)	390
Income tax receivable and payable	2,758	8,486
Deferred revenue	(578)	(940)
Other assets and liabilities	(6,247)	(6,837)
Net cash (used in) provided by operating activities	(9,646)	32,046
Cash flows from investing activities:		
Acquisition of financial royalty assets	(1,821)	(4,174)
Proceeds from financial royalty assets	5,179	4,207
Purchases of property and equipment	(428)	(513)
Purchases of short-term investments	(122,717)	(102,075)
Proceeds from sale of short-term investments	38,414	98,908
Proceeds from maturity of short-term investments	83,220	23,611
Cash paid for investment in Primrose Bio	—	(998)
Cash paid for Palvella notes receivable	—	(2,500)
Cash paid for the Agenus transaction	—	(75,000)
Purchase of Castle Creek derivatives	(7,620)	—
Net cash used in investing activities	(5,773)	(58,534)

Cash flows from financing activities:		
Payments under finance lease obligations	(14)	(9)
Net proceeds from stock option exercises and ESPP	12,461	24,856
Taxes paid related to net share settlement of equity awards	(9,036)	(3,076)
Cash paid for debt issuance costs	(73)	(98)
Proceeds from Pelthos investors	6,910	—
Net cash provided by financing activities	10,248	21,673
Effect of exchange rate changes on cash and cash equivalents	3,350	—
Net decrease in cash and cash equivalents, including cash and cash equivalents classified within assets held for sale	(1,821)	(4,815)
Less: net increase in cash and cash equivalents classified within assets held for sale	(2,817)	—
Net decrease in cash and cash equivalents	(4,638)	(4,815)
Cash and cash equivalents at beginning of period	72,307	22,954
Cash and cash equivalents at end of period	$ 67,669	$ 18,139
Supplemental disclosure of cash flow information:		
Interest paid	$ 201	$ 112
Taxes paid	$ 4,554	$ 5,772
Supplemental schedule of non-cash investing and financing activities:		
Addition of right-of-use assets and lease liabilities	$ 2,315	$ 1,737
Accrued fixed asset purchases	$ 9	$ 25
Unrealized loss on available-for-sale investments, net of tax	$ (71)	$ (118)

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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Total revenues and other income	$ 47,627	$ 41,531	$ 92,960	$ 72,509
Share-based compensation	(9,997)	(11,060)	(17,833)	(18,394)
Other segment items:				
Amortization of intangibles	(8,258)	(8,257)	(16,515)	(16,443)
Depreciation of property and equipment	(264)	(596)	(777)	(1,175)
Interest income	1,621	2,757	3,392	4,777
Interest expense	(1,153)	(1,268)	(2,020)	(1,411)
Other *	(24,729)	(75,018)	(96,811)	(5,635)
Net income (loss)	$ 4,847	$ (51,911)	$ (37,604)	$ 34,228

** Other items for the three months ended June 30, 2025 include the amount of other general, administrative, research and development expenses of $16.5 million (net of share-based compensation and depreciation expenses), and additional income and expense items that are presented in the unaudited condensed statements of operations such as fair value adjustments to partner program derivatives, cost of Captisol and other non-operating income and expenses.*

Other items for the six months ended June 30, 2025 include the amount of other general, administrative, research and development expenses of $77.0 million (including a $44.3 million one-time research and development expense in connection with the Castle Creek Transaction, and net of share-based compensation and depreciation expenses), and additional income and expense items that are presented in the unaudited condensed statements of operations such as fair value adjustments to partner program derivatives, cost of Captisol and other non-operating income and expenses.

Other items for the three months ended June 30, 2024 include the amount of other general, administrative, research and development expenses of $11.3 million (net of share-based compensation and depreciation expenses), and additional operating income and expense items that are presented in the unaudited condensed statements of operations such as financial royalty assets impairment of $26.5 million, cost of Captisol and other non-operating income and expenses (including $31.6 million fair value adjustment to Primrose Bio securities investments and impairment to equity method investment in Primrose Bio).

Other items for the six months ended June 30, 2024 include the amount of other general, administrative, research and development expenses of $20.3 million (net of share-based compensation and depreciation expenses), and additional income and expense items that are presented in the unaudited condensed

statements of operations such as financial royalty assets impairment of $26.5 million, cost of Captisol and other non-operating income and expenses (including $31.6 million fair value adjustment to Primrose Bio securities investments and impairment to equity method investment in Primrose Bio).

Reclassification

Certain reclassification has been made to the previously issued audited consolidated financial statement to conform with the current period presentation. Specifically, within the 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.

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 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 is generated primarily from royalties on sales of products commercialized by our partners, Captisol material sales, income from financial royalty assets, and contract revenue for license fees, technical, 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 consolidated balance sheets.

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 and Other Income

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 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 consolidated balance sheets.

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 consolidated balance sheet. 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 June 30, 2025 and 2024, the amount recognized as revenue that was previously deferred was $0.3 million (all of which was related to Pelthos' deferred revenue presented in liabilities related to assets held for sale as of June 30, 2025) and $0.5 million, respectively. During the six months ended June 30, 2025 and 2024, the amount recognized as revenue that was previously deferred was $0.6 million (all of which was related to Pelthos' deferred revenue presented in liabilities related to assets held for sale as of June 30, 2025) and $1.0 million, respectively.

Disaggregation of Revenue

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

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Royalties				
Kyprolis	$ 8,803	$ 8,998	$ 13,526	$ 15,630
Evomela	1,465	2,733	3,446	4,130
Teriparatide injection	2,298	2,103	3,489	4,144
Rylaze	2,864	3,232	5,983	6,184
Filspari	6,578	2,424	11,879	4,196
Vaxneuvance	2,643	1,109	3,928	2,496
Other	5,433	2,004	9,420	4,180
Revenue from intangible royalty assets	30,084	22,603	51,671	40,960
Qarziba	5,885	—	11,327	—
Other	428	559	888	1,297
Income from financial royalty assets	6,313	559	12,215	1,297
Total royalties	36,397	23,162	63,886	42,257
Captisol	8,287	7,500	21,747	16,712
Contract revenue and other income				
Milestone and other	1,926	10,869	6,310	11,596
Other income	1,017	—	1,017	1,944
Contract revenue and other income	2,943	10,869	7,327	13,540
Total	$ 47,627	$ 41,531	$ 92,960	$ 72,509

Short-term Investments

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

June 30, 2025	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
U.S. Treasuries	$ 64,585	$ 1	$ (16)	$ 64,570
Commercial paper	54,436	3	(29)	54,410
Corporate notes/bonds	17,138	13	(11)	17,140
Corporate equity securities	7,828	2,077	(1,915)	7,990
Certificates of Deposit	6,741	1	(1)	6,741
	$ 150,728	$ 2,095	$ (1,972)	150,851
Viking common stock				26,500
Total short-term investments				$ 177,351
December 31, 2024				
U.S. Treasuries	$ 78,442	$ 19	$ (13)	$ 78,448
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
Corporate equity securities	9,954	—	(6,595)	3,359
	$ 150,187	$ 57	$ (6,626)	143,618
Viking common stock				40,240
Total short-term investments				$ 183,858

During the three and six months ended June 30, 2025, we did not sell any shares of Viking common stock. During the six months ended June 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 June 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 six months ended June 30, 2025 and 2024.

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

	June 30, 2025	
	Amortized Cost	Fair Value
Within one year	$ 136,824	$ 136,780
After one year through five years	6,076	6,081
Total	$ 142,900	$ 142,861

Our investment policy is capital preservation and we only invest in U.S.-dollar denominated investments. We held a total of 61 investments which were in an unrealized loss position with a total of $0.06 million unrealized losses as of June 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 June 30, 2025. Accordingly, there was no credit loss recognized for the three and six months ended June 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 three and six months ended June 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 June 30, 2025 and 2024, we considered the current and expected future economic and market conditions and concluded an increase of $0.1 million and an increase of $0.2 million in the aggregate of general and specific allowance for credit losses, respectively. During the six months ended June 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 $0.1 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 six months ended June 30, 2025. There was $0.2 million obsolete inventory charge recorded during the three and six months ended June 30, 2024. In addition to finished goods, as of June 30, 2025 and December 31, 2024, inventory included prepayments of $2.6 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):

	June 30, 2025	December 31, 2024
Indefinite-lived intangible assets		
Goodwill	$ 101,541	$ 105,250
Definite lived intangible assets		
Complete technology	39,249	39,249
Less: accumulated amortization	(20,984)	(19,710)
Trade name	2,642	2,642
Less: accumulated amortization	(1,910)	(1,843)
Customer relationships	29,600	29,600
Less: accumulated amortization	(21,398)	(20,652)
Contractual relationships	360,000	360,000
Less: accumulated amortization	(137,066)	(122,638)
Total definite lived intangible assets	250,133	266,648
Total goodwill and other identifiable intangible assets, net	$ 351,674	$ 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

Derivative assets include instruments used for risk-management purposes, and other instruments. Derivative assets which are not used for risk management purposes, include: (a) acquired rights in future milestone and royalty payments from Agenus Partnered Programs (as defined in *Note 3, Castle Creek and Agenus Transactions*), (b) rights to receive from Primrose Bio 50% of milestone payments on two contracts previously entered into by Primordial Genetics ("Primrose mRNA"), (c) Castle Creek Milestone (as defined in *Note 3, Castle Creek and Agenus Transactions*), (d) Agenus Warrant (as defined in *Note 3, Castle Creek and Agenus Transactions*), and (e) Castle Creek Warrant (as defined in *Note 3*, *Castle Creek and Agenus Transactions*).

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

	June 30, 2025	December 31, 2024
Agenus Partner Programs	$ 5,841	$ 6,326
Primrose mRNA	2,836	3,451
Castle Creek Milestone	2,100	—
Agenus Warrant	1,706	806
Castle Creek Warrant	5,475	—
Total noncurrent derivative assets	$ 17,958	$ 10,583

A change in the fair value of Agenus Partner Programs, Primrose mRNA and Castle Creek Milestone derivatives that amounted to $(0.8) million, $(0.7) million and $0.3 million, respectively, for the three months ended June 30, 2025, was included in fair value adjustments to partner program derivatives in the condensed consolidated statement of operations. 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, for the six months ended June 30, 2025, 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 that amounted to $1.2 million and $0.6 million, respectively, for the three and six months ended June 30, 2025, was included in other non-operating expense, net in the condensed consolidated statements of operations.

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 $15.2 million during the three and six months ended June 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 $0.1 million and $0.2 million, respectively, for the three months ended June 30, 2024, was included in other non-operating expense, net in the condensed consolidated statement of operations. A change in the fair value of Agenus Partner Programs and Primrose mRNA derivative that amounted to $0.1 million and $0.4 million, respectively, for the six months ended June 30, 2024, was included in other non-operating expense, net in the condensed consolidated statement of operations. A change in the fair value of other derivatives that amounted to $1.2 million for the three and six months ended June 30, 2024, was included in other non-operating expense, net in the condensed consolidated statements of operations.

Equity Method Investment

Investments that we do not consolidate but in which we have significant influence over the operating and financial policies of the investee are classified as equity method investments and are accounted for using the equity method of accounting.

In applying the equity method of accounting, investments are initially recorded at cost and are subsequently adjusted based on our proportionate share of net income or loss of the investee, net of any distributions received from the investee and any impairment.

In connection with the sale of the Pelican business and investment in Primrose Bio transaction in September 2023, we account for our common stock investment in Primrose Bio under the equity method as we have the ability to exercise significant influence over Primrose Bio's operating and financial results. Ligand owns 31.4% of the equity of Primrose Bio as of June 30, 2025 and December 31, 2024. Our proportionate share of net loss of Primrose Bio for the three and six months ended June 30, 2024 was $2.2 million and $4.6 million, respectively, and was recorded in other non-operating expense, net in the condensed consolidated statements of operations. 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 six months ended June 30, 2025 was not recorded.

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. As a result, we recognized an impairment loss on our equity method investment in the amount of $5.8 million during the three and six months ended June 30, 2024.There was no impairment to our equity method investment during the three and six months ended June 30, 2025. Any income or loss from our equity method investments (including the impairment) is presented in other non-operating expense, net in our condensed 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. Our equity securities investments that do not have a readily determinable or estimable fair value are measured using the measurement alternative, which is cost less impairment, if any, and adjustments resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer. The amount of such impairment or adjustment recognized during the period is presented in other non-operating expense, net in our condensed consolidated statements of operations.

Other investments consist of the following (in thousands):

	June 30, 2025	December 31, 2024
Equity securities in Primrose Bio	$ 6,712	$ 6,712
InvIOs investment	4,196	4,196
Total other investments	$ 10,908	$ 10,908

In connection with the sale of the Pelican business and investment in Primrose Bio transaction in September 2023, since the preferred stock and restricted share investment in Primrose Bio has a substantive liquidation preference, it is not substantially similar to the common stock investment and is therefore recorded as an equity security under ASC 321, *Investments - Equity Securities*. We determined that the Series A preferred stock and reserve stock investments in Primrose Bio 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. In June 2024, Primrose Bio entered into an equity investment from an equity firm. As a result, our investments in Series A preferred stock and reserve stock were reduced by $25.8 million during the three and six months ended June 30, 2024. There were no observable price changes or impairments identified for the three and six months ended June 30, 2025.

Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	June 30, 2025	December 31, 2024
Royalties owed to third parties	$ 5,633	$ 6,500
Professional fees	4,507	4,858
UK value-added tax	1,045	5,159
Compensation	2,514	5,522
Subcontractor	1,756	1,756
Customer deposit	621	621
Other	1,388	3,490
Total accrued liabilities	$ 17,464	$ 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):

	June 30, 2025	December 31, 2024
Unrecognized tax benefits	$ 14,316	$ 14,160
Novan (Pelthos) contract liability	—	15,938
Other long-term liabilities	53	65
Total other long-term liabilities	$ 14,369	$ 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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
SBC - Research and development expenses	$ 955	$ 928	$ 1,859	$ 1,606
SBC - General and administrative expenses	9,042	10,132	15,974	16,788
Total SBC expenses	$ 9,997	$ 11,060	$ 17,833	$ 18,394

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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Risk-free interest rate	4.1%	4.3%	4.0%	4.3%
Dividend yield	—	—	—	—
Expected volatility	43.1%	45.5%	45.6%	44.7%
Expected term (years)	4.7	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 stock options and restricted stock. 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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Weighted average shares outstanding:	19,327	18,028	19,259	17,880
Dilutive potential common shares:				
Restricted stock	179	—	—	124
Stock options	420	—	—	278
Shares used to compute diluted income (loss) per share	19,926	18,028	19,259	18,282
Potentially dilutive shares excluded from calculation due to anti-dilutive effect	1,360	2,347	1,062	2,177

For the six months ended June 30, 2025, due to the net loss for the period, the 0.7 million weighted average incremental options and restricted stock awards were anti-dilutive. For the three months ended June 30, 2024, due to the net loss for the period, the 0.4 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 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. Assets Held for Sale

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") in April 2025. As a result of meeting the criteria to classify the disposal group as held for sale under generally accepted accounting principles, Pelthos was classified as held for sale as of June 30, 2025. Classification of our disposal group held for sale occurs when sufficient authority to sell the disposal group has been obtained, the disposal group is available for immediate sale and its sale is probable within one year. If at any time these criteria are no longer met, the disposal group would be reclassified as held and used. Assets classified as held for sale are recorded at the lower of their carrying amount or fair value less costs to sell and are not depreciated or amortized. We evaluate the held for sale classification during each reporting period. The disposal group did not meet the requirements for presentation as discontinued operations and are included in income from continuing operations for the three and six months ended June 30, 2025.

We did not have any assets held for sale as of December 31, 2024. The following table presents the carrying amounts of major classes of assets and liabilities related to assets held for sale with respect to the Pelthos divestiture as of June 30, 2025.

	June 30, 2025
Assets:	
Cash and cash equivalents	$ 2,817
Accounts receivable, net	48
Other current assets	7,910
Property and equipment, net	11,091
Goodwill	3,709
Operating lease right-of-use assets	3,625
Deferred income taxes, net	5,499
Other assets	529
Total assets held for sale	$ 35,228
Liabilities:	
Accounts payable	$ 993
Accrued liabilities	3,894
Deferred revenue	1,072
Current operating lease liabilities	626
Short-term bridge loan	6,963
Long-term deferred revenue	1,763
Long-term operating lease liability	2,940
Other long-term liabilities	17,441
Total liabilities related to assets held for sale	$ 35,692

The estimated fair value of the Pelthos other long-term liabilities was $20.6 million compared to a carrying value of $17.4 million as of June 30, 2025. The estimated fair value of the Pelthos other long-term liabilities was $19.1 million compared to a carrying value of $15.9 million as of December 31, 2024.

The merger was closed in July 2025. For additional information, see *Note 11, Subsequent Events*.

3. Castle Creek and Agenus Transactions

Castle Creek Transaction

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, its 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) 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 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 derivative 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).

Both the Castle Creek Warrant and Milestone Buyout derivatives were presented in noncurrent derivative assets line in our condensed consolidated balance sheets. The derivative assets were recorded at fair value as of February 24, 2025, and are marked to fair value at each subsequent reporting period. The fair value of the Castle Creek Warrant as of February 24, 2025 was determined using a Black-Scholes model using a volatility of 110% and risk-free rate of 4.2%.

Agenus Transaction

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 will grant 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 5-year warrant ("Agenus Warrant") to purchase 867,052 shares of its common stock, at an exercise price equal to $17.30.

We accounted for all Agenus Partnered Programs, Agenus Warrant and Upsize Option as derivative assets. All derivatives, except for the Upsize Option, were presented in noncurrent derivative assets line in our condensed consolidated balance sheets. Agenus Partnered Programs were recognized as derivative assets under ASC 815, Derivatives and Hedging, as they have different underlyings (milestone payments and royalties). The commercial milestones and royalties are dependent on the development milestones and the commercial milestone and royalties underlyings are not determined to be predominant. 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 Agenus Partnered Programs derivative assets is determined as a present value of expected future cash flows adjusted for the level of risk appropriate for a respective program stage. Certain Agenus partners discontinued development of their partnered programs in 2024. These programs may be relicensed at a later date, and Ligand would retain its economic interest upon any relicense activity.

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.

For additional information on the Agenus Partnered Program derivative assets, Agenus Warrant, and Upsize Option, see *Note 6, Fair Value Measurement.*

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 will recognize respective liability when the contingency is resolved, and the liability becomes payable. No earnout liability is recognized as of June 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):

	June 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	$ 114,038	$ (530)	$ 113,508	$ 105,329	$ (484)	$ 104,845
Agenus Bot/Bal (see Note 3)	40,815	(408)	40,407	40,815	(408)	40,407
Tolerance Therapeutics (Tzield®)	25,461	(99)	25,362	25,613	(101)	25,512
Ohtuvayre inventors	16,637	(156)	16,481	15,969	(157)	15,812
Elutia (CorMatrix)	8,087	(1,487)	6,600	9,418	(2,268)	7,150
InvIOs	1,396	(70)	1,326	1,238	(62)	1,176
Selexis	186	(38)	148	205	(58)	147
Total financial royalty assets, net	$ 206,620	$ (2,788)	$ 203,832	$ 198,587	$ (3,538)	$ 195,049

(1) The amounts of allowance include cumulated allowance for changes in expected cash flows and cumulated allowance for 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 collected during the subsequent quarter. The current portion of financial royalty assets amounted to $10.3 million and $10.0 million were presented in a separate line on our condensed consolidated balance sheets as of June 30, 2025 and December 31, 2024, respectively.

Financial royalty assets represent a portfolio of future milestone and royalty payment rights acquired in the Apeiron Acquisition in July 2024, from Agenus in May 2024, Selexis, S.A. ("Selexis") in April 2013 and May 2015, CorMatrix Cardiovascular, Inc. ("CorMatrix") in May 2016, which was later acquired by Aziyo (Aziyo changed its corporate name to Elutia Inc. ("Elutia") in September 2023) in 2017, Ovid Therapeutics Inc. ("Ovid") in October 2023, Tolerance Therapeutics, Inc. ("Tolerance Therapeutics") in November 2023, and from certain Ohtuvayre inventors in March 2024, August 2024 and January 2025.

There was no impairment loss for the three and six months ended June 30, 2025. During three and six months ended June 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 financial royalty assets

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.

Tzield Agreement

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, during the year ended December 31, 2024, a deferred tax liability of $5.5 million was recognized 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 the investment on the non-accrual method until we are able to reliably estimate future cash flows.

Ohtuvayre Inventors Agreements

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 Agreement

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. During the three months ended June 30, 2025 and 2024, we recorded a reduction of $0.4 million and $1.5 million, respectively, to Elutia allowance of expected credit loss. During the six months ended June 30, 2025 and 2024, we recorded a reduction of $0.8 million and $4.6 million, respectively, to Elutia allowance of expected credit loss.

Soticlestat Agreement

In October 2023, we made an investment of $30 million to acquire a 13% portion of the royalties and milestones owed to Ovid Therapeutics related to the potential approval and commercialization of soticlestat.

In June 2024, Takeda announced topline results of the Phase 3 clinical trial of soticlestat, narrowly missing its primary endpoint to reduce convulsive seizure frequency compared to placebo in patients with Dravet syndrome, and missing its primary endpoint to reduce major motor drop seizure frequency compared to a placebo in patients with Lennox-Gastaut syndrome. As a result, we recognized an impairment over the soticlestat financial royalty asset of $26.2 million during the three and six months ended June 30, 2024. In January 2025, Takeda announced its decision to discontinue its soticlestat program. As a result, we recognized a full impairment of the soticlestat financial royalty asset in the fourth quarter of 2024.

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):

	June 30, 2025				December 31, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Short-term investments, excluding Viking[1]	$ 72,560	$ 78,291	$ —	$ 150,851	$ 81,807	$ 61,811	$ —	$ 143,618
Investment in Viking common stock	26,500	—	—	26,500	40,240	—	—	40,240
Derivative assets[2]	—	—	17,958	17,958	—	—	10,583	10,583
Total assets	$ 99,060	$ 78,291	$ 17,958	$ 195,309	$ 122,047	$ 61,811	$ 10,583	$ 194,441
Liabilities:								
Contingent liabilities - CyDex	$ —	$ —	$ 351	$ 351	$ —	$ —	$ 383	$ 383
Contingent liabilities - Metabasis[3]	—	5,211	—	5,211	—	3,298	—	3,298
Total liabilities	$ —	$ 5,211	$ 351	$ 5,562	$ —	$ 3,298	$ 383	$ 3,681

(1) Excluding our investment in Viking common stock, 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 Partnered Programs, (b) Primrose mRNA derivative, (c) Castle Creek Milestone, (d) Agenus Warrant, and (e) Castle Creek Warrant. They are recognized as derivative assets under ASC 815, Derivatives and Hedging. The fair value of the Agenus Partnered Programs, Primrose mRNA, and Castle Creek Milestone derivative assets was determined using a discounted cash flow approach, utilizing the mostly-likely cash flows which considered the probability of success for the underlying clinical programs. The discount rate used contemplates the underlying credit and business risk of the partnered programs. At June 30, 2025, the discount rates used a range between 15% and 28%. At December 31, 2024, the discount rate used a range between 15% and 28%. The fair value of the Agenus Warrant and Castle Creek 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 June 30, 2025 and 2024, we recorded a change in the fair value of the Metabasis CVR liability that amounted to $0.1 million and $1.1 million, respectively, to mark to market. During the six months ended June 30, 2025 and 2024, we recorded a change in the fair value of the Metabasis CVR liability that amounted to $1.9 million and $1.1 million, respectively, to mark to market.

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

Assets	
Fair value of level 3 financial instruments as of December 31, 2024	$ 10,583
Additions to derivative assets	7,620
Fair value adjustments to derivative assets	(245)
Fair value of level 3 financial instruments as of June 30, 2025	$ 17,958

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	18
Fair value of level 3 financial instruments as of June 30, 2025	$ 351

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 whenever circumstances occur indicating that intangible assets 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 six months ended June 30, 2025 and 2024.

Fair Value of Financial Instruments

Our cash and cash equivalents, accounts receivable, other current assets, financial royalty 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 remaining financial instruments approximates their carrying value.

7. Debt

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.

Amendment to Revolving Credit Facility

On July 8, 2024, we entered into the first amendment (the "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.

As of June 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. The maturity date of the Revolving Credit Facility, as amended, is October 12, 2026.

As of June 30, 2025 and December 31, 2024, there were no events of default or violation of any covenants under our financing obligations.

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, benefits related to tax credits, and 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 June 30, 2025 and 2024 was 56.8% and 20.6%, respectively. The effective tax rate for the six months ended June 30, 2025 and 2024 was 3.5% and 28.8%, respectively. The variance from the U.S. federal statutory tax rate of 21% for the three and six months ended June 30, 2025 was primarily due to Section 162(m) limitation on deduction for officer compensation, other non-deductible items 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 six months ended June 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. We are currently assessing the impact of OBBBA on our consolidated financial statements.

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 option and restricted stock activity 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	457,376	$ 114.14	231,761	$ 106.95
Options exercised/RSUs vested	(176,281)	$ 69.16	(200,866)	$ 76.46
Forfeited	(57,913)	$ 83.95	(5,933)	$ 87.97
Balance as of June 30, 2025	2,449,455	$ 82.65	462,834	$ 98.29

As of June 30, 2025, outstanding options to purchase 1.3 million shares were exercisable with a weighted average exercise price per share of $73.19.

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 June 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 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 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 six months ended June 30, 2025 and 2024, we did not issue any shares of common stock in the ATM Offering.

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 six months ended June 30, 2025 and 2024, we did not repurchase any shares of common stock, respectively.

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.

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.

11. Subsequent Events

On July 1, 2025, our wholly owned subsidiary, LNHC, Inc. was disposed and became a wholly owned subsidiary of Channel Therapeutics Corporation ("Channel"). The combined company now operates under the name Pelthos Therapeutics Inc. ("Pelthos"). 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 this 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 Merger, Mr. Davis and Richard Baxter (our Senior Vice President of Investment Operations) were appointed to Pelthos' board of directors. Concurrent with the Pelthos Merger, Ligand invested $18.0 million into Pelthos out of total $50.1 million of equity capital investment made by Ligand and a group of strategic investors led by Murchinson. Ligand is entitled to a 13% royalty on worldwide net sales of ZELSUVMI which was commercially launched by Pelthos on the U.S. market on July 10, 2025.

On August 4, 2025, we invested $25 million in strategic capital to fund Orchestra BioMed ("Orchestra")'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 an additional $5 million in an equity private placement at the public offering price of $2.75 per share in Orchestra's public offering. In exchange, we will receive 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. 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. At the time of the transaction, our director Jason Aryeh also served as a director on the board of Orchestra. The investment decision was made solely by management in the ordinary course of business. The Board of Directors, including Mr. Aryeh, was not involved in the approval of the transaction.

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 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

Pelthos Therapeutics Transaction

On July 2, 2025, we announced the completion of its 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"). 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 Ligand 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.

New Royalty Investment in Orchestra BioMed

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 an additional $5 million in an equity private placement at the public offering price of $2.75 per share in Orchestra BioMed's public offering. In exchange, We will receive 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. 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.

Portfolio Updates

On July 9, 2025, Merck and Verona announced a definitive agreement under which Merck, through a subsidiary, will acquire Verona for $107 per American Depository Share (ADS), each of which represents eight Verona ordinary shares, for a total transaction value of approximately $10 billion. Verona's portfolio includes Ohtuvayre, which was approved by the FDA in June 2024 for the maintenance treatment of COPD in adult patients. Ligand receives a 3% royalty on Ohtuvayre sales.

On July 7, 2025, Agenus announced that its botensilimab and balstilimab (BOT/BAL) combination achieved a two-year survival rate of 42% along with a more mature 21-month median overall survival in an expanded cohort of 123 patients with microsatellite-stable (MSS) metastatic colorectal cancer (mCRC) without active liver metastases (NLM). Agenus also confirmed that it has reached agreement with the FDA on the design of the global BATTMAN Phase 3 trial. The FDA waived the need for a BOT monotherapy arm, allowing for a simple two-arm study design.

On June 23, 2025, Palvella Therapeutics announced the full enrollment in SELVA, a Phase 3 trial of Qtorin 3.9% rapamycin anhydrous gel (Qtorin rapamycin) for the treatment of microcystic lymphatic malformations (microcystic LMs). The Phase 3 trial enrolled 51 subjects, exceeding the original target of 40 subjects by over 25%. Top-line results from SELVA are expected in the first quarter of 2026, with a NDA submission planned for the second half of 2026.

On June 3, 2025, Agenus announced it entered into a partnership agreement with Zydus designed to accelerate clinical development, scale global manufacturing, and expand patient access to BOT/BAL. The strategic collaboration includes an exchange of Agenus' state-of-the-art biologics CMC facilities in Emeryville, CA and Berkeley, CA for an upfront consideration of $75 million. Moreover, Agenus will receive up to an additional $50 million in contingent payments triggered by BOT/BAL production orders. This collaboration enables Agenus to unlock the value of its manufacturing assets and secure strategic capital to drive BOT/BAL toward global regulatory engagement and commercialization.

On May 23, 2025, CSL Vifor announced that the National Institute for Health and Care Excellence (NICE) has published final draft guidance recommending that Filspari can be used in the NHS in England as an option to treat primary IgA nephropathy in adults with a urine protein excretion of 1.0 g/day or more, or a urine protein-to-creatinine ratio of 0.75 g/g or more.

On May 16, 2025, Nuance announced top-line results from the Phase 3 ENHANCE-CHINA trial which evaluated nebulized ensifentrine (marketed as Ohtuvayre in the U.S.) for the maintenance treatment of chronic obstructive pulmonary disease (COPD). The ENHANCE-CHINA trial successfully met its primary endpoint, as well as secondary endpoints demonstrating improvements in lung function.

On May 15, 2025, Travere announced that the FDA accepted its supplemental New Drug Application (sNDA) for traditional approval of Filspari (sparsentan) for the treatment of focal segmental glomerulosclerosis (FSGS). The FDA has assigned a Prescription Drug User Fee Act (PDUFA) target action date of January 13, 2026, and has indicated that it is currently planning to hold an advisory committee meeting to discuss the application. Additionally, Travere continues to expect a PDUFA target action date of August 28, 2025 for its sNDA requesting modification of liver monitoring and removal of embryo-fetal toxicity monitoring REMS for Filspari for the treatment of adults with primary immunoglobulin A nephropathy (IgAN) who are at risk for disease progression.

Results of Operations

Revenue and Other Income

(Dollars in thousands)	Q2 2025	Q2 2024	Change	% Change	YTD 2025	YTD 2024	Change	% Change
Revenue from intangible royalty assets	$ 30,084	$ 22,603	$ 7,481	33 %	$ 51,671	$ 40,960	$ 10,711	26 %
Income from financial royalty assets	6,313	559	5,754	1,029 %	12,215	1,297	10,918	842 %
Royalties	36,397	23,162	13,235	57 %	63,886	42,257	21,629	51 %
Captisol	8,287	7,500	787	10 %	21,747	16,712	5,035	30 %
Contract revenue and other income	2,943	10,869	(7,926)	(73)%	7,327	13,540	(6,213)	(46)%
Total revenue and other income	$ 47,627	$ 41,531	$ 6,096	15 %	$ 92,960	$ 72,509	$ 20,451	28 %

Q2 2025 vs. Q2 2024

Total revenue and other income increased by $6.1 million, or 15%, to $47.6 million in Q2 2025 compared to $41.5 million in Q2 2024. Royalties increased by $13.2 million, or 57%, to $36.4 million in Q2 2025 compared to $23.2 million in Q2 2024, primarily due to income from Qarziba financial royalty asset acquired in Q3 2024 and an increase in Filspari sales. Captisol sales increased by $0.8 million, or 10%, to $8.3 million in Q2 2025 compared to $7.5 million in Q2 2024, primarily due to the timing of customer orders. Contract revenue and other income decreased by $7.9 million, or 73%, to $2.9 million in Q2 2025 compared to $10.9 million in Q2 2024, with the difference due to the timing of partner milestone events.

YTD 2025 vs. YTD 2024

Total revenue and other income increased by $20.5 million, or 28%, to $93.0 million in YTD 2025 compared to $72.5 million in YTD 2024. Royalties increased by $21.6 million, or 51%, to $63.9 million in YTD 2025 compared to $42.3 million in YTD 2024, primarily due to income from Qarziba financial royalty asset acquired in Q3 2024 and an increase in Filspari sales. Captisol sales increased by $5.0 million, or 30%, to $21.7 million in YTD 2025 compared to $16.7 million in YTD 2024, primarily due to the timing of customer orders. Contract revenue and other income decreased by $6.2 million, or 46%, to $7.3 million in YTD 2025 compared to $13.5 million in YTD 2024, with the difference due to the timing of partner milestone events.

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 that have been adjusted for certain deductible items as defined in the respective license agreement. The Rylaze and Vaxneuvance 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)	Q2 2025 Estimated Partner Product Sales	Effective Royalty Rate	Q2 2025 Royalty Revenue	Q2 2024 Estimated Partner Product Sales	Effective Royalty Rate	Q2 2024 Royalty Revenue
Kyprolis	**$ 398.0**	**2.2 %**	**$ 8.8**	$ 400.0	2.3 %	$ 9.0
Evomela	**7.5**	**20.0 %**	**1.5**	13.5	20.0 %	2.7
Teriparatide injection[(1)]	**7.4**	**31.1 %**	**2.3**	7.8	26.9 %	2.1
Rylaze	**103.2**	**2.8 %**	**2.9**	107.8	3.0 %	3.2
Filspari	**73.3**	**9.0 %**	**6.6**	26.7	9.0 %	2.4
Vaxneuvance	**229.0**	**1.1 %**	**2.6**	189.0	0.6 %	1.1
Other	**310.9**	**1.7 %**	**5.4**	103.8	2.0 %	2.1
Total	**$ 1,129.3**		**$ 30.1**	$ 848.6		$ 22.6

(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	**$ 751.8**	**1.8 %**	**$ 13.5**	$ 802.4	1.9 %	$ 15.6
Evomela	**17.0**	**20.0 %**	**3.4**	20.5	20.0 %	4.1
Teriparatide injection[(1)]	**12.1**	**28.9 %**	**3.5**	15.6	26.3 %	4.1
Rylaze	**197.5**	**3.0 %**	**6.0**	210.5	2.9 %	6.2
Filspari	**132.2**	**9.0 %**	**11.9**	46.7	9.0 %	4.2
Vaxneuvance	**452.6**	**0.9 %**	**3.9**	402.4	0.6 %	2.5
Other	**585.1**	**1.6 %**	**9.5**	195.2	2.2 %	4.3
Total	**$ 2,148.3**		**$ 51.7**	$ 1,693.3		$ 41.0

(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.

Contract revenue includes service revenue, license fees and development, regulatory and sales based milestone payments.

Operating Costs and Expenses

(Dollars in thousands)	Q2 2025	% of Revenue	Q2 2024	% of Revenue	YTD 2025	% of Revenue	YTD 2024	% of Revenue
Cost of Captisol	$ 2,907		$ 2,906		$ 7,756		$ 5,788	
Amortization of intangibles	8,258		8,257		16,515		16,443	
Research and development	6,567		5,354		56,652		11,325	
General and administrative	20,175		17,623		38,976		28,574	
Financial royalty assets impairment	—		26,491		—		26,491	
Fair value adjustments to partner program derivatives	1,276		—		833		—	
Total operating costs and expenses	$ 39,183	82%	$ 60,631	146%	$ 120,732	130%	$ 88,621	122%

Q2 2025 vs. Q2 2024

Total operating costs and expenses decreased by $21.4 million, or 35%, to $39.2 million in Q2 2025 compared to $60.6 million in Q2 2024.

Cost of Captisol remained steady at $2.9 million in Q2 2025 compared to $2.9 million in Q2 2024.

Amortization of intangibles remained steady at $8.3 million in Q2 2025 compared to $8.3 million in Q2 2024.

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 $6.6 million for Q2 2025, compared with $5.4 million for Q2 2024, with the increase primarily attributable to expenses incurred by Pelthos in preparation for the commercial launch of ZELSUVMI.

General and administrative expense was $20.2 million for Q2 2025, compared to $17.6 million for Q2 2024, with the increase primarily attributable to employee related costs and operating costs associated with incubating the Pelthos business.

Financial royalty asset impairment was $26.5 million for Q2 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.

Fair value adjustment to partner program derivatives was $1.3 million for Q2 2025 compared to zero for Q2 2024.

YTD 2025 vs. YTD 2024

Total operating costs and expenses increased by $32.1 million, or 36%, to $120.7 million in YTD 2025 compared to $88.6 million in YTD 2024.

Cost of Captisol increased by $2.0 million, or 34%, to $7.8 million in YTD 2025 compared to $5.8 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 steady at $16.5 million in YTD 2025 compared to $16.4 million in YTD 2024.

Research and development expense was $56.7 million for YTD 2025, compared with $11.3 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 as discussed in *Note 3, Castle Creek and Agenus Transactions*.

General and administrative expense was $39.0 million for YTD 2025, compared to $28.6 million for YTD 2024, with the increase primarily due to employee related costs and operating costs associated with incubating the Pelthos business.

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.

Fair value adjustment to partner program derivatives was $0.8 million for YTD 2025 compared to zero for YTD 2024.

Non-operating Income and Expenses

(Dollars in thousands)	Q2 2025	Q2 2024	Change	% Change	YTD 2025	YTD 2024	Change	% Change
Gain (loss) from short-term investments	$ 939	$ (14,256)	$ 15,195	(107)%	$ (11,428)	$ 96,516	$ (107,944)	(112)%
Interest income	1,621	2,757	(1,136)	(41)%	3,392	4,777	(1,385)	(29)%
Interest expense	(1,153)	(1,268)	115	(9)%	(2,020)	(1,411)	(609)	43 %
Other non-operating expense, net	1,372	(33,523)	34,895	(104)%	(1,129)	(35,713)	34,584	(97)%
Total non-operating income (expenses), net	$ 2,779	$ (46,290)	$ 49,069	(106)%	$ (11,185)	$ 64,169	$ (75,354)	(117)%

Q2 2025 vs. Q2 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 gain from short-term investments was $0.9 million in Q2 2025 as compared to the net loss from short-term investments of $14.3 million in Q2 2024. In Q2 2025, we recorded an unrealized gain on Viking shares of $2.4 million as compared to an unrealized loss of $29.0 million in Q2 2024. In addition, we recorded a gain of $15.2 million on the fair value adjustment to the Viking Share Collar in Q2 2024.

Interest income consists primarily of interest earned on our short-term investments. The decrease over the prior year period was due to the decrease in average investment balances in Q2 2025 compared to Q2 2024.

Interest expense consists primarily of interest accrued related to a royalty and milestone payments purchase agreement entered into by Novan, Inc. in 2019, and assumed by Pelthos as part of the Novan acquisition in September 2023.

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 Q2 2025 decreased by $34.9 million as compared to Q2 2024, primarily due to the fair market changes to derivative assets and the revaluation of investments in Primrose Bio and the equity method loss related to Primrose Bio in Q2 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 net loss from short-term investments was $11.4 million in YTD 2025 as compared to the net gain from short-term investments of $96.5 million in YTD 2024. In YTD 2025, we recorded an unrealized loss on Viking shares of $13.7 million as compared to an unrealized gain of $21.8 million in YTD 2024. In addition, we recorded a gain of $15.2 million on the the fair value adjustment to the Viking Share Collar in YTD 2024. Besides, we sold 0.7 million shares of Viking common stock and recognized a realized gain of $60.0 million in total in YTD 2024.

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

Interest expense consists primarily of interest accrued related to a royalty and milestone payments purchase agreement entered into by Novan, Inc. in 2019, and assumed by Pelthos as part of the Novan acquisition in September 2023.

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 $34.6 million as compared to YTD 2024, primarily due to the fair market changes to derivative assets and the revaluation of investments in Primrose Bio and the equity method loss related to Primrose Bio in YTD 2024.

Income Tax Expense

(Dollars in thousands)	Q2 2025	Q2 2024	Change	YTD 2025	YTD 2024	Change
(Loss) income before income taxes	$ 11,223	$ (65,390)	$ 76,613	$ (38,957)	$ 48,057	$ (87,014)
Income tax benefit (expense)	(6,376)	13,479	(19,855)	1,353	(13,829)	15,182
(Loss) income from operations	$ 4,847	$ (51,911)	$ 56,758	$ (37,604)	$ 34,228	$ (71,832)
Effective tax rate	56.8 %	20.6 %		3.5 %	28.8 %	

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 June 30, 2025 and 2024 was 56.8% and 20.6%, respectively. The effective tax rate for the six months ended June 30, 2025 and 2024 was 3.5% and 28.8%, respectively. The variance from the U.S. federal statutory tax rate of 21% for the three and six months ended June 30, 2025 was primarily due to Section162(m) limitation on deduction for officer compensation, other non-deductible items 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 six months ended June 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 June 30, 2025, our cash, cash equivalents, and short-term investments totaled $245.0 million, which decreased by $11.1 million from the end of last year mainly due to the cash paid for the Castle Creek transaction. 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, 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 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 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 six months ended June 30, 2025 and 2024, we did not issue any shares of common stock in the ATM Offering.

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 six months ended June 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.

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 June 30, 2025, we had $124.4 million in available borrowing under the Revolving Credit Facility, after utilizing $0.6 million for letter of credit. The maturity date of the Revolving Credit Facility is October 12, 2026.

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 Therapeutics 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 June 30, 2025, we had $5.6 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	$ (9,646)	$ 32,046
Investing activities	$ (5,773)	$ (58,534)
Financing activities	$ 10,248	$ 21,673

During the six months ended June 30, 2025, we used cash in operations primarily for the Castle Creek transaction, partially offset by cash from revenue and other operating income. We used cash in investing activities primarily for purchases of short-term investments, partially offset by cash proceeds from sale and maturity of short-term investments. We generated cash from financing activities primarily due to net proceeds from stock options exercises and ESPP, as well as proceeds from Pelthos investors.

During the six months ended June 30, 2024, we generated cash from operations primarily from revenue and other operating income. We used cash in investing activities for purchases of short-term investments, financial royalty assets and Palvella notes receivable, and for the Agenus Transaction, partially offset by cash proceeds from sale and maturity of short-term investments, including Viking shares, and cash proceeds from financial royalty assets. We generated cash from financing activities primarily due to 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 six months ended June 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 June 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 June 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.

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

Rule 10b5-1 Trading Arrangements

From time to time, our officers (as defined in Rule 16a–1(f) of the Exchange Act) and directors may enter into Rule 10b5-1 or non-Rule 10b5-1 trading arrangements (as each such term is defined in Item 408 of Regulation S-K).

During Q2 2025, none of our directors or officers adopted, terminated or materially modified a plan for the purchase or sale of our securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or a non-Rule 10b5-1 trading arrangement for the purchase or sale of our securities.

Item 6. Exhibits

Exhibit Number	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File Number	Date of Filing	Exhibit Number	
2.1†	Purchase and Sale Agreement entered on February 24, 2025 among Ligand Pharmaceuticals Incorporated, Castle Creek Biosciences, Inc., Castle Creek Biosciences, LLC and a syndicate of co-investors for which Ligand acted as representative (collectively, including Ligand, the "Purchasers").	10-Q	001-33093	5/09/2025	2.1	
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 June 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 June 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.

† Certain portions of this exhibit (indicated by asterisks) have been omitted because they are both not material and are the type that Ligand treats as private or confidential.

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: August 8, 2025

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

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: August 8, 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: August 8, 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 June 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: August 8, 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 June 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: August 8, 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.