

SVB Leerink Global Healthcare Conference

February 25, 2020



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 to become a leader in GI; our ability to execute on our strategy, including our ability to drive LINZESS growth, advance our GI development portfolio and deliver sustainable profits; the development, commercial availability and commercial potential of linaclotide and our other product candidates and the drivers, timing, impact and results thereof; market size, commercial potential, prevalence, and the growth in, and potential demand for, linaclotide and other product candidates, as well as their potential impact on applicable markets; the potential indications for, and benefits of, linaclotide and other product candidates; our business and operations, including our ability to drive long-term growth and value creation; the anticipated timing of clinical developments and the timing and results of clinical studies, including with respect to the MD-7246 Phase II trial and the IW-3718 Phase III trials; the strength of the intellectual property protection for linaclotide and other product candidates; the expected launch of our consumer campaign discussing multiple abdominal symptoms associated with IBS-C and the potential for additional overall abdominal symptoms to be added to the LINZESS label; and our financial performance and results, and guidance and expectations related thereto (including the drivers and timing thereof), including expectations related to LINZESS net sales growth, total revenue and adjusted EBITDA. 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; the risk that our 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 studies may not be replicated in later studies; the efficacy, safety and tolerability of linaclotide and other product candidates; the decisions by regulatory and judicial authorities; 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 outcomes in legal proceedings to protect or enforce the patents relating to our products and product candidates, including abbreviated new drug application litigation; the possibility that we may not achieve some or all of the anticipated benefits of the separation of Cyclerion; 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, 2019, and in our subsequent SEC filings.

These forward-looking statements speak only as of the date of this presentation, and Ironwood undertakes no obligation to update these forward-looking statements. 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 and the reconciliation of GAAP net income from continuing operations to adjusted EBITDA from continuing operations on slides 9 and 10 of this presentation. Further, Ironwood considers the net profit for the U.S. LINZESS brand collaboration with Allergan in assessing the product’s performance and calculates it based on inputs from both Ironwood and Allergan. This figure should not be considered a substitute for Ironwood’s GAAP financial results. An explanation of our calculation of this figure is provided on slide 11 of this presentation.

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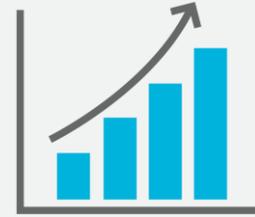
Executing on Our Strategy



Drive LINZESS[®]
(linaclotide) growth



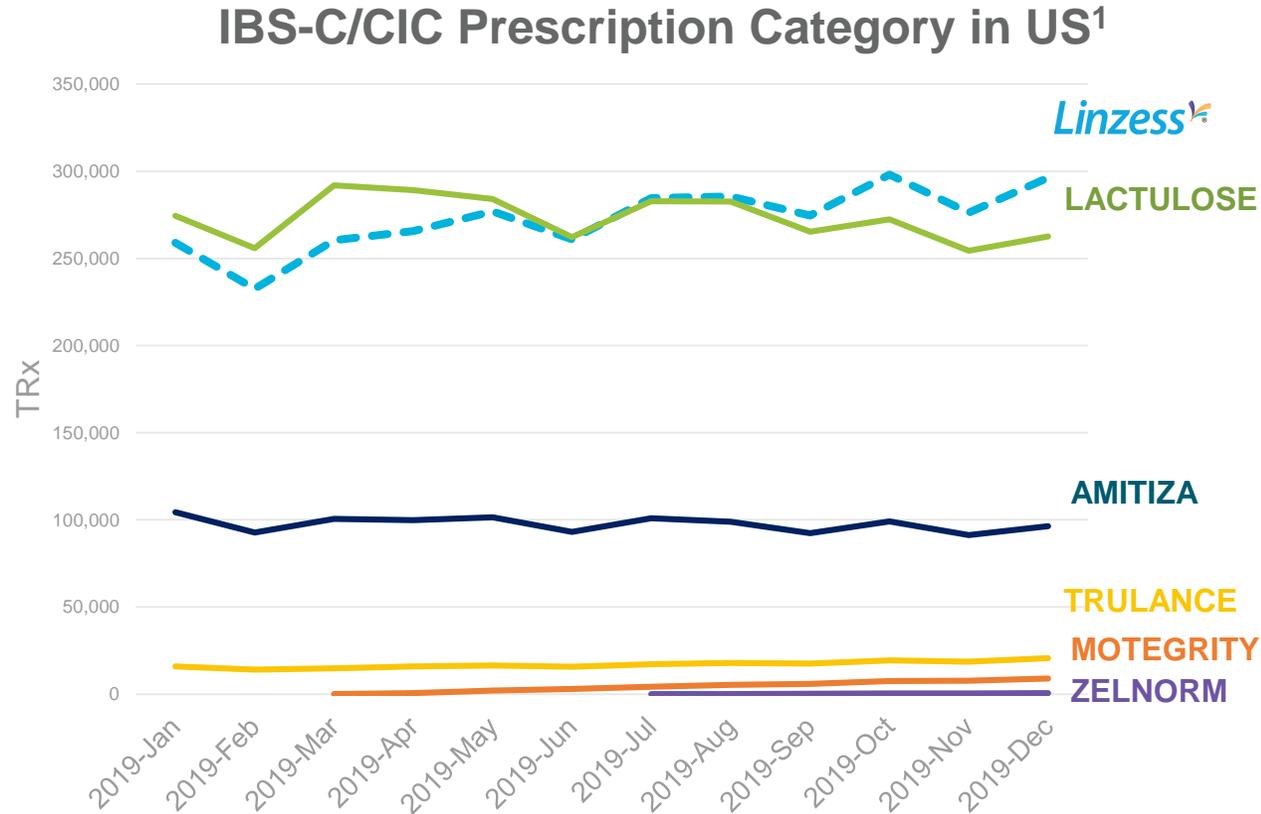
Advance late-stage
U.S. GI development
portfolio



Deliver
sustainable profits

LINZESS is #1 Prescribed Medicine for IBS-C/CIC

Strong 2019 performance driven by double-digit demand growth¹



In 2020:

- ✓ Expect mid-single digit % increase in U.S. net sales in 2020
- ✓ Expect stabilized net price in 2020, while maintaining broad payer access

In 2019:

- ✓ Settled outstanding ANDA litigation
- ✓ Delivered 2019 total LINZESS U.S. net sales of \$803M²

Advancement of late-stage GI pipeline

Two important data milestones targeted in 2020

MD-7246

- ✓ Phase II top-line data targeted mid-2020
- ✓ Potential to be a non-opioid, intestinal, pain-relieving agent for treatment of abdominal pain associated with certain GI diseases
- ✓ Initially in development for treatment of abdominal pain associated with IBS-D
- ✓ ~16 million U.S. adults suffering from IBS-D^{1,2}

IW-3718

- ✓ Phase III top-line data targeted 2H 2020
- ✓ In development for treatment of refractory GERD
- ✓ Designed to potentially sequester bile acid and reduce heartburn and regurgitation
- ✓ ~8-10 million U.S adult patients suffering from heartburn and regurgitation associated with rGERD^{3,4,5,6}



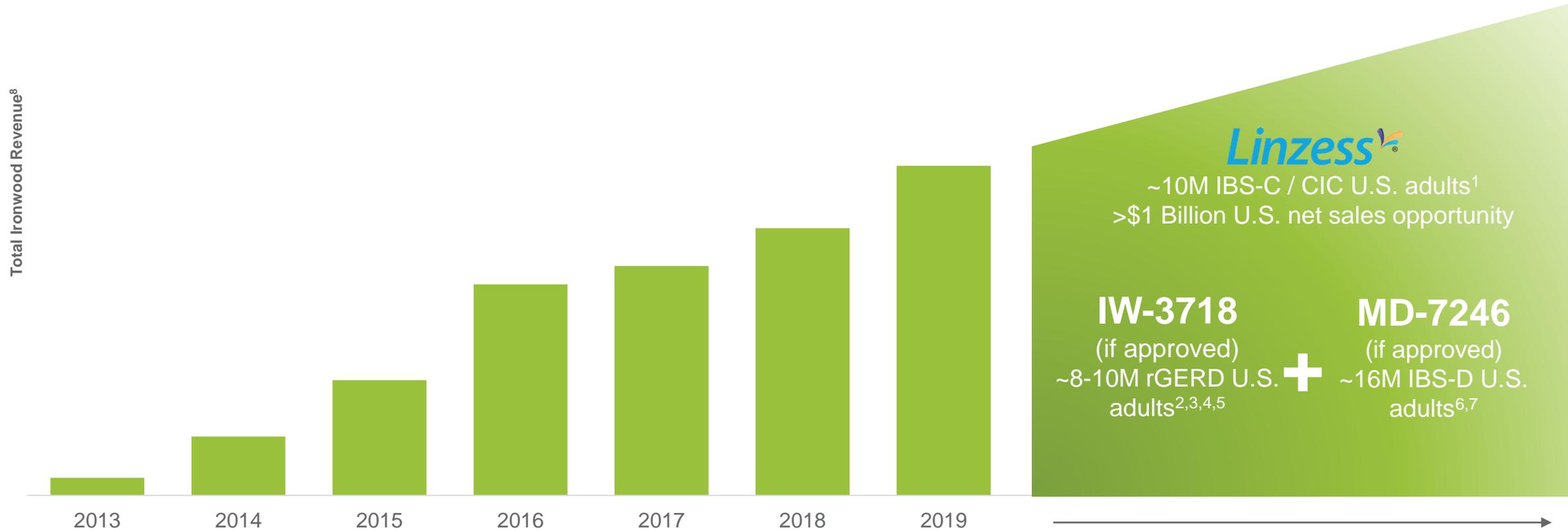
Full Year 2020 Financial Guidance

Ironwood expects:	FY2020 Guidance
LINZESS U.S. net sales growth	Mid-single digit % increase
Total Ironwood revenue	\$360 – 380 million
Adjusted EBITDA ¹	>\$105 million

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

Ironwood Positioned for Long-Term Growth and Value Creation

IW-3718 and MD-7246 represent significant commercial opportunities, if approved



7 1) Lieberman Research Group, GI Patient Landscape study, 2010 2) American Community Survey 2018 (US 18+ population) 3) Lieberman GERD Survey 2010 and 2019 4) My Total Health 2018. 5) AHRI GERD Survey 2018 6) Grundmann O, Yoon SL. Irritable bowel syndrome: epidemiology, diagnosis and treatment: an update for health-care practitioners. J Gastroenterol Hepatol. 2010 Apr;25(4):691-9 7) US Census Bureau. USA QuickFacts from the US Census Bureau. Available at <https://www.census.gov/quickfa...> Accessed October 27, 2016 8) Ironwood revenues are generated primarily through its collaborative arrangements and license agreements related to linaclotide, as well as co-promotion arrangements in the U.S.



Thank You!



4Q and FY 2019 financial summary

Reconciliation of GAAP results to non-GAAP financial measures¹

	Three Months Ended December 31, 2019	Twelve Months Ended December 31, 2019
	(000s, except per share amounts)	(000s, except per share amounts)
GAAP net income	\$47,858	\$21,505
Adjustments:		
Mark-to-market adjustments on the derivatives related to convertible notes, net	(4,517)	(3,023)
Restructuring expenses	(32)	3,620
Separation expenses	3,781	32,418
Loss on extinguishment of debt	-	30,977
Non-GAAP net income	\$47,090	\$85,497
GAAP net income per share - diluted	\$0.30	\$0.14
Adjustments to GAAP net loss (detailed above)	(0.00)	0.41
Non-GAAP net income per share – diluted ²	\$0.30	\$0.55

1. The company presents non-GAAP net income and non-GAAP net income per share to exclude the mark-to-market adjustments on derivatives related to our 2022 convertible notes. Beginning in 2019, Ironwood began excluding restructuring expenses, separation-related expenses, and loss on extinguishment of debt from non-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 February 13, 2020. 2. Numbers may not foot due to rounding.

4Q and FY 2019 financial summary

Reconciliation of GAAP net income from continuing operations to adjusted EBITDA from continuing operations

	Three Months Ended December 31, 2019	Twelve Months Ended December 31, 2019
	(000s, except per share amounts)	(000s, except per share amounts)
GAAP net income from continuing operations ¹	\$ 47,858	\$ 58,943
Adjustments:		
Mark-to-market adjustments on the derivatives related to convertible notes, net	(4,517)	(3,023)
Restructuring expenses ²	(32)	3,620
Separation expenses ²	3,781	17,954
Loss on extinguishment of debt ²	-	30,977
Interest expense	7,123	36,602
Interest income	(565)	(2,862)
Depreciation ²	867	5,580
Adjusted EBITDA from continuing operations	\$ 54,515	\$ 147,791

1. Ironwood presents GAAP net income from continuing operations and adjusted EBITDA from continuing operations, a non-GAAP measure. Adjusted EBITDA from continuing operations is calculated by subtracting net interest expense, taxes, depreciation, amortization, mark-to-market adjustments on derivatives related to Ironwood's 2022 Convertible Notes, restructuring expenses, separation-related expenses, and loss on extinguishment of debt from GAAP net income from continuing operations. 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 February 13, 2020 2. In the second quarter of 2019, Ironwood began reporting in its financial statements GAAP net income (loss) from continuing operations which excludes discontinued operations related to Cycleron. These adjustments relate to the portion of costs included in continuing operations and not the amounts that have been recast to discontinued operations.

4Q and FY 2019 financial summary

LINZESS U.S. Brand Collaboration

Commercial Profit & Collaboration Revenue¹

	Three Months Ended December 31, 2019	Twelve Months Ended December 31, 2019
	(000s)	(000s)
LINZESS U.S. net product sales	\$231,155	\$803,204
Allergan & Ironwood commercial costs and expenses	44,678	228,593
Commercial profit on sales of LINZESS	\$186,477	\$574,611
<i>Commercial Margin</i>	81%	72%
Ironwood's share of net profit	\$93,239	\$287,306
Reimbursement for Ironwood's selling, general, and administrative expenses ²	8,359	38,123
Ironwood's collaboration revenue	\$101,598	\$325,429

Ironwood & Allergan Total Net Profit

	Three Months Ended December 31, 2019	Twelve Months Ended December 31, 2019
	(000s)	(000s)
LINZESS U.S. net product sales	\$ 231,155	\$ 803,204
Allergan & Ironwood commercial costs and expenses	44,678	228,593
Allergan & Ironwood R&D expenses ³	16,344	60,870
Total net profit on sales of LINZESS	\$170,133	\$ 513,741