Ironwood Pharmaceuticals

Q2 2024 Investor Update

August 8, 2024

Introduction

Matt Roache

Safe Harbor Statement

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Investors are cautioned not to place undue reliance on these forward-looking statements, including statements about our ability to execute on our mission; our strategy, business, financial position and operations, including with respect to our strategic priorities; 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; expectations regarding our financial performance and results, and guidance and expectations related thereto, including, without limitation expectations related to LINZESS prescription demand growth, LINZESS U.S. net sales, Ironwood revenue and adjusted EBITDA in 2024; the assessment of the data from the Phase III STARS clinical trial of apraglutide; the efficacy and safety of apraglutide; the timing of topline data for CNP-104, which will inform a decision on our option to acquire an exclusive license from COUR, and that, if successful, CNP-104 has the potential to be a disease-modifying therapy for PBC; our plan to submit an NDA and marketing applications to other regulatory agencies for apraglutide; the progress of ongoing clinical trials and the timing of related data readouts. 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, apraglutide, CNP-104, IW-3300, and other product candidates; the risk that clinical programs and studies, inducing for the linaclotide pediatric program, apraglutide, CNP-104 and IW-3300, 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 studies and clinical trials may not be replicated in later trials and earlier-stage clinical trials may not be predictive of the results we may obtain in later-stage clinical trials or of the likelihood of regulatory approval; the risk of competition or that new products may emerge that provide different or better alternatives for treatment of the conditions that our products are approved to treat; the risk that we are unable to execute on our strategy to in-license externally developed products or product candidates; the risk that we are unable to successfully partner with other companies to develop and commercialize products or product candidates; the risk that healthcare reform and other governmental and private payor initiatives may have an adverse effect upon or prevent our products' or product candidates' commercial success; the efficacy, safety and tolerability of linaclotide and our product candidates; the risk that the commercial and therapeutic opportunities for LINZESS, apraglutide, or our product candidates are not as we expect; decisions by regulatory and judicial authorities; the risk that we may never get additional patent protection for linaclotide, apraglutide, and other product candidates, that patents for linaclotide, apraglutide, 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 the development of the linaclotide pediatric program, apraglutide, CNP-104 and/or IW-3300 are not successful or that any of our product candidates is not successfully commercialized; 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; 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, 2023, 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 Non-GAAP Financial Measures to GAAP Results table and to the Reconciliation of Adjusted EBITDA to GAAP net loss table and related footnotes on pages 16 to 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 pages 12, 19 and 20 of this presentation.

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Today's Agenda

- **Introduction**
  Matt Roache, Director, Investor Relations
- **Overview**
  Tom McCourt, Chief Executive Officer
- **Pipeline Update**
  Mike Shetzline, M.D., Ph.D., Chief Medical Officer
- **Commercial Update, Q2 2024 Financial Highlights and Revised FY 2024 Guidance**
  Sravan Emany, Chief Operating Officer and Chief Financial Officer

Overview

Tom McCourt

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In Q2 2024, we continued to make progress across our portfolio

Q2 Highlights

Maximize LINZESS

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

- **+11%** Y/Y EUTRx demand growth[1]
- **+15%** Y/Y NBRx demand growth[2]

Advance GI Pipeline

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

- Presented late-breaking STARS Phase 3 data at Digestive Disease Week® of once-weekly apraglutide in adult patients with short bowel syndrome who are dependent on parenteral support
- Continued to progress apraglutide commercial planning; expects to complete NDA submission in Q1 2025
- On track to share Phase 2 proof of concept topline results for CNP-104 in Q3 2024

Deliver Sustained Profits and Cash Flow

Apply thoughtful and **disciplined capital allocation** decisions

- Generated **$33** million of operating cash flow
- Repaid **$200** million principal amount of the 2024 Convertible Notes
- Ended Q2 2024 with **$106** million in cash and cash equivalents

[1] IQVIA National Prescription Audit, Q2 2024. [2] IQVIA Patient Insights, Q2 2024.

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Pipeline Update

Mike Shetzline

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STARS Phase 3 data reinforce apraglutide's potential to improve the standard of care for SBS patients dependent on parenteral support (PS)

Once-Weekly Efficacy

- Apraglutide is the only GLP-2 analog to achieve significant reduction vs. placebo in weekly PS volume relative to baseline at Week 24 with once-weekly dosing
- Rapid onset of treatment effect by week 8 and onward
- Treatment effect similar across most predefined subgroups

Days Off PS and Enteral Autonomy

- PS volume reduction with significantly more apraglutide-treated patients achieving additional ≥1, ≥ 2 and ≥3 days off PS per week
- 7 patients achieved enteral autonomy by Week 24, including both stoma and colon-in-continuity patients vs. 0 patients on placebo

Safety and Tolerability

- Apraglutide demonstrated high rates of compliance in Phase 3 study
- Incidence of treatment-related AEs and SAEs was comparable between treatment arms with no malignancies
- No patients discontinued from treatment due to GI tolerability symptoms, GI obstructions, GI polyps or neoplasms

AE, adverse event; SAE, serious adverse event; GI, gastrointestinal; GLP-2, Glucagon-like peptide-2; PS, parenteral support; SBS, short bowel syndrome

CNP-104: Phase 2 proof of concept study in Primary Biliary Cholangitis (PBC)

Expect topline data in **Q3 2024**

CNP-104 has the potential to be a disease-modifying therapy for PBC

42 patients with PBC

Randomized, Double-blinded, placebo-controlled, parallel assignment

Doses:

Placebo, CNP-104 4mg/kg, CNP-104 8mg/kg

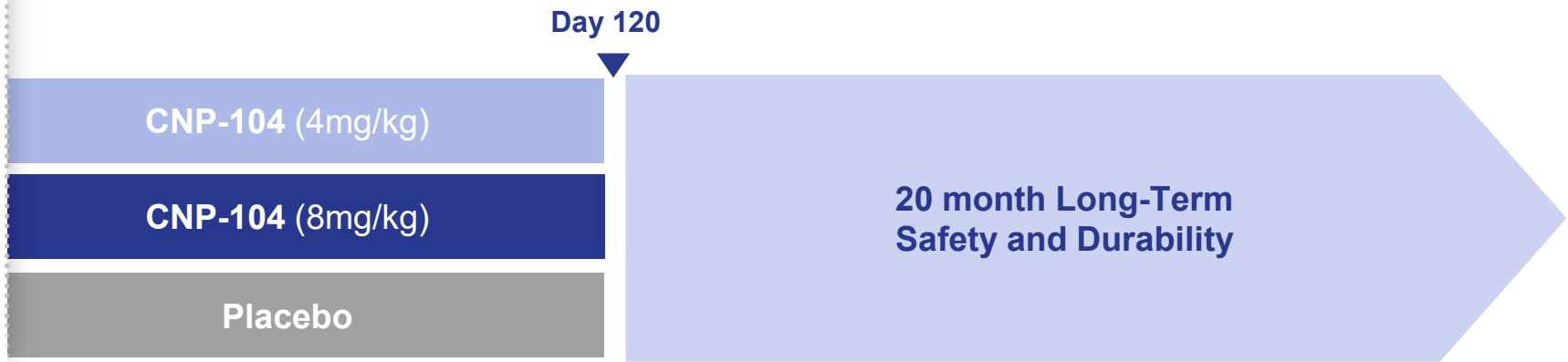
IV Infusion on Days 1 and 8

STUDY OBJECTIVES

Safety, tolerability, pharmacodynamics (PD), and efficacy of two doses of CNP-104

KEY OUTCOMES:

- **Immunological endpoints (e.g. T-cell response)**
- **Markers of liver function**



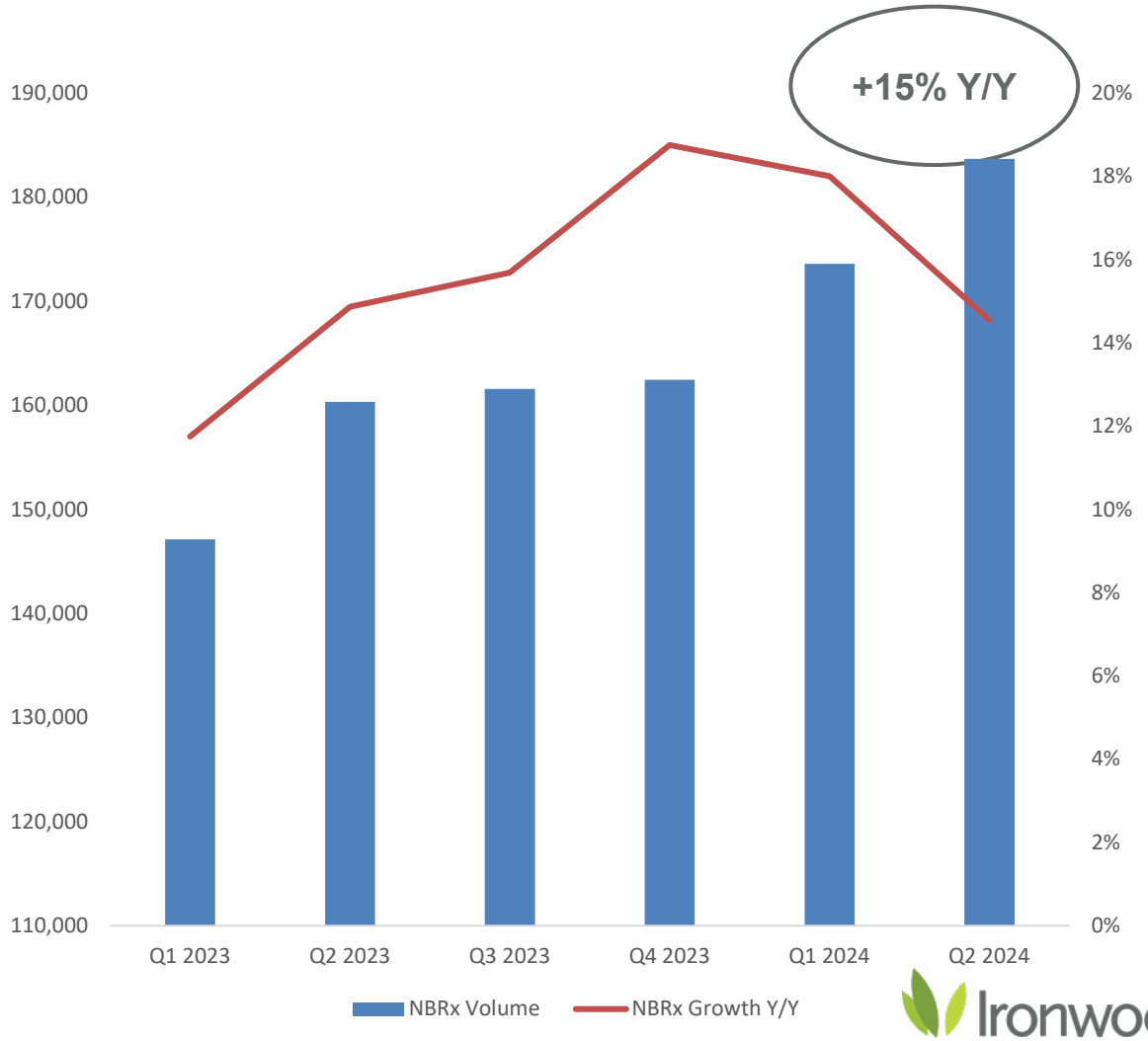
Commercial Update, Q2 2024 Financial Highlights and Revised FY 2024 Guidance

Sravan Emany

Continued robust LINZESS demand growth in Q2, with strength in new-to-brand prescriptions

Q2 2024 LINZESS Total EUTRx Demand[1]

LINZESS NBRx Volume / Growth Y/Y[2]



[1] IQVIA Monthly National Prescription Audit, Q2 2024. [2] IQVIA Patient Insights, Q2 2024.

LINZESS Q2 2024 reconciliation to Ironwood's collaboration revenue

Q2 2024 LINZESS U.S. Brand Collaboration - Commercial Profit & Collaboration Revenue[1]

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023
	(000s)	(000s)
LINZESS U.S. net product sales as reported by AbbVie[2]	211,183	269,686
AbbVie & Ironwood commercial costs, expenses and other discounts[3]	80,950	78,998
Commercial profit on sales of LINZESS	130,233	190,688
Commercial Margin[4]	*62%*	*71%*
Ironwood's share of net profit	65,117	95,344
Reimbursement for Ironwood's commercial expenses	9,298	9,407
Adjustment for Ironwood's estimate of LINZESS gross-to-net reserves	17,000	-
Ironwood's collaboration revenue[5]	91,415	104,751

[1] Ironwood collaborates with AbbVie on the development and commercialization of linaclotide in North America. Under the terms of the collaboration agreement, Ironwood receives 50% of the net profits and bears 50% of the net losses from the commercial sale of LINZESS in the U.S. The purpose of this table is to present calculations of Ironwood's share of net profit (loss) generated from the sales of LINZESS in the U.S. and Ironwood's collaboration revenue/expense; however, the table does not present the research and development expenses related to LINZESS in the U.S. that are shared equally between the parties under the collaboration agreement. Please refer to the table at the end of this presentation for net profit for the U.S. LINZESS brand collaboration with AbbVie. [2] LINZESS net sales are recognized using AbbVie's revenue recognition accounting policies and reporting conventions. As a result, certain rebates and discounts are classified as LINZESS U.S. commercial costs, expenses and other discounts within Ironwood's calculation of collaborative arrangements revenue. [3] 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. [4] Commercial margin is defined as commercial profit on sales of LINZESS as a percent of total LINZESS U.S. net sales. [5] Figures presented for the second quarter of 2024 include a $17.0 million adjustment to collaborative arrangements revenue, driven by a $30.0 million increase to collaborative arrangements revenue as a result of a gross-to-net change in estimate related to the year ended December 31, 2023, previously recorded by Ironwood in the first quarter of 2024, which was reflected in LINZESS U.S. net sales as reported by AbbVie in the second quarter of 2024. This was partially offset by a $13.0 million reduction to collaborative arrangements revenue in the second quarter of 2024, to reflect Ironwood's estimate of LINZESS gross-to-net reserves as of June 30, 2024.

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Q2 2024 financial performance

$211M

LINZESS U.S. Net Sales[1]

Q2 2024 LINZESS net sales as reported by AbbVie were $211 million, a decrease of 22% year-over-year

Strong prescription demand growth of 11%

$94M

Total Ironwood Revenues including Q2 LINZESS adjustment[2]

($0.9M)

GAAP Net Loss including Q2 LINZESS adjustment[2]

($0.01)/share – basic and diluted

$28M

Adjusted EBITDA including Q2 LINZESS adjustment[2,3]

Ended Q2 2024 with $106 million of cash and cash equivalents[4]

[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 slides 19 and 20 for detailed breakdown. [2] Figures presented for the second quarter of 2024 include a $17.0 million adjustment to collaborative arrangements revenue, driven by a $30.0 million increase to collaborative arrangements revenue as a result of a gross-to-net change in estimate related to the year ended December 31, 2023, previously recorded by Ironwood in the first quarter of 2024, which was reflected in LINZESS U.S. net sales as reported by AbbVie in the second quarter of 2024. This was partially offset by a $13.0 million reduction to collaborative arrangements revenue in the second quarter of 2024, to reflect Ironwood's estimate of LINZESS gross-to-net reserves as of June 30, 2024. [3] Refer to the Reconciliation of GAAP net loss to adjusted EBITDA on slide 18 of this presentation. [4] Ironwood repaid the aggregate principal amount of the 2024 Convertible Notes of approximately $200.0 million upon maturity in the second quarter of 2024, using $50.0 million of cash on hand and drawing $150.0 million from its revolving credit facility.

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We are revising our FY 2024 guidance due to continued LINZESS pricing pressure as a result of higher-than-expected Medicaid utilization trends

	Previous FY 2024 Guidance (May 9, 2024)	Revised FY 2024 Guidance (August 8, 2024)
LINZESS U.S. net sales	**Mid-single digits % decline[2]**	**$900 – $950 million**
Ironwood revenue	**$405 – $425 million**	**$350 – $375 million**
Adjusted EBITDA[1]	**>$120 million** **Excludes potential CNP-104 option exercise**	**>$75 million** **Excludes potential CNP-104 option exercise**

[1] Adjusted EBITDA is calculated by subtracting restructuring expenses, net interest expense, income taxes, depreciation and amortization, and acquisition-related costs from GAAP net loss. For purposes of the 2024 guidance, Ironwood has assumed it will not incur material expenses related to business development activities in 2024 and excludes any costs associated with potential CNP-104 option exercise. Ironwood does not provide guidance on GAAP net loss or a reconciliation of expected adjusted EBITDA to expected GAAP net loss 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 loss for the guidance period. 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. [2] 2024 U.S. LINZESS Net Sales guidance presented as year-over-year change relative to 2023 U.S. LINZESS Net Sales as reported by AbbVie of $1,073.2 million.

APPENDIX

Q2 2024 Financial Summary

Reconciliation of GAAP results to non-GAAP financial measures (page 1)

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
	(000s, except per share amounts)	(000s, except per share amounts)
GAAP net loss[1,2]	(860)	(5,022)
Adjustments:		
Mark-to-market adjustments on the derivatives related to convertible notes, net	-	-
Amortization of acquired intangible assets	204	409
Restructuring expenses	2,067	2,504
Acquisition-related costs	359	1,146
Tax effect of adjustments	(262)	(461)
Non-GAAP net income (loss)[1,2]	1,508	(1,424)
GAAP net loss attributable to Ironwood per share – basic	(0.01)	(0.03)
Plus: GAAP net income (loss) attributable to noncontrolling interests – basic	-	-
Adjustments to GAAP net income (loss) (detailed above)	0.01	0.02
Non-GAAP net income (loss) per share – basic	-	(0.01)

[1] The company presents non-GAAP net income (loss) and non-GAAP net income (loss) 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. 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 8, 2024. 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 [2] Figures presented for the three and six months ended June 30, 2024 include a $17.0 million increase and $13.0 million reduction to collaborative arrangement revenues, respectively, as a result of an adjustment recorded for Ironwood's estimate of LINZESS gross-to-net reserves as of June 30, 2024.

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Q2 2024 Financial Summary

Reconciliation of GAAP results to non-GAAP financial measures (page 2)

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
	(000s, except per share amounts)	(000s, except per share amounts)
GAAP net loss attributable to Ironwood per share – diluted	(0.01)	(0.03)
Plus: GAAP net income (loss) attributable to noncontrolling interests – diluted	–	–
Adjustments to GAAP net income (loss) (detailed above)	0.01	0.02
Non-GAAP net income (loss) per share – diluted	–	(0.01)

Q2 2024 Financial Summary

Reconciliation of GAAP net loss to adjusted EBITDA

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
	(000s)	(000s)
GAAP net loss[1,2]	(860)	(5,022)
Adjustments:		
Mark-to-market adjustments on the derivatives related to convertible notes, net	-	-
Restructuring expenses	2,067	2,504
Interest expense	7,470	14,701
Interest and investment income	(1,369)	(2,538)
Income tax expense	19,736	28,856
Depreciation and amortization	506	1,019
Acquisition-related costs	359	1,146
Adjusted EBITDA[1,2]	27,909	40,666

[1] Ironwood presents GAAP net income (loss) 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, interest expense, interest and investment income, income tax expense, 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 8, 2024. 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. [2] Figures presented for the three and six months ended June 30, 2024 include a $17.0 million increase and $13.0 million reduction to collaborative arrangement revenues, respectively, as a result of an adjustment recorded for Ironwood's estimate of LINZESS gross-to-net reserves as of June 30, 2024.

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Q2 2024 Financial Summary

LINZESS U.S. Brand Collaboration

Commercial Profit & Collaboration Revenue[1]

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
	(000s)	(000s)
LINZESS U.S. net product sales as reported by AbbVie[2]	211,183	467,783
AbbVie & Ironwood commercial costs, expenses and other discounts[3]	80,950	154,312
Commercial profit on sales of LINZESS	130,233	313,471
Commercial Margin[4]	*62%*	*67%*
Ironwood's share of net profit	65,117	156,736
Reimbursement for Ironwood's commercial expenses	9,298	19,394
Adjustment for Ironwood's estimate of LINZESS gross-to-net reserves	17,000	(13,000)
Ironwood's U.S. collaboration revenue[5]	91,415	163,130

[1] Ironwood collaborates with AbbVie on the development and commercialization of linaclotide in North America. Under the terms of the collaboration agreement, Ironwood receives 50% of the net profits and bears 50% of the net losses from the commercial sale of LINZESS in the U.S. The purpose of this table is to present calculations of Ironwood's share of net profit (loss) generated from the sales of LINZESS in the U.S. and Ironwood's collaboration revenue/expense; however, the table does not present the research and development expenses related to LINZESS in the U.S. that are shared equally between the parties under the collaboration agreement. Please refer to the table at the end of this presentation for net profit for the U.S. LINZESS brand collaboration with AbbVie. [2] LINZESS net sales are recognized using AbbVie's revenue recognition accounting policies and reporting conventions. As a result, certain rebates and discounts are classified as LINZESS U.S. commercial costs, expenses and other discounts within Ironwood's calculation of collaborative arrangements revenue. [3] 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. [4] Commercial margin is defined as commercial profit on sales of LINZESS as a percent of total LINZESS U.S. net sales. [5] Figures presented for the three and six months ended June 30, 2024, include a $17.0 million increase and $13.0 million reduction to collaborative arrangement revenues, respectively, as a result of an adjustment recorded for Ironwood's estimate of LINZESS gross-to-net reserves as of June 30, 2024.

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Q2 2024 Financial Summary

LINZESS U.S. Brand Collaboration

Ironwood & AbbVie Total Net Profit[1]

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
	(000s)	(000s)
LINZESS U.S. net product sales as reported by AbbVie[2]	211,183	467,783
AbbVie & Ironwood commercial costs, expenses and other discounts[3]	80,950	154,312
AbbVie & Ironwood R&D expenses[4]	9,736	17,372
Total net profit on sales of LINZESS	120,497	296,099

[1] Ironwood collaborates with AbbVie on the development and commercialization of linaclotide in North America. Under the terms of the collaboration agreement, Ironwood receives 50% of the net profits and bears 50% of the net losses from the commercial sale of LINZESS in the U.S. The purpose of this table is to present calculations of the total net profit (loss) generated from the sales of LINZESS in the U.S., including the commercial costs and expenses and the research and development expenses related to LINZESS in the U.S. that are shared equally between the parties under the collaboration agreement. [2] LINZESS net sales are recognized using AbbVie's revenue recognition accounting policies and reporting conventions. As a result, certain rebates and discounts are classified as LINZESS U.S. commercial costs, expenses and other discounts within Ironwood's calculation of collaborative arrangements revenue. [3] 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. [4] R&D Expenses related to LINZESS in the U.S. are shared equally between Ironwood and AbbVie under the collaboration agreement.

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Thank You