Ironwood 1Q 2021 Earnings Update

May 6, 2021

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Introduction

Meredith Kaya

Safe Harbor Statement

This presentation contains forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements, including statements about our ability to execute on our vision and mission; our strategy, business, financial position and operations, including with respect to maximizing LINZESS® (linaclotide), building an innovative GI pipeline and delivering sustained profits and generating cash flow; the demand, development, commercial availability and commercial potential of linaclotide and the drivers, timing, impact and results thereof; the potential indications for, and benefits of, linaclotide and our ability to drive LINZESS growth; our ability to successfully execute and the value-creation potential of our strategic priorities, including our efforts to drive LINZESS growth in demand and net sales, enhance linaclotide clinical utility through lifecycle management opportunities, and advance treatments for serious, organic GI diseases; the amount and timing of potential repurchases under the Company's share repurchase program and the methods to execute such repurchases; the strength of the Company's balance sheet and the Company's ability to return cash to shareholders; the potential of IW-3300 to be an effective treatment of visceral pain conditions; and our financial performance and results; expectations regarding our financial performance and results, and guidance and expectations related thereto, including expectations related to LINZESS net sales growth, total revenue and adjusted EBITDA. These forward-looking statements speak only as of the date of this presentation, and Ironwood undertakes no obligation to update these forward-looking statements. Each forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such statement. Applicable risks and uncertainties include those related to the effectiveness of development and commercialization efforts by us and our partners; preclinical and clinical development, manufacturing and formulation development of linaclotide and our product candidates; the risk that clinical programs and studies may not progress or develop as anticipated, including that studies are delayed or discontinued for any reason, such as safety, tolerability, enrollment, manufacturing, economic or other reasons, including due to the impacts of the COVID-19 pandemic; the risk that findings from our completed nonclinical and clinical studies may not be replicated in later studies; the risk that we or our partners are unable to obtain, maintain or manufacture sufficient LINZESS or our product candidates, or otherwise experience difficulties with respect to supply or manufacturing; the efficacy, safety and tolerability of linaclotide and our product candidates; the risk that the therapeutic opportunities for LINZESS or our product candidates are not as we expect; decisions by regulatory and judicial authorities; the risk we may never get additional patent protection for linaclotide and other product candidates; the risk that we may never get sufficient patent protection for linaclotide and other product candidates, that patents for linaclotide or other products may not provide adequate protection from competition, or that we are not able to successfully protect such patents; outcomes in legal proceedings to protect or enforce the patents relating to our products and product candidates, including abbreviated new drug application litigation; the risk that financial and operating results may differ from our projections; developments in the intellectual property landscape; challenges from and rights of competitors or potential competitors; the risk that our planned investments do not have the anticipated effect on our company revenues; the risk that we are unable to manage our expenses or cash use, or are unable to commercialize our products as expected; and the risks listed under the heading "Risk Factors" and elsewhere in Ironwood's Annual Report on Form 10-K for the year ended December 31, 2020, and in our subsequent SEC filings. In addition, the COVID-19 pandemic and the associated containment efforts have had a serious adverse impact on the economy, the severity and duration of which are uncertain. Government stabilization efforts will only partially mitigate the consequences. The extent and duration of the impact on our business and operations is highly uncertain. Factors that will influence the impact on our business, operations and financial results include the duration and extent of the pandemic, the extent of imposed or recommended containment and mitigation measures, and the general economic consequences of the pandemic. The pandemic could have a material adverse impact on our business, operations and financial results for an extended period of time.

Ironwood uses non-GAAP financial measures in this presentation, which should be considered only a supplement to, and not a substitute for or superior to, GAAP measures. Refer to the Reconciliation of GAAP Results to Non-GAAP Financial Measures table and to the Reconciliation of GAAP Net Income to Adjusted EBITDA table and related footnotes on slides 15 and 16 of this presentation. Further, Ironwood considers the net profit for the U.S. LINZESS brand collaboration with AbbVie in assessing the product's performance and calculates it based on inputs from both Ironwood and AbbVie. This figure should not be considered a substitute for Ironwood's GAAP financial results. An explanation of our calculation of this figure is provided in the U.S. LINZESS Brand Collaboration table and related footnotes on slide 17 of this presentation.

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Today's Agenda

- **Introduction**
  Meredith Kaya, VP Finance and Investor Relations
- **Strategic Priorities and Commercial Performance**
  Tom McCourt, President and Interim CEO
- **Q1 Financial Highlights & 2021 Guidance**
  Gina Consylman, Chief Financial Officer

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Strategic Priorities and Commercial Performance

Tom McCourt

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Our Strategy:
Advancing Innovative Treatments for GI Diseases

We are focused in areas of high unmet need where gastroenterologists play the primary role in treating patients

We Aim to:

1 Maximize LINZESS® (linaclotide)

- Drive LINZESS growth in demand and net sales
- Enhance linaclotide clinical utility through **robust lifecycle management opportunities**

2 Build Innovative GI Pipeline

- Strengthen GI portfolio with a focus on **serious, organic GI diseases** and other prioritized criteria focused on value creation

3 Deliver Sustained Profits and Generate Cash Flow

- Continue driving Ironwood revenue growth
- Maintain focus on generating sustainable profits and cash flow
- Apply thoughtful and disciplined capital allocation decisions

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Our board of directors authorized up to $150 million to repurchase outstanding shares of our common stock

- ✓Our strong financial position enables us to simultaneously invest thoughtfully in our strategic priorities and return cash to shareholders
- ✓We may repurchase up to $150 million of outstanding Ironwood shares through December 2022
- ✓We are committed to strategically deploying capital where we believe can drive the greatest value for shareholders
- ✓This share repurchase program underscores the strength of our financial position

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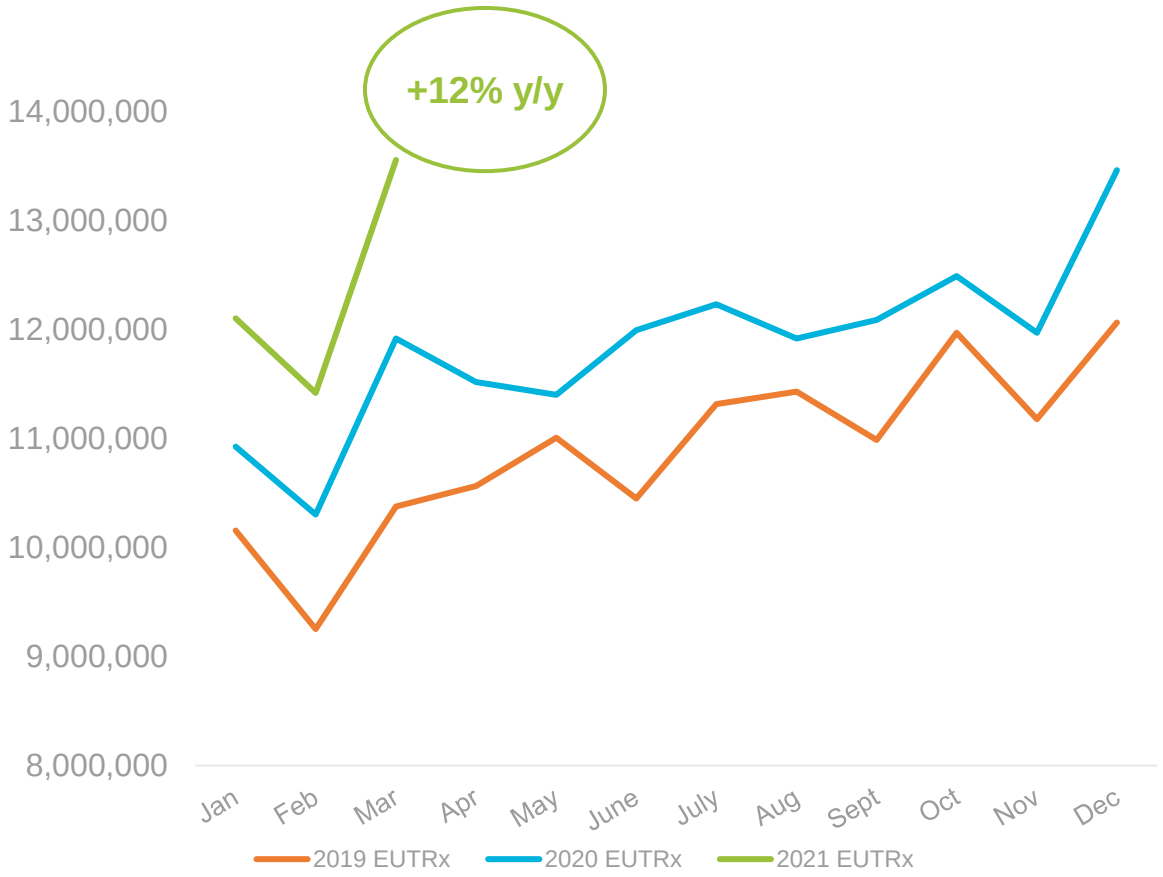
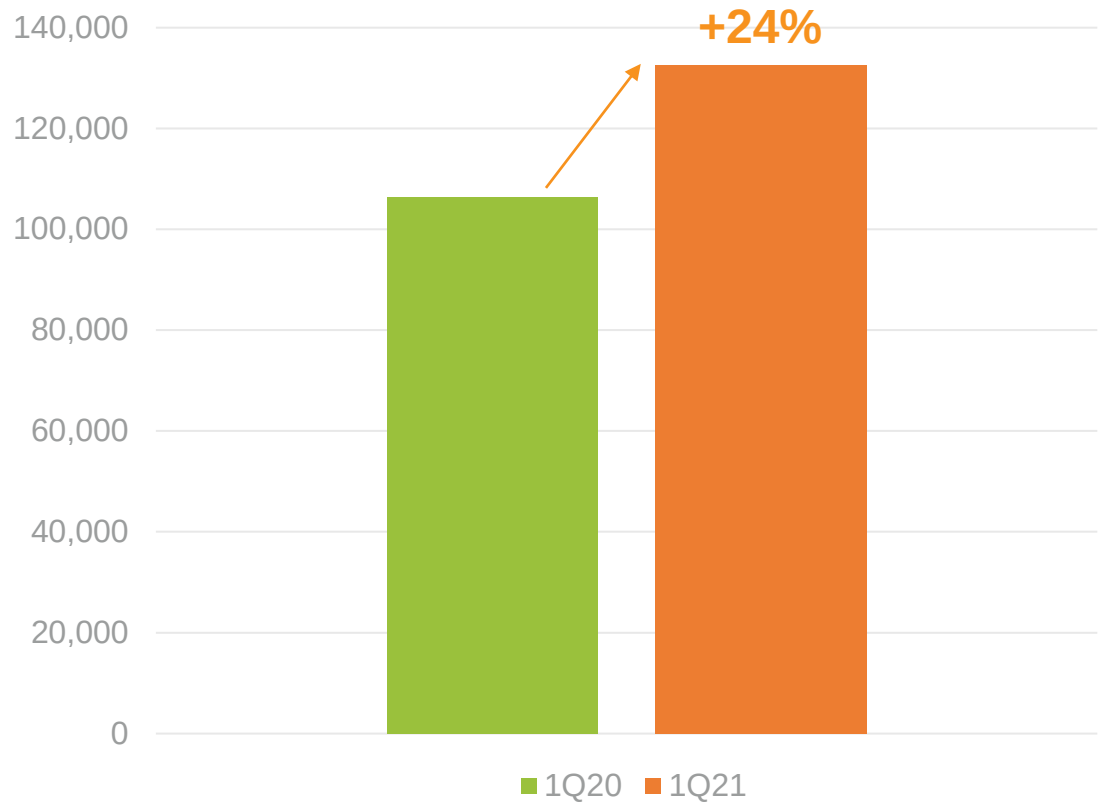
Strong LINZESS demand in 1Q 2021 further strengthened its position as the IBS-C/CIC market leader in the U.S.

LINZESS Total Rx Demand[1]



LINZESS NBRx Volume Growth[2]



1. IQVIA Monthly NPA, March 2021
2. IQVIA Patient Insights Monthly, March 2021

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We believe these key catalysts are contributing to the growth of LINZESS

- ✓ #1 prescribed branded treatment for adults with IBS-C or CIC in the U.S.[1]
- ✓ Formulary access – LINZESS remains class leader[2]

- ✓ Evolving marketing mix and increased media investment
- ✓ Building awareness around the overall abdominal symptoms in IBS-C data
- ✓ Salesforce in-person HCP access comparable to pre-COVID levels

- ✓ LINZESS website traffic up 69% y/y[3]
- ✓ Clicks and online searches for constipation-related terms up 46% and 32% y/y, respectively[4]
- ✓ Data supports increase in prevalence in the U.S. of adults with IBS-C or CIC[5]

Linzess® (linaclotide) capsules
72 mcg • 145 mcg • 290 mcg

1. IQVIA monthly total prescription volume data, March 2021
2. MMIT plan formularies and AbbVie corporate accounts, March 2021
3. ABV/AGN internal web metrics, April 2021
4. Google internal data via MindShare, April 2021
5. Prevalence and Burden of Illness of Rome IV Irritable Bowel Syndrome in the U.S.; Prevalence and Burden of Illness of Rome IV Chronic Idiopathic Constipation, Opioid-Induced Constipation, and Opioid-Exacerbated Constipation in the U.S., Almario CV, William D. Chey WD, Higgins C, Spiegal BMR, 2020

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1Q Financial Performance and 2021 Financial Guidance

Gina Consylman

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We delivered another quarter of robust financial performance

$89M

Total Ironwood Revenues

Primarily driven by **$86M** in U.S. LINZESS collaboration revenue

21% Y/Y growth in U.S. LINZESS collaboration revenue

$215M

U.S. LINZESS Net Sales[1]

12% Y/Y growth

Primarily driven by 12% Y/Y prescription demand growth and favorable inventory channel dynamics, partially offset by net price erosion

LINZESS brand margin: 73%[1]

$40M

GAAP Net Income

$0.25/share – basic and diluted

$46M

Adjusted EBITDA[2]

1. LINZESS U.S. net sales are reported by AbbVie and LINZESS costs incurred by each of us and AbbVie are reported in our respective financial statements. LINZESS costs include certain discounts recognized and cost of goods sold incurred by AbbVie, as well as selling, general and administrative expenses incurred by AbbVie and Ironwood that are attributable to the cost-sharing arrangement between the parties. See slide 17 for detailed breakdown. 2. Refer to the Reconciliation of GAAP net income to adjusted EBITDA on slide 16 of this presentation.

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We are maintaining our 2021 financial guidance

Ironwood continues to expect:

	FY 2021 Guidance
LINZESS U.S. net sales growth	**3 to 5%**
Total Ironwood revenue	**$370 - $385 million**
Adjusted EBITDA[1]	**>$190 million**

1. Adjusted EBITDA is calculated by subtracting net interest expense, income taxes, depreciation, amortization, mark-to-market adjustments on derivatives related to Ironwood's 2022 Convertible Notes, and restructuring expenses from GAAP net income. Ironwood does not provide guidance on GAAP net income or a reconciliation of expected adjusted EBITDA to expected GAAP net income because, without unreasonable efforts, it is unable to predict with reasonable certainty the non-GAAP adjustments used to calculate adjusted EBITDA. These adjustments are uncertain, depend on various factors and could have a material impact on GAAP net income for the guidance period.

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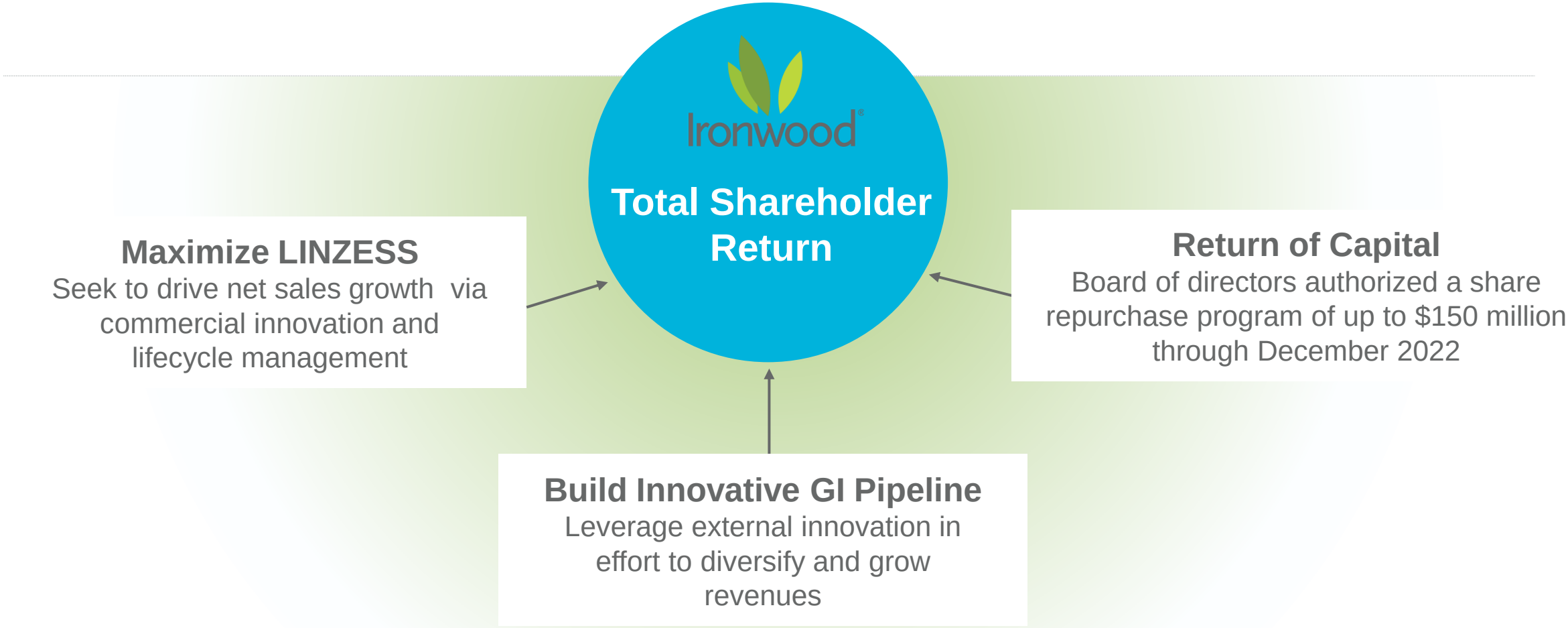
We are focused on delivering shareholder value

Ended the first quarter with $438 million in cash and cash equivalents



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Thank You

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Q1 2021 Financial Summary

Reconciliation of GAAP results to non-GAAP financial measures[1]

	Three Months Ended March 31, 2021 (000s, except per share amounts)	Three Months Ended March 31, 2020 (000s, except per share amounts)
GAAP net income	$ 39,926	$ 3,345
Adjustments:		
Mark-to-market adjustments on the derivatives related to convertible notes, net	(2,390)	3,466
Restructuring expenses	311	-
Non-GAAP net income	$ 37,847	$ 6,811
GAAP net income per share – basic	$ 0.25	$ 0.02
Adjustments to GAAP net income (detailed above)	(0.01)	0.02
Non-GAAP net income per share – basic	$ 0.24	$ 0.04
GAAP net income per share – diluted	$ 0.25	$ 0.02
Adjustments to GAAP net income (detailed above)	(0.01)	0.02
Non-GAAP net income per share – diluted	$ 0.24	$ 0.04

1. The company presents non-GAAP net income and non-GAAP net income per share to exclude the impact of net gains and losses on the derivatives related to our 2022 convertible notes that are required to be marked-to-market and restructuring expenses. Investors should consider these non-GAAP measures only as a supplement to, not as a substitute for or as superior to, measures of financial performance prepared in accordance with GAAP. In addition, these non-GAAP financial measures are unlikely to be comparable with non-GAAP information provided by other companies. For a reconciliation of the company's non-GAAP financial measures to the most comparable GAAP measures, please refer to the table above. Additional information regarding the non-GAAP financial measures is included in the company's press release dated May 6, 2021.

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Q1 2021 Financial Summary

Reconciliation of GAAP net income to adjusted EBITDA

	Three Months Ended March 31, 2021 (000s)	Three Months Ended March 31, 2020 (000s)
GAAP net income[1]	$ 39,926	$ 3,345
Adjustments:		
Mark-to-market adjustments on the derivatives related to convertible notes, net	(2,390)	3,466
Restructuring expenses	311	-
Interest expense	7,626	7,220
Interest and investment income	(196)	(777)
Income tax expense	432	-
Depreciation and amortization	410	682
Adjusted EBITDA	$ 46,119	$ 13,936

1. Ironwood presents GAAP net income and adjusted EBITDA, a non-GAAP measure. Adjusted EBITDA is calculated by subtracting net interest expense, income taxes, depreciation, amortization, mark-to-market adjustments on derivatives related to Ironwood's 2022 Convertible Notes and restructuring expenses, from GAAP net income. Investors should consider these non-GAAP measures only as a supplement to, not as a substitute for or as superior to, measures of financial performance prepared in accordance with GAAP. In addition, these non-GAAP financial measures are unlikely to be comparable with non-GAAP information provided by other companies. For a reconciliation of the company's non-GAAP financial measures to the most comparable GAAP measures, please refer to the table above. Additional information regarding the non-GAAP financial measures is included in the company's press release dated May 6, 2021.

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Q1 2021 Financial Summary

LINZESS U.S. Brand Collaboration

Commercial Profit & Collaboration Revenue[1]

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	(000s)	(000s)
LINZESS U.S. net product sales	$ 215,399	$ 192,822
AbbVie & Ironwood commercial costs, expenses and other discounts[2]	57,511	56,082
Commercial profit on sales of LINZESS	$ 157,888	$ 136,740
Commercial Margin	*73%*	*71%*
Ironwood's share of net profit	78,944	68,370
Reimbursement for Ironwood's selling, general, and administrative expenses[3]	7,005	8,674
Adjustments to reconcile Ironwood's previously reported share of net profit in conformance with AbbVie's revenue recognition accounting policies and reporting conventions[4]	-	(5,902)
Ironwood's collaboration revenue	$ 85,949	$ 71,142

Ironwood & AbbVie Total Net Profit

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	(000s)	(000s)
LINZESS U.S. net product sales	$ 215,399	$ 192,822
AbbVie & Ironwood commercial costs, expenses and other discounts[2]	57,511	56,082
AbbVie & Ironwood R&D expenses[5]	9,474	14,782
Total net profit on sales of LINZESS[6]	$ 148,414	$ 121,958

1. The purpose of the Commercial Profit and Collaboration Revenue table is to present the calculation of Ironwood's share of net profits generated from sales of LINZESS in the U.S. and Ironwood's collaboration revenue / expense; 2. Includes certain discounts recognized and cost of goods sold incurred by AbbVie, as well as selling, general and administrative expenses incurred by AbbVie and Ironwood that are attributable to the cost-sharing arrangement between the parties. 3. Includes Ironwood's selling, general and administrative expenses attributable to the cost-sharing arrangement with AbbVie. 4. In connection with its acquisition of Allergan in the second quarter of 2020, AbbVie recast LINZESS U.S. net sales (previously reported by Allergan) for periods beginning on January 1, 2019 through March 31, 2020 to conform with its revenue recognition accounting policies and reporting conventions for certain rebates and discounts. This recast did not result in any change to Ironwood's historically reported collaborative arrangements revenue or collaborative arrangements revenue policy. Ironwood continues to record collaborative arrangements revenue based on actual settlement payments received from AbbVie. 5. R&D expenses related to LINZESS in the U.S. are shared equally between Ironwood and AbbVie under the collaboration agreement. 6. Ironwood has recalculated its share of net profit on sales of LINZESS in the U.S. to conform with AbbVie's recast of historically reported LINZESS U.S. net sales (previously reported by Allergan).

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