Ironwood Q2 2022 Investor Update

August 4, 2022

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Introduction

Matt Roache

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 Ironwood's ability to execute its mission; Ironwood's strategy, business, financial position and operations; Ironwood's ability to drive growth and profitability; the demand, development, commercial availability and commercial potential of linaclotide and the drivers, timing, impact and results thereof; Ironwood's continued focused investments and commitment to reaching new patients to drive prescription demand growth moving forward, which include a clinical pediatric programs in IBS-C and functional constipation (including the timing and results thereof); the potential indications for, and benefits of, linaclotide; financial performance and results, and guidance and expectations related thereto, including expectations related to LINZESS U.S. net sales growth, total revenue and adjusted EBITDA in 2022; Ironwood's expectation that inventory channel fluctuations will not have a material impact on net sales for the full year; Ironwood's plans to maximize LINZESS growth via commercial innovation and lifecycle management; the progress of our ongoing clinical trials and the timing of related data readouts; the potential of IW-3300 as a treatment of visceral pain conditions and the size of the IC/BPS and endometriosis populations; the size of estimated U.S. population affected by PBC; and the potential of CNP-104 to be new game-changing therapy for PBC patients in significant need of new treatment options. 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, IW-3300, CNP-104 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; 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; the risk that we are unable to manage our expenses or cash use, or are unable to commercialize our products as expected; the risk that we may elect to not exercise our option to acquire the exclusive license for CNP-104; the risk that the development of either the clinical pediatric programs in IBS-C and functional constipation in 6 to 17 year-olds, CNP-104 and/or IW-3300 is not successful or that any of our product candidates is not successfully commercialized; the risk that the clinical studies for our linaclotide pediatric program, CNP-104 and IW-3300 are delayed; 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; developments in accounting guidance or practice; Ironwood's or AbbVie's accounting practices, including reporting and settlement practices as between Ironwood and AbbVie; the risk that we are unable to manage our expenses or cash use, or are unable to commercialize our products as expected; the impact of the COVID-19 pandemic; 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, 2021, and in our subsequent SEC filings.

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 pages 17 and 18 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 page 19 of this presentation.

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Today's Agenda

- **Introduction**
  Matt Roache, Director, Investor Relations
- **Strategic Priorities and Commercial Performance**
  Tom McCourt, Chief Executive Officer
- **Pipeline Update**
  Mike Shetzline, M.D., Ph.D., Chief Medical Officer
- **Q2 Financial Highlights & 2022 Guidance**
  Sravan Emany, Chief Financial Officer

Strategic Priorities and Commercial Performance

Tom McCourt

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Q2 2022: The positive momentum continued across our three strategic priorities

Maximize LINZESS® (linaclotide)

Continue to **grow LINZESS demand** and net sales

- ✓ LINZESS EUTRx demand up **9%** Y/Y in Q2 2022; up **10%** Y/Y in 1H22[1]
  - Achieved an all-time high in new-to-brand prescription volume in Q2
- ✓ U.S. LINZESS net sales down **(4%)** Y/Y in Q2 2022; 1H22 net sales up **1%** Y/Y, in-line with 2022 guidance[2]
  - Strong Q2 LINZESS prescription demand growth was more than offset by net price decline and inventory fluctuations versus prior year. Inventory channel fluctuations are not expected to have a material impact on net sales for the full year

Strengthen Innovative GI Pipeline

Focus on **serious, organic GI diseases** with high unmet patient need

- ✓ **Linaclotide in Pediatrics:** Expect Phase 3 pediatric study in 6 to 17 year-olds with functional constipation to readout in Q3 2022
- ✓ **IW-3300:** Completed dosing studies in healthy volunteers that will enable start of the proof of concept study in patients with IC/BPS by the end of 2022
- ✓ **CNP-104:** Proof of concept study in patients with primary biliary cholangitis on-going and progressing as planned with readout expected in 2023

Deliver Sustained Profits and Generate Cash Flow

Apply thoughtful and **disciplined capital allocation** decisions

- ✓ GAAP Net Income of **$37M** and adjusted EBITDA of **$56M** Q2 2022[3]
- ✓ Ended Q2 2022 with **$504M** in cash and cash equivalents
- ✓ Completed $150 million board authorized share repurchase program and repaid $121 million 2022 Convertible Note principal in cash in Q2

[1] IQVIA Monthly National Prescription Audit, Q2 2022. [2] 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 commercial costs incurred by AbbVie and Ironwood that are attributable to the cost-sharing arrangement between the parties. See slide 19 for a detailed breakdown. [3] Refer to the Reconciliation of GAAP net income to adjusted EBITDA on slide18 of this presentation.

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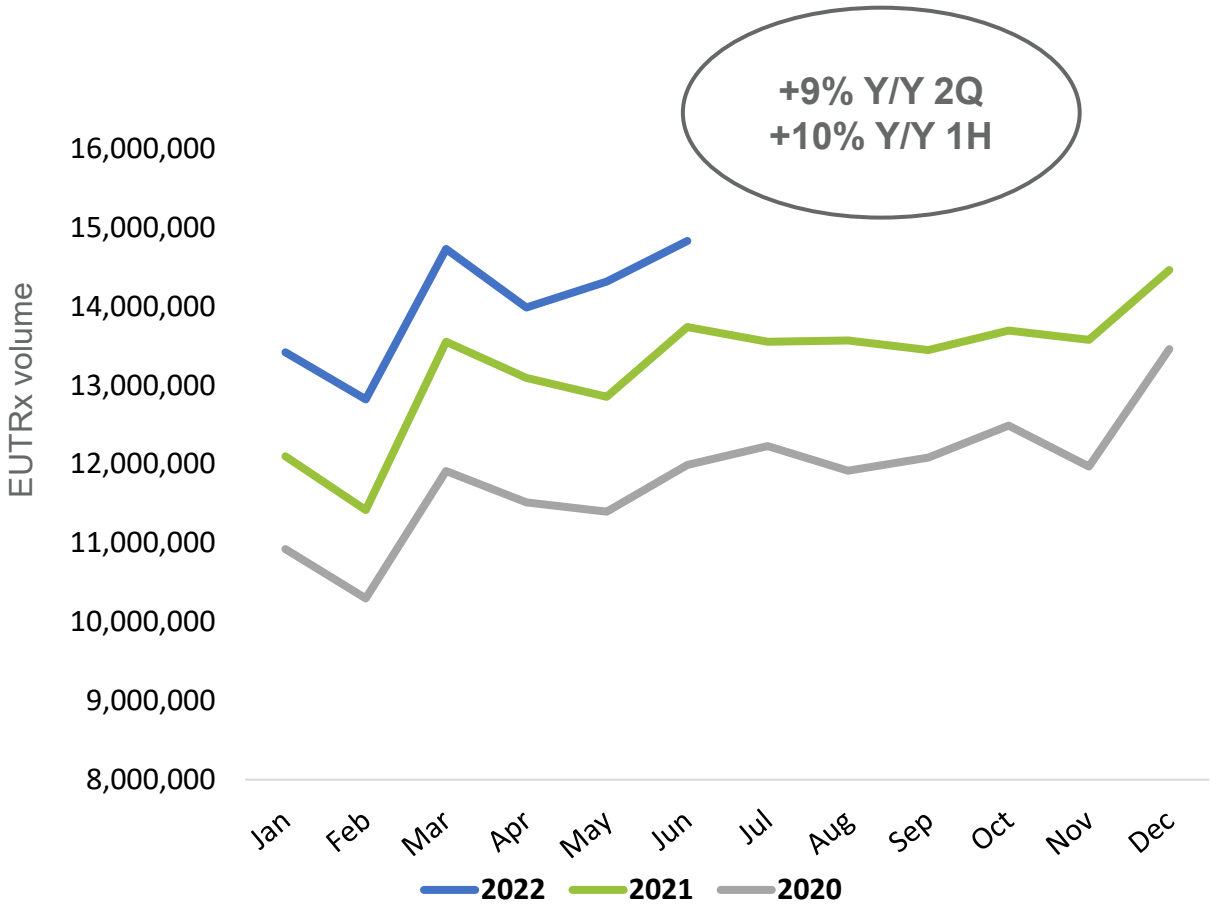
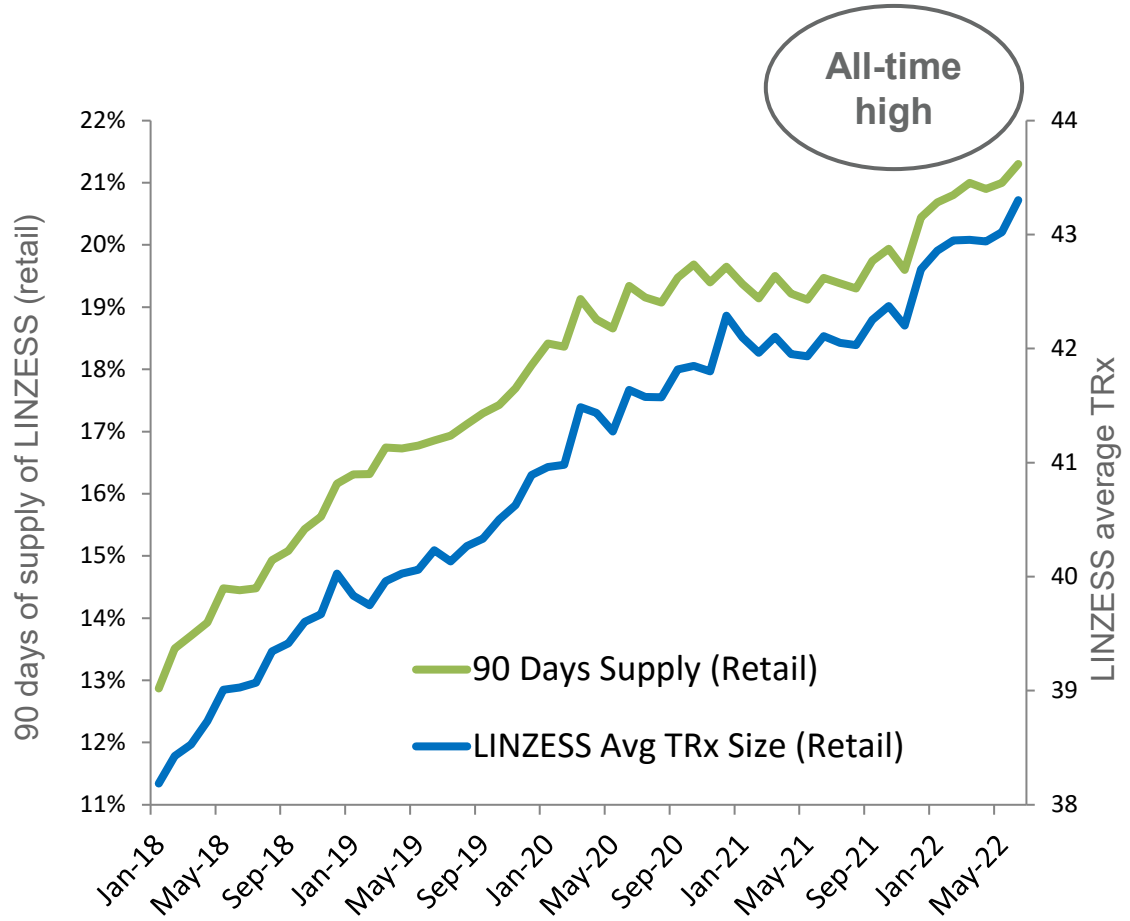
Strong LINZESS demand growth in Q2, with 90-day TRx driving average LINZESS TRx size to an all-time high

2022 LINZESS Total EUTRx Demand[1]



2022 LINZESS Percent of Retail TRx 90-Day Supply[2]



[1] IQVIA National Prescription Audit Monthly, June 2022. [2] IMS NPA Quantity Frequency, June 2022.

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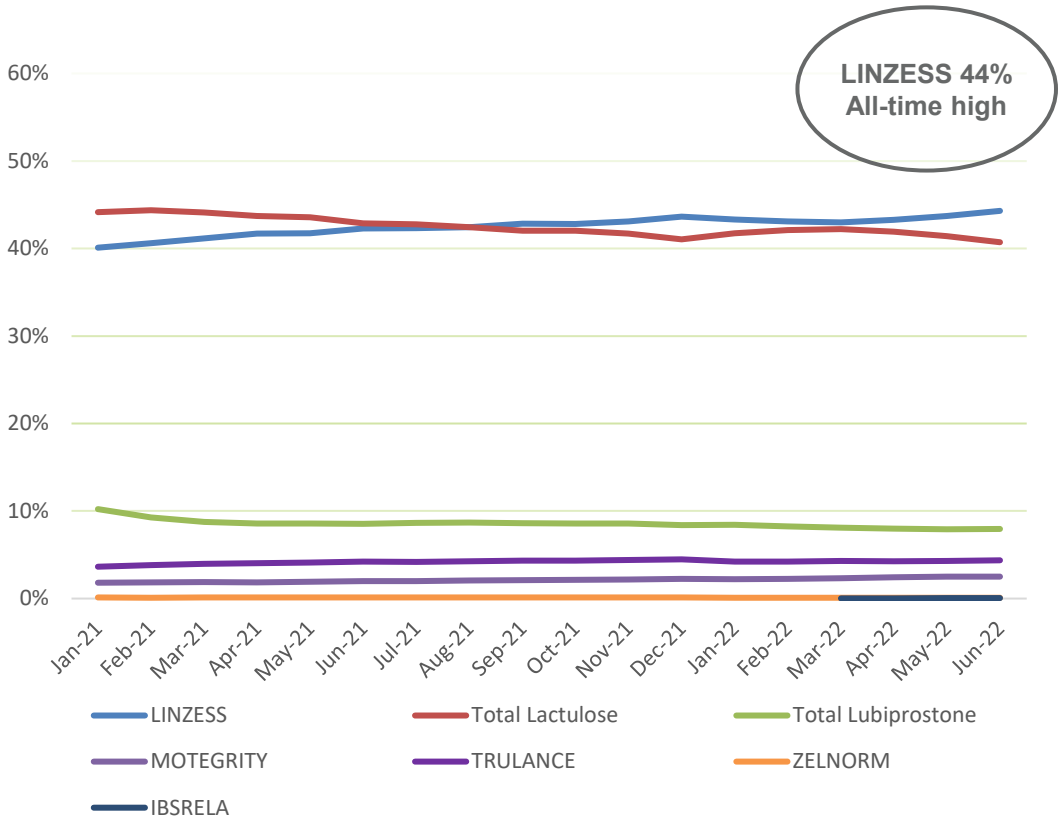
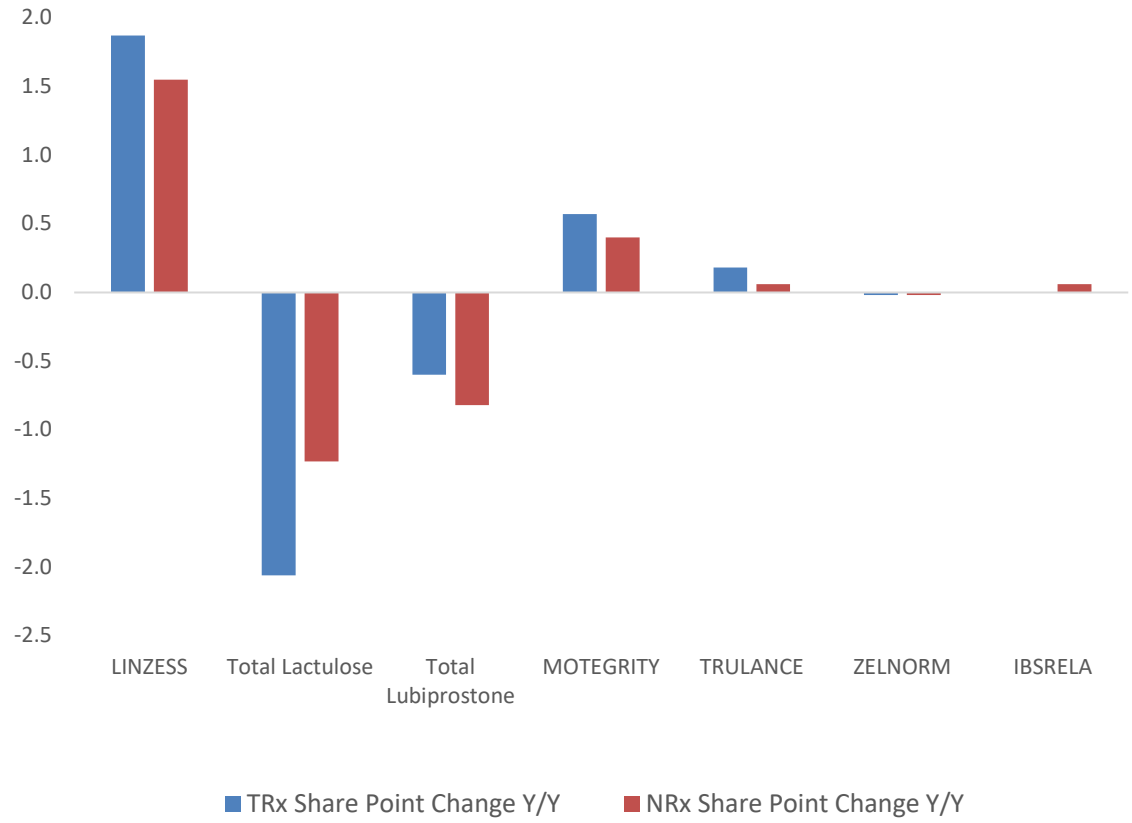
LINZESS is the branded prescription market leader in the U.S. for IBS-C/CIC and has grown share vs. prior year

IBS-C/CIC TRx Market Share[1]



Q2 2022 Share Point Change vs. Prior Year[1]



[1] IQVIA National Prescription Audit Monthly, June 2022.

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LINZESS is strongly recommended for the treatment of adult patients with IBS-C[1,2]

RECOMMENDED BY ACG AND AGA GUIDELINES[1,2]

2021 ACG Guideline[1]	2022 AGA Guideline[2]
Strongly recommends GC-C agonists, which include **LINZESS**, to treat global IBS-C symptoms*	**Strongly recommends LINZESS** for the treatment of IBS-C*
High quality of evidence†	High certainty of evidence‡
Please refer to the ACG and AGA Guidelines for complete information on the management of irritable bowel syndrome	

*ACG, a strong recommendation is when most patients should receive the recommended course of action. AGA, for patients, a strong recommendation is when most patients would want the recommended course of action; for healthcare professionals, a strong recommendation is when most patients should receive the intervention. These recommendations are not based on comparative data with other agents.
†High quality of evidence—the estimate of effect is unlikely to change with new data.
‡High certainty of evidence—very confident that the true effect lies close to that of the estimate of the effect.
ACG, American College of Gastroenterology; AGA, American Gastroenterological Association; GC-C, guanylate cyclase-C; IBS-C, irritable bowel syndrome with constipation.

References: [1] Lacy BE, Pimentel M, Brenner DM, et al. ACG clinical guideline: management of irritable bowel syndrome. *Am J Gastroenterol*. 2021;116(1):17-44. doi:10.14309/ajg.0000000000001036 [2] Chang L, Sultan S, Lembo A, Verne GN, Smalley W, Heidelbaugh JJ. AGA clinical practice guideline on the pharmacological management of irritable bowel syndrome with constipation. *Gastroenterology*. 2022;163(1):118-136. doi:10.1053/j.gastro.2022.04.016.

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

Mike Shetzline

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We are making progress on our ongoing clinical trials and remain on track with the timing of the upcoming data readouts

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Pediatric program in IBS-C & Functional Constipation (FC)

- ✓ Functional Constipation affects an estimated 4-6 million 6-17 year-olds in the U.S.[1]
- ✓ The FC study in 6-17 year-olds was well executed, completed enrollment on time, and we **now expect top line data in Q3 2022**
- ✓ Currently no FDA approved prescribed pediatric therapies for IBS-C and FC

IW-3300

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Interstitial Cystitis / Bladder Pain Syndrome and Endometriosis

- ✓ Interstitial Cystitis / Bladder Pain Syndrome (IC / BPS) affects an estimated 4-12 million people in the U.S.[2]
- ✓ Completed dosing studies in healthy volunteers; **expect to start the Phase 2 proof of concept study in IC/BPS patients at the end of 2022**
- ✓ Currently working to finalize the proof-of-concept study design

CNP-104

Ironwood® COUR

Primary Biliary Cholangitis (PBC)

- ✓ PBC affects an estimated 133,000 people in the U.S.[3]
- ✓ COUR is currently conducting a clinical study with **topline data expected to readout in 2023**
- ✓ Patient enrollment / site activation ongoing
- ✓ Introduces a potentially new game-changing therapy for PBC patients in significant need of new treatment options

[1] Robin, Samantha G. et al., Prevalence of Pediatric Functional Gastrointestinal Disorders Utilizing the Rome IV Criteria, The Journal of Pediatrics, December 2017; Koppen, I. J. N. et al., Prevalence of Functional Defecation Disorders in Children: A Systemic Review and Meta-Analysis. J Pediatr. 2018. [2] Interstitial Cystitis Association, February 2016. [3] Kim et al., Epidemiology and Natural History of Primary Biliary Cirrhosis in a U.S. Community, Gastroenterology July 2000; 199:1631-1636.

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Q2 Financial Performance and 2022 Financial Guidance

Sravan Emany

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Q2 2022 financial performance

$248M

U.S. LINZESS Net Sales[1]

4% Y/Y decline

Strong LINZESS prescription demand growth was more than offset by net price decline and inventory fluctuations[2]

LINZESS commercial margin: 69%[1]

$97M

Total Ironwood Revenues

Primarily driven by **$94M** in U.S. LINZESS collaboration revenue

$37M

GAAP Net Income

$0.24/share – basic
$0.21/share – diluted

$56M

Adjusted EBITDA[3]

Ended Q2 2022 with $504 million of cash and cash equivalents

[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 commercial costs incurred by AbbVie and Ironwood that are attributable to the cost-sharing arrangement between the parties. See slide 19 for detailed breakdown. [2] Inventory channel fluctuations are not expected to have a material impact on net sales for FY 2022. [3] Refer to the Reconciliation of GAAP net income to adjusted EBITDA on slide 18 of this presentation.

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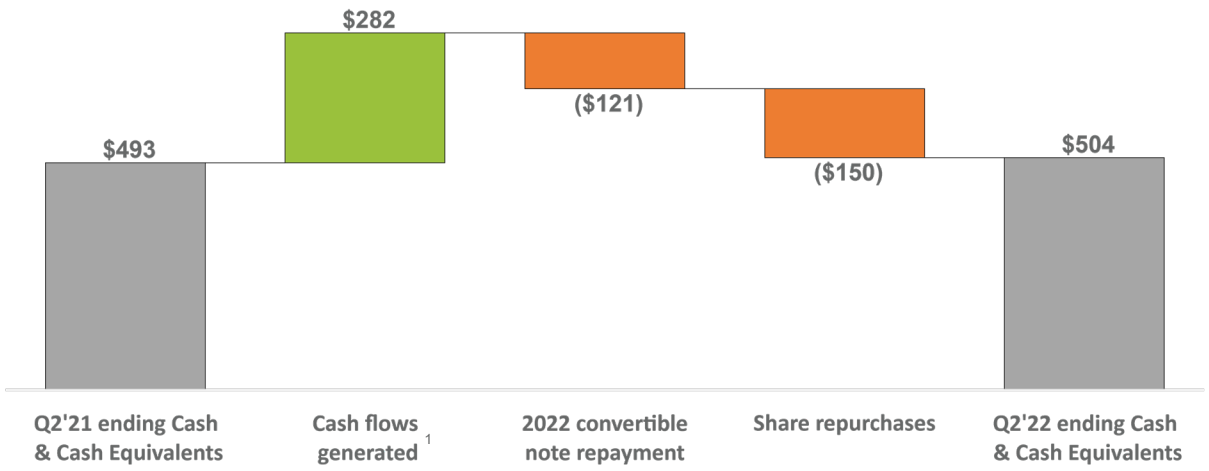
We believe we have the capabilities and financial strength to deliver value for our shareholders over the long term

Ironwood Cash Sources & Uses – Past 12 Months



Capital Allocation Priorities

Maximize LINZESS
continue to drive growth through commercial innovation and Lifecycle Management

+

Strengthen Innovative GI Pipeline
actively pursuing innovative GI assets

+

Return of Capital
completed board authorized share repurchase program in Q2

Capital Allocation Highlights:

- ✓ Completed the $150 million board authorized share repurchase program; repurchased 13.1 million shares at an average price per share of $11.47, reducing outstanding shares by ~8%[2]
- ✓ Repaid $121 million 2022 convertible note principal amount in cash; As of June 30, 2022, $400 million in convertible notes outstanding

[1] Reflects total change in cash and cash equivalents from July 1, 2021 to June 30,2022, with the exception of the impact from share repurchases and the 2022 convertible note repayment.
[2] Based on shares of Class A Common Stock outstanding as of July 31, 2021.

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We are reiterating our 2022 financial guidance

Ironwood continues to expect:

	FY 2022 Guidance
LINZESS U.S. net sales growth	**Low single digits %**
Total Ironwood revenue	**$420 - $430 million**
Adjusted EBITDA[1]	**>$250 million**

[1] Adjusted EBITDA is calculated by subtracting mark-to-market adjustments on derivatives related to Ironwood's 2022 Convertible Notes, restructuring expenses, net interest expense, income taxes, depreciation and amortization from GAAP net income. For purposes of this guidance, we have assumed that the Company will not incur material expenses related to business development activities in 2022. 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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Thank You

Q2 2022 Financial Summary

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

	Three Months Ended June 30, 2022 (000s, except per share amounts)	Six Months Ended June 30, 2022 (000s, except per share amounts)
GAAP net income	$ 37,080	$ 75,881
Adjustments:		
Mark-to-market adjustments on the derivatives related to convertible notes, net	681	(49)
Non-GAAP net income	$ 37,761	$ 75,832
GAAP net income per share – basic	$ 0.24	$ 0.49
Adjustments to GAAP net income (detailed above)	-	-
Non-GAAP net income per share – basic	$ 0.24	$ 0.49
GAAP net income per share – diluted	$ 0.21	$ 0.42
Adjustments to GAAP net income (detailed above)	-	-
Non-GAAP net income per share – diluted	$ 0.21	$ 0.42

[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, restructuring expense and the release of the company's valuation allowance against the majority of deferred tax assets in the second quarter of 2021. 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. 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 August 4, 2022. Management believes this non-GAAP information is useful for investors, taken in conjunction with Ironwood's GAAP financial statements, because it provides greater transparency and period-over-period comparability with respect to Ironwood's operating performance. These measures are also used by management to assess the performance of the business. In addition, these non-GAAP financial measures are unlikely to be comparable with non-GAAP information provided by other companies.

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Q2 2022 Financial Summary

Reconciliation of GAAP net income to adjusted EBITDA

	Three Months Ended June 30, 2022 (000s)	Six Months Ended June 30, 2022 (000s)
GAAP net income[1]	$ 37,080	$ 75,881
Adjustments:		
Mark-to-market adjustments on the derivatives related to convertible notes, net	681	(49)
Interest expense	2,207	4,548
Interest and investment income	(1,018)	(1,248)
Income tax expense	16,705	34,369
Depreciation and amortization	360	715
Adjusted EBITDA	$ 56,015	$ 114,216

[1] Ironwood presents GAAP net income and adjusted EBITDA, a non-GAAP measure. Adjusted EBITDA is calculated by subtracting mark-to-market adjustments on derivatives related to Ironwood's 2022 Convertible Notes, restructuring expenses, net interest expense, income taxes, depreciation and amortization 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 August 4, 2022. Management believes this non-GAAP information is useful for investors, taken in conjunction with Ironwood's GAAP financial statements, because it provides greater transparency and period-over-period comparability with respect to Ironwood's operating performance. These measures are also used by management to assess the performance of the business. 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.

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Q2 2022 Financial Summary

LINZESS U.S. Brand Collaboration

Commercial Profit & Collaboration Revenue[1]

	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
	(000s)	(000s)
LINZESS U.S. net product sales	$ 248,351	$ 480,685
AbbVie & Ironwood commercial costs, expenses and other discounts[2]	76,363	137,379
Commercial profit on sales of LINZESS	$ 171,988	$ 343,306
Commercial Margin	*69%*	*71%*
Ironwood's share of net profit	85,994	171,653
Reimbursement for Ironwood's commercial expenses	8,458	17,118
Ironwood's collaboration revenue	$ 94,452	$ 188,771

Ironwood & AbbVie Total Net Profit

	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
	(000s)	(000s)
LINZESS U.S. net product sales	$ 248,351	$ 480,685
AbbVie & Ironwood commercial costs, expenses and other discounts[2]	76,363	137,379
AbbVie & Ironwood R&D expenses[3]	8,214	16,380
Total net profit on sales of LINZESS[4]	$ 163,774	$ 326,926

[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; also includes commercial costs incurred by AbbVie and Ironwood that are attributable to the cost-sharing arrangement between the parties. [3] R&D expenses related to LINZESS in the U.S. are shared equally between Ironwood and AbbVie under the collaboration agreement. [4] 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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