

Ligand Pharmaceuticals, Inc.

(LGND - NASDAQ)

LGND: 2025 Analyst Day

We use a blended 22.0x multiple of 2027 earnings and 17.0x multiple of 2027 EBITDA to generate our Ligand Pharmaceuticals core valuation. To this, we add investment value for Primrose equity, Palvella preferred stock, Pelthos and other investments along with cash and cash equivalents to produce our target price.

Current Price (12/12/2025) **\$189.55**
Valuation **\$230.00**

OUTLOOK

Ligand Pharmaceuticals holds a portfolio of revenue, royalty & milestone generating assets that have been vetted by its internal investment team. Ligand considers individual biopharmaceutical products, platforms, companies & income streams in its opportunity set. It targets late-stage and commercial income-producing assets when making investments. The company holds a diversified portfolio of biopharmaceutical royalties, a solubilizing and stability agent, as well as equity interests and ownership in other companies including Primrose, Palvella, Viking and Pelthos.

The royalty portfolio consists of 12 major commercial stage assets & >90 active programs. In addition to its identified programs, Ligand plans to deploy up to \$250 million per year acquiring new assets which can largely be funded with existing cash and future free cash flow.

The company's experienced investment team takes an internal look under a confidentiality agreement at prospects' data, allowing for superior risk-adjusted returns. In addition to its major commercial assets, Ligand's portfolio of development-stage programs, along with future acquisitions funded by internally generated capital, can fuel long-term revenue growth and generate superior risk-adjusted returns.

SUMMARY DATA

52-Week High **212.49**
52-Week Low **93.58**
One-Year Return (%) **67.0**
Beta **0.9**
Average Daily Volume (sh) **205,462**

Shares Outstanding (mil) **19.7**
Market Capitalization (\$mil) **3,734**
Short Interest Ratio (days) **4.6**
Institutional Ownership (%) **106.4**
Insider Ownership (%) **2.3**

Annual Cash Dividend **\$0.00**
Dividend Yield (%) **0.00**

5-Yr. Historical Growth Rates
Sales (%) **6.8**
Earnings Per Share (%) **13.2**
Dividend (%) **N/A**

P/E using TTM EPS **26.0**
P/E using 2025 Estimate **25.1**
P/E using 2026 Estimate **20.3**

Zacks Rank **N/A**

Risk Level **Above Average**
Type of Stock **Medium-Growth**
Industry **Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue

(In millions of USD)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2024	\$31.0 A	\$41.5 A	\$51.8 A	\$42.8 A	\$167.1 A
2025	\$45.3 A	\$47.6 A	\$115.5 A	\$64.2 E	\$272.7 E
2026					\$258.3 E
2027					\$304.0 E

Earnings per Share

	Q1	Q2	Q3	Q4	Year
2024	\$1.20 A	\$1.40 A	\$1.84 A	\$1.27 A	\$5.74 A
2025	\$1.33 A	\$1.60 A	\$3.09 A	\$1.53 E	\$7.55 E
2026					\$8.22 E
2027					\$9.32 E

WHAT'S NEW

Ligand Pharmaceuticals, Inc. (NASDAQ: LGND) held its 2025 analyst day on December 9th, 2025 at the Harvard Club in New York City. The morning [presentations](#) highlighted the company's achievements for 2025 and looked ahead to 2026, providing financial guidance for the next year. Details of the event are included in a [press release](#) and [slide deck](#) provided on Ligand's website.

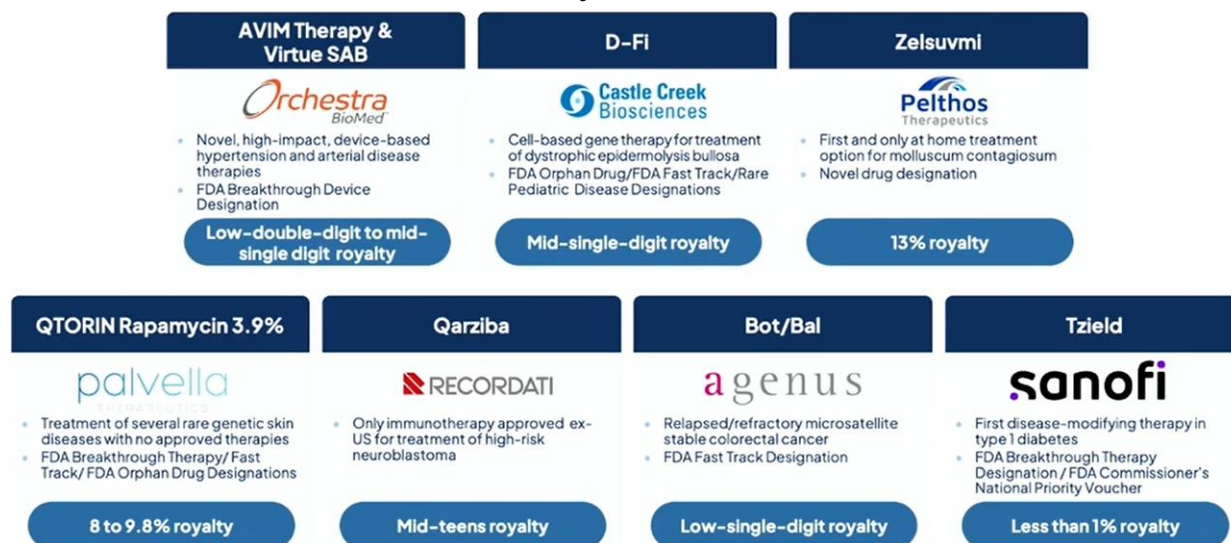
Guidance for 2026 calls for revenue of \$245 to \$285 million, representing a 15% year-over-year increase at the midpoint. Earnings per share is estimated to be from \$8.00 to \$9.00, calling for a 13% increase at the midpoint. Primary drivers of the year-over-year guidance increase are a rise in royalty revenues from Filspari, Ohtuvayre and Zelsuvmi. The company also lifts its five-year outlook by one percentage point to a compound annual growth rate (CAGR) of 23%. The driver of the higher expectations comes from a two-percentage point increase in existing commercial programs to 15% partially offset by a 1% reduction in the contribution of future investments to 3%.

The Event

Company representatives included CEO Todd Davis; CFO Tavo Espinoza; SVP of Investments Paul Hadden and Rich Baxter; VP of Strategic Planning Lauren Hay; and SVP of the Captisol business Dr. Karen Reeves. The presentation began with a CEO overview of 2025 and new investments made over the prior year which described Ligand's four investment categories: Royalty Monetization, Project Finance, Special Situations and Platforms.

CFO Tavo Espinoza took the podium next to review 2025 results to date and to present 2026 guidance and longer-term forecasts. Optimism over long-term opportunities is enhanced by the \$460 million capital raise executed in August and strong performance from key commercial products. Tavo handed the baton to Paul Hadden who reviewed the growth of the investment team, Ligand's investment process and key transactions that took place in 2025. Paul was followed by Rich Baxter who provided a deep dive on the company's approach to special situations and its investment in Pelthos Therapeutics.

Exhibit I – Key Investments in 2025



Source: Ligand 2025 Investor Day Presentation

Rich invited the CEO of the recently spun out Pelthos to speak to the assembled group. Scott Plesha ascended to the dais to share recent accomplishments for the company and its commercialized indications. As a reminder, Ligand owns about half of Pelthos, has participated in its recent convertible capital raise and receives a royalty from its products.

Lauren Hay followed with an update of primary contributors to Ligand's portfolio and some of the upcoming milestones which can drive higher than expected growth if successful. Captisol's chief, Dr. Karen Reeves then gave a review of the Captisol technology platform. In closing, she enumerated the 17 underlying approved products using the solubility, stability and bioavailability agent. As the formal presentation concluded, CEO Todd Davis again took the podium, reviewed the business model and the presented content, then opened up the floor for questions. Analyst questions were predominantly focused on Ligand's newly issued guidance and future opportunities for Pelthos.

Exhibit II – Key Contributing Programs in 2025

Marketer	Program	Therapeutic Area	Royalty Rate	% of 2025 YTD Royalties
AMGEN	Kyprolis	Oncology	Tiered 1.5% to 3%	23%
RECORDATI	Qarziba	Oncology	Tiered Mid-Teen	20%
TRAVERE CSL Vifor	Filspari	Nephrology	9%	19%
Jazz Pharmaceuticals	Rylaze	Oncology	Tiered Low Single-Digit	9%
MERCK	Ohtuvayre	Pulmonology	3%	6%
MERCK	Capvaxive	Infectious Disease	Low Single-Digit	6%
MERCK	Vaxneuvance	Infectious Disease	Low Single-Digit	5%
ACROTECH CASI	Evomela	Oncology	20%	5%
Alvogen	Teriparatide	Endocrinology	25% to 40% Gross Profit Share	5%
Baxter	Nexterone	Cardiovascular	Low Single-Digit	2%
SERINO INSTITUTE OF PHARMACEUTICALS	Pneumosil	Infectious Disease	Low Single-Digit	2%
Pelthos Therapeutics	Zelsuvmi	Infectious Disease	13%	1%

Source: [Ligand 2025 Investor Day Presentation](#)

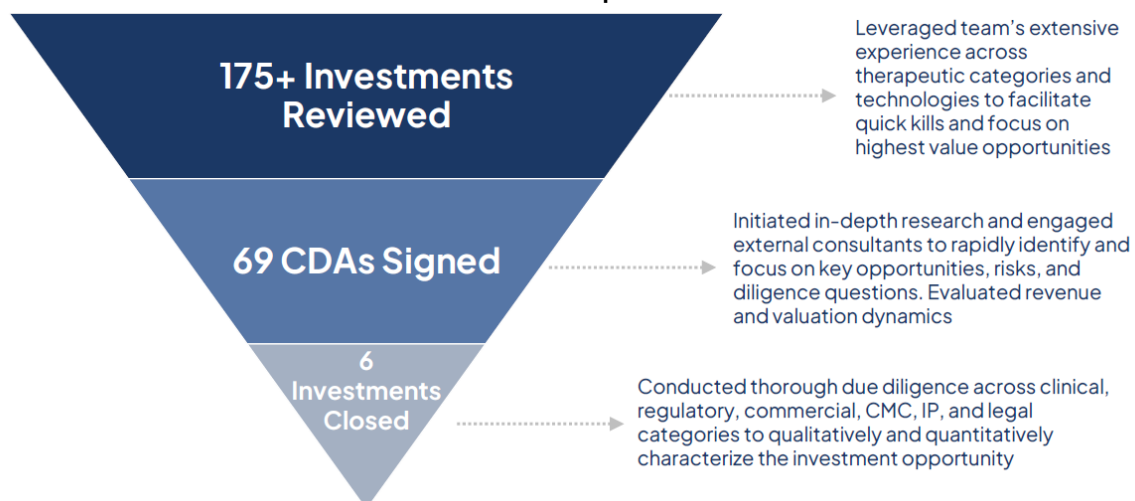
Looking Ahead

Ligand is conservative in its estimates and its estimation model heavily discounts the probability of success for development programs. There are several catalysts and emerging opportunities that may lift 2026 results above guidance. This includes an additional \$500 million investment by Merck in Ohtuvayre commercialization and its new bronchiectasis indication. Filspari may have the most additional potential with a new indication in Focal Segmental Glomerulosclerosis (FSGS) up for FDA approval in January. An important consideration for FSGS is that it offers the same number of patients as IgA nephropathy, but at twice the dose. Filspari also has new geographical opportunities in Japan. Zelsuvmi growth from a small base could be another surprise and in addition to strong anticipated sequential growth, there will be a full year of sales in 2026 for this mollusum contagiosum treatment.

Other opportunities further down the road apply to other Ligand partner development products. Qarziba has two impending catalysts which can expand the addressable market. The first is a new indication in Ewing sarcoma and the second is a submission to the FDA for relapsed neuroblastoma with data from the BEACON 2 trial. Qtorin Rapamycin is being evaluated in multiple indications including microcystic lymphatic malformations (MLM) where clinical and regulatory milestones are expected over the next two quarters.

Ligand has increased the upper end of its target investment range from \$20 to perhaps as much as \$60 million per transaction. With the additional capital from the August convertible issuance and a material increase in expected future cash flows, Ligand is in a dominant position to execute on the 69 active Confidential Disclosure Agreements (CDAs) that have been signed.

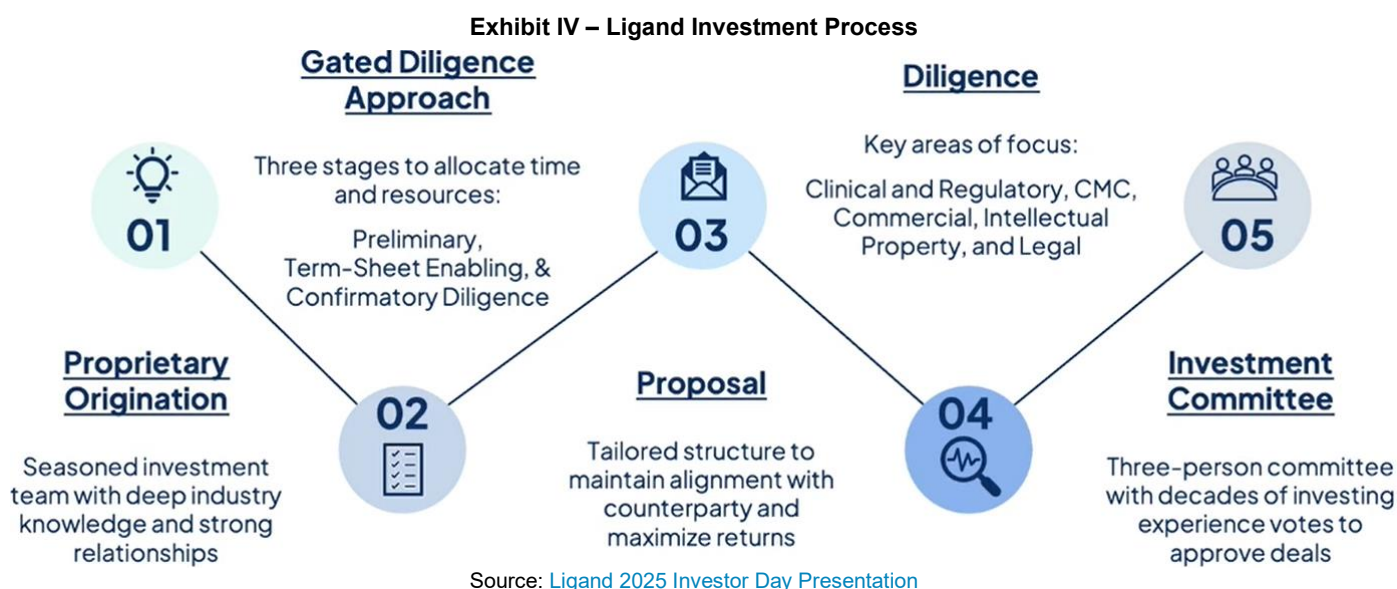
Exhibit III – 2025 Prospects and Deals



Source: [Ligand 2025 Investor Day Presentation](#)

Ligand Investment Process

Ligand employs a rigorous investment process that begins with its experienced investment team leveraging its industry knowledge and relationships to identify prospects. The origination stage is followed by a due diligence process that requires a preliminary review, develops a term sheet and performs confirmatory diligence. Internal work is followed up by a proposal that is tailored to maintain alignment with the investee and maximize returns for Ligand. In many cases, Ligand representatives will enter into a CDA to perform further clinical, regulatory, chemistry, manufacturing and controls (CMC), commercial, intellectual, property and legal diligence. Following this step, the investment package is presented to the investment committee which includes CEO Todd Davis, SVP of Investment Operations Richard Baxter and SVP Investments and Business Development Paul Hadden. The team ensures that the investments selected provide the necessary balance of development stage, diversification and high unmet clinical need.



Ligand's most recent investment goals are to deploy \$150 to \$250 million per year in \$20 to \$50 million portions.

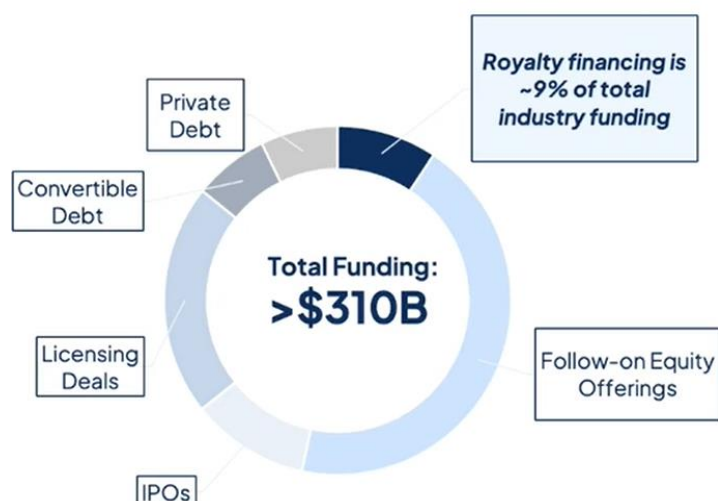
Biopharma Funding Landscape

During the introduction, CEO Todd Davis highlighted the role of royalty financing in the biopharma industry. Royalty investing offers several benefits compared to other types of financing such as ownership, debt and equity approaches. Royalty investments require minimal corporate infrastructure; they are non-dilutable and transferable to new owners. They can be protected in bankruptcy and do not bear the margin risk of developers and marketers.

The royalty financing market makes up less than 10% of funding in the biopharma market according to a Deloitte survey cited by Ligand. A majority of this financing centers on commercial stage investing leaving few players in competition with Ligand for its desired assets. The company is well positioned in an expanding industry with a rapidly growing finance segment offering little competition for deals.

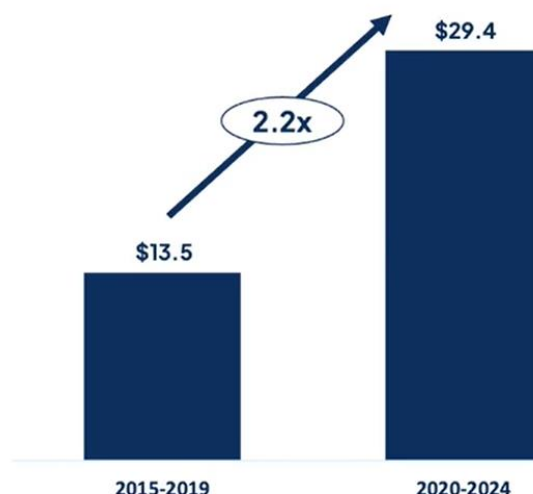
Exhibit V – Biopharma Industry Funding and the Role of Royalties

Biopharma Industry Funding 2020–2024¹



Source: Ligand 2025 Investor Day Presentation

Royalty Funding Market Size (\$B)



2026 Expectations

After a review of past financial results, CFO Tavo Espinoza provided a rundown of the company's expectations for revenues and expenses in 2026. Topline growth from 2022 to 2025 has exceeded a CAGR of 28%. After reiterating the 2025 annual guidance provided in November, Mr. Espinoza highlighted the key commercial products that will contribute the most to 2026 revenue growth.

Exhibit VI – Royalty Revenue Forecast for Ligand's Key Products

Product	2025	2026	% Change
Filspari	\$30–32M	↑ ↑	~75%
Ohtuvayre	\$10–11M	↑ ↑ ↑	~150%
Qarziba	\$23–25M	↑	–
Capvaxive	\$8–9M	↑ ↑	~70%
Zelsuvmi	\$2–3M	↑ ↑ ↑	~200%
Kyprolis	\$35–36M	–	–
Other*	\$39–41M	↑ ↑	~65%
Total	\$147–157M	\$200–225M	~40%

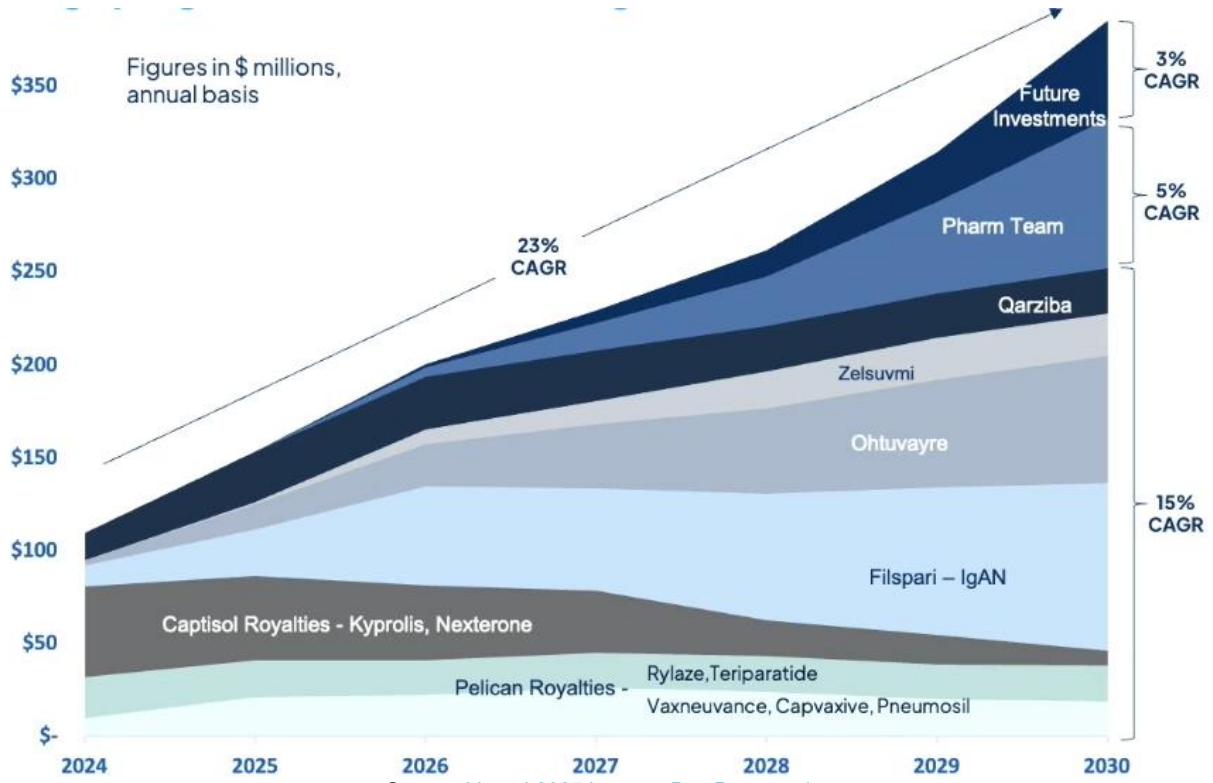
Source: Ligand 2025 Investor Day Presentation

Ligand management expects total royalty revenue to be in the range of \$200 to \$225 million driven by Filspari, Ohtuvayre, Zelsuvmi and Capvaxive. Total revenue, which adds the contribution from Captisol and contract revenue, is estimated to be in the range of \$245 to \$285 million, growing 15% at the midpoint of the range. Core EPS guidance calls for earnings of \$8.00 to \$9.00 per share, also increasing double digits over prior year values.

Cost of goods sold is forecast to be flat to down in 2026, while core cash operating expense is up from \$40 million to \$45 million, demonstrating operating leverage in the model.

The Chief Financial Officer also provided the updated long-term growth outlook for Ligand, raising the CAGR by one percentage point to 23%. Primary drivers for the growth over the next five years are Filspari, Ohtuvayre and Pharm Team, which are development stage assets and future investments. This growth is expected to be offset by declines in Captisol royalties.

Exhibit VII – Updated Five Year Outlook to 2030

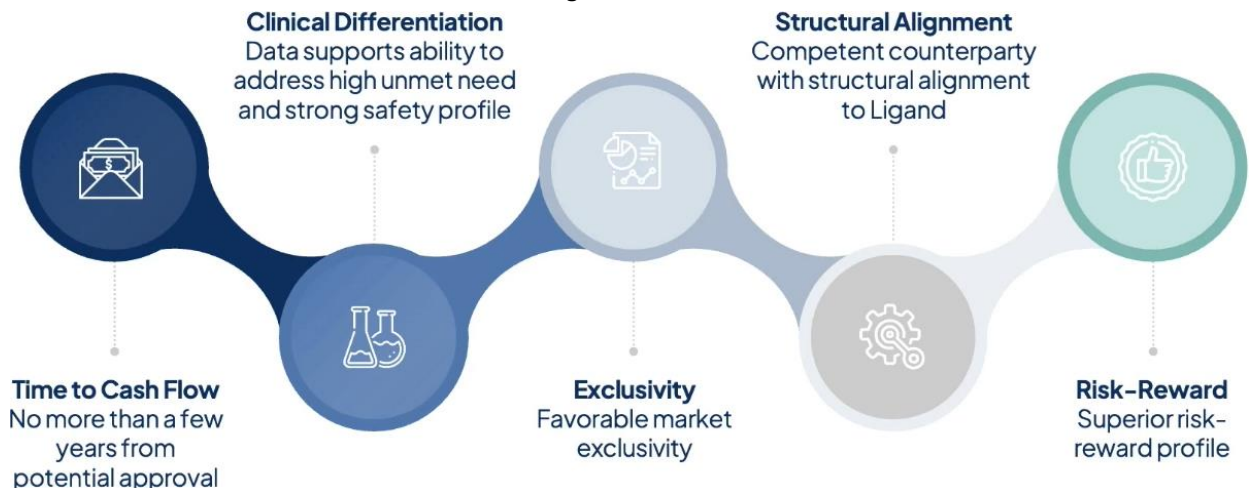


Investment Team

Ligand's investment team has grown substantially since 2022. Since then, it has grown from three people to an expected 18 in 2026. Deployable capital increased from \$200 million to \$1 billion and operating cash flow increased from \$50 million to \$200 million. The company has focused on origination efforts that have yielded many types of deals including royalty investments, project finance, royalty monetization, special situations, company spin-offs and payment of technology fees and other economic rights.

Ligand's Senior Vice President, Investments and Business Development, Paul Hadden reiterated the company's investment criteria for selecting a prospect for investment. Clinical differentiation is one of the most important elements of the approach as it addresses the unmet need that can overcome regulatory, coverage, pricing and other hurdles. One example of an unexpected and favorable outcome from this approach was the award of the [Commissioner's National Priority Voucher \(CNPV\)](#) pilot program to Tzield (teplizumab) which can accelerate approval. Ligand will receive a royalty on sales of Sanofi's Tzield which may address a key patient need in Type I Diabetes.

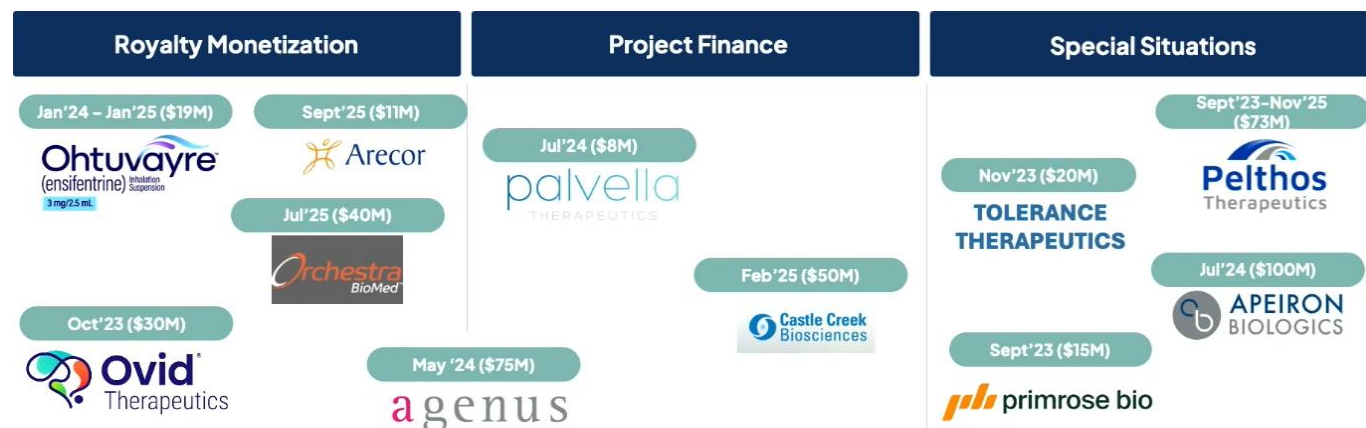
Exhibit VIII – Ligand's Investment Criteria



Source: Ligand 2025 Investor Day Presentation

Other aspects of Ligand's diligence process employ therapeutic area-specific consultants, key opinion leaders (KOLs) and internal experts to thoroughly vet candidates. Subject matter experts also review CMC processes and protocols and provide insights into risks of delayed approval or post-approval supply chain disruption. Experts are also consulted in commercial areas such as sales and marketing, forecasting and market access. All intellectual property (IP) and patents are reviewed and contracts are evaluated. Final steps include contracting and an effort to protect Ligand from contractual risks.

Exhibit IX – Eleven Investments Executed Since 2023



Source: Ligand 2025 Investor Day Presentation

Rich Baxter ran through Pelthos as a case study and the company's approach to special situations investments. We have reviewed this in previous reports, but will note that since our prior update on Pelthos, the company **acquired** the product Xepi in early November. Xepi is an FDA-approved topical treatment for impetigo¹ that addresses antibiotic-resistant skin infections caused by staph and strep infections, most commonly affecting children. This provides a second pediatric dermatology product that can expand the size of the commercially feasible market at low incremental cost. Pelthos also closed an \$18 million convertible note financing to fund the acquisition of Xepi from Biofrontera and Ferrer. In addition to its equity exposure to the product, Ligand will receive a 2.5% royalty on net sales of Xepi. Pelthos anticipates a late 2026 launch of the product.

Valuation

We increase our valuation for Ligand as we raise our 2026 revenue and earnings guidance. We believe that the company's guidance can be achieved based on the diversified portfolio and numerous catalysts for improved revenue performance. Our valuation applies a blend of 22.0x 2027 core earnings per share and 17.0x 2027 EBITDA plus investments. To this amount, we add values for Investments, Pelthos, and net cash. EPS and EBITDA valuations are blended to generate our updated target price of \$230 per share.

Summary

Ligand continues along the track to success with a diversified portfolio of assets and a capable team with plenty of capital to deploy in a market characterized by few competitors in its chosen segment of royalty investing. Depressed valuations in the biopharma space and prospects hungry for capital create an attractive environment. Ligand's 2026 guidance was higher than our estimates generated after the report of third quarter results. This supported a further increase to our target price. We think that Ligand can put more funds to work and expect to see a consistent series of deal announcements over the next twelve months. Filspari, Ohtuvayre and Qarziba are expected to be the stallions driving the cart and we now have Zelsuvmi on the team which should provide tremendous growth in 2026, although off of a small base. We increase our target price to reflect management's strong guidance generating a price target of \$230 per share.

¹ From the press release: Impetigo is a highly contagious bacterial skin infection most often caused by Staphylococcus aureus and/or Group A Streptococcus (Streptococcus pyogenes). It affects approximately 3 million people in the U.S. every year and is most common in children ages 2 to 5. Impetigo is among the most common bacterial skin infections seen in pediatric offices and spreads easily within families, in crowded settings, such as schools and childcare facilities.

PROJECTED FINANCIALS

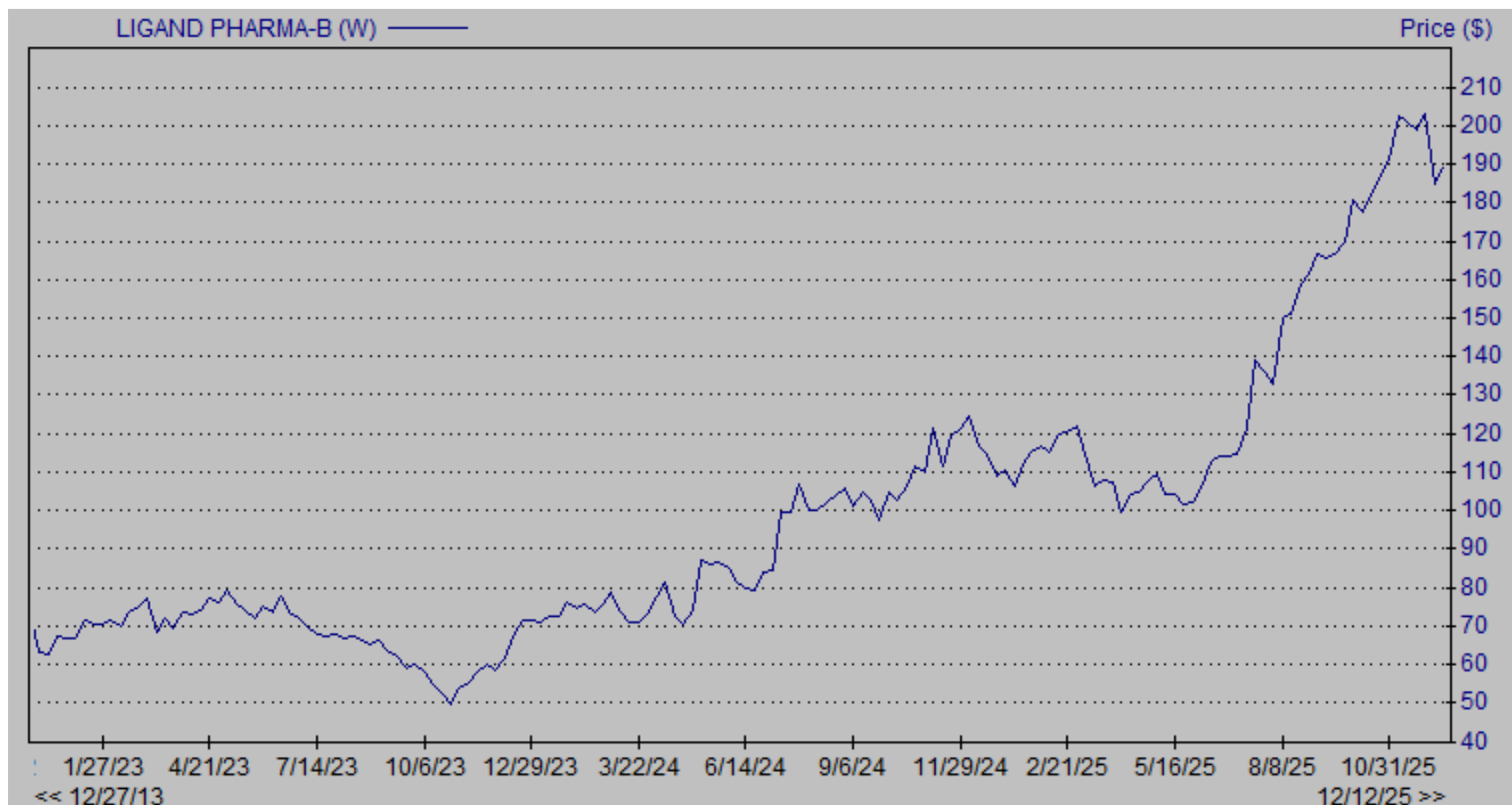
Ligand Pharmaceuticals, Inc. - Income Statement

Ligand Pharmaceuticals, Inc.	2024 A	Q1 A	Q2 A	Q3 A	Q4 E	2025 E	2026 E	2027 E
Total Revenues (\$US '000)	\$167,133	\$45,333	\$47,627	\$115,461	\$64,226	\$272,672	\$258,263	\$304,016
YOY Growth	27%	46%	15%	123%	50%	63%	-5%	18%
Cost of Goods Sold (Captisol)	\$11,074	\$4,849	\$2,907	\$3,801	\$3,211	\$14,768	\$13,636	\$14,454
Product Gross Margin	64.1%	64.0%	64.9%	64.5%	63.2%	63.8%	64.0%	64.0%
Amortization of intangibles	\$32,959	\$8,257	\$8,258	\$8,097	\$7,532	\$32,144	\$31,848	\$31,848
Research & development	\$21,425	\$50,085	\$6,567	\$21,019	\$2,920	\$80,591	\$8,520	\$8,607
General & administrative	\$78,654	\$18,801	\$20,175	\$28,446	\$8,344	\$75,766	\$32,300	\$35,200
Other	\$45,627	(\$443)	\$1,276	(\$833)	\$0	\$0	\$0	\$0
Income from operations	(\$22,606)	(\$36,216)	\$8,444	\$54,931	\$42,219	\$69,403	\$171,958	\$213,907
Operating Margin								
Interest expense	\$5,018	\$0	\$0	\$0	\$0	\$0	(\$1,000)	(\$1,000)
Other income, net	\$20,106	(\$13,964)	\$2,779	\$86,206	\$0	\$75,021	\$0	\$0
Pre-Tax Income	\$2,518	(\$50,180)	\$11,223	\$141,137	\$42,219	\$144,424	\$170,958	\$212,907
Provision for Income Tax	\$6,550	(\$7,729)	\$6,376	\$23,864	\$11,188	\$33,699	\$38,466	\$48,969
Tax Rate	260.1%	15.4%	56.8%	16.9%	26.5%	23.3%	22.5%	23.0%
Net Income	(\$4,032)	(\$42,451)	\$4,847	\$117,273	\$31,031	\$110,725	\$132,493	\$163,938
Net Margin								
Reported EPS	(\$0.22)	(\$2.21)	\$0.24	\$5.68	\$1.43	\$5.43	\$6.62	\$7.81
Adjustments	\$5.96	\$3.54	\$1.36	(\$2.59)	\$0.10	\$2.40	\$1.59	\$1.52
Core EPS	\$5.74	\$1.33	\$1.60	\$3.09	\$1.53	\$7.55	\$8.22	\$9.32
YOY Growth	41%	11%				31%	9%	13%
Fully Diluted Shares	18,290	19,191	19,926	20,629	21,750	20,374	20,000	21,000

Source: Company Filing // Zacks Investment Research, Inc. Estimates

HISTORICAL STOCK PRICE

Ligand Pharmaceuticals, Inc. – Share Price Chart²



² Source: Zacks Research System

DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, John Vandermosten, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.

Zacks SCR has received compensation from the issuer directly or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business. SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN DISCLAIMER

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada and is not an associated person of any Canadian registered adviser and/or dealer and, therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.