# Ironwood Pharmaceuticals

## Q3 2024 Investor Update

November 7, 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; our plan to the expected timing to complete the NDA submissions for apraglutide; our expected timeline to provide an update on IW-3300; 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, IW-3300, and other product candidates; the risk that clinical programs and studies, inducing for the linaclotide pediatric program, apraglutide 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 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 and Commercial Update**
  Tom McCourt, Chief Executive Officer
- **Pipeline Update**
  Mike Shetzline, M.D., Ph.D., Chief Medical Officer
- **Q3 2024 Financial Highlights and FY 2024 Guidance**
  Sravan Emany, Chief Operating Officer and Chief Financial Officer

# Overview and Commercial Update

Tom McCourt

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# Q3 2024 highlights

## Maximize LINZESS

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

- **+13%** Y/Y EUTRx demand growth[1]
- **+13%** Y/Y NBRx demand growth[2]

## Advance GI Pipeline

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

- Continued to progress apraglutide commercial planning; remain on track to complete NDA submission in Q1 2025
- Notified COUR of decision not to exercise the option to acquire an exclusive license to CNP-104
- Made decision to end further recruitment in IW-3300 Phase 2 proof-of-concept study; expect to provide an update on the program in 1H25

## Deliver Sustained Profits and Cash Flow

Apply thoughtful and **disciplined capital allocation** decisions

- Generated **$10** million of operating cash flow
- Delivered **$26** million of adjusted EBITDA
- Amended revolving credit facility and repaid **$25** million of outstanding principal amount



[1] IQVIA National Prescription Audit, Q3 2024. [2] IQVIA Patient Insights, Q3 2024.

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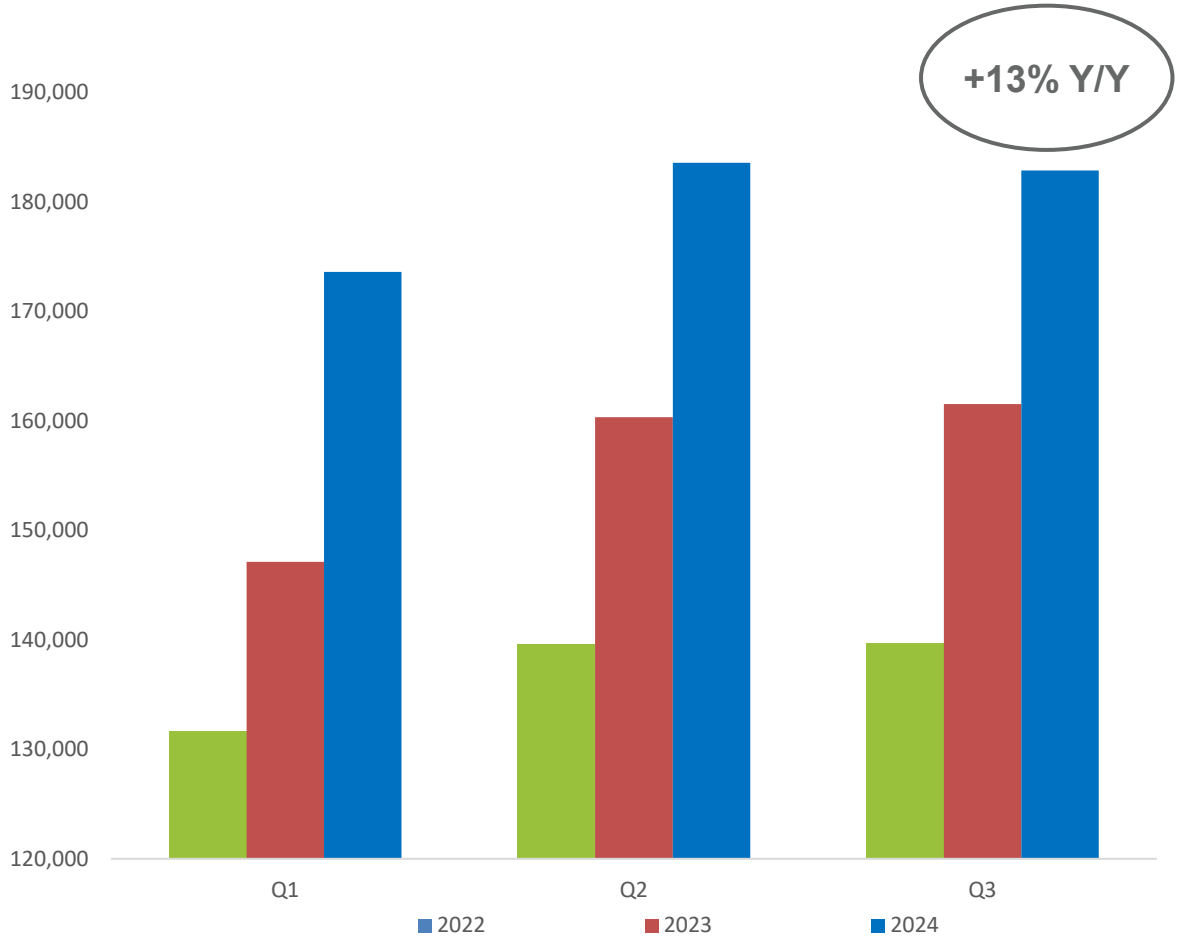
# Continued strong LINZESS EUTRx and NBRx demand growth in Q3, reinforcing that patients and HCPs continue to choose LINZESS in a growing market

## Q3 2024 LINZESS Total EUTRx Demand[1]


## LINZESS NBRx Volume / Growth Y/Y[2]






[1] IQVIA Monthly National Prescription Audit, Q3 2024. [2] IQVIA Patient Insights, Q3,2024.

# Pipeline Update

Mike Shetzline

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# New safety and tolerability data show high treatment compliance with apraglutide, low incidence of ISRs and AEs associated with GI tolerability[1]

| Parameter | Apraglutide (n=110) n (%) | Placebo (n=53) n (%) |
|---|---|---|
| **Any TEAE[2]** | **99 (90.0)** | **47 (88.7)** |
| Serious TEAEs | 39 (35.5) | 17 (32.1) |
| TEAEs leading to treatment discontinuation | 4 (3.6) | 1 (1.9) |
| TEAEs leading to dose reduction | 0 (0.0) | 0 (0.0) |
| TEAEs leading to dose interruption | 12 (10.9) | 7 (13.2) |
| Treatment-related TEAEs | 39 (35.5) | 23 (43.4) |

| Treatment-emergent adverse events of special interest | Apraglutide (n=110) n (%) | Placebo (n=53) n (%) |
|---|---|---|
| **Any TEAE of special interest** | **29 (26.4)** | **16 (30.2)** |
| Injection site reactions | 8 (7.3) | 4 (7.5) |
| GI obstructions | 1 (0.9) | 0 (0.0) |
| Gallbladder, biliary, and pancreatic disease | 9 (8.2) | 5 (9.4) |
| GI disorders (1 event of abdominal pain and 1 event of pancreatic duct dilatation in the apraglutide arm) | 2 (1.8) | 0 (0.0) |
| Fluid overload | 9 (8.2) | 7 (13.2) |
| Benign GI and hepatobiliary neoplasms, including polyps | 4 (3.6) | 2 (3.8) |
| Malignancies | 0 (0.0) | 0 (0.0) |



[1] ISRs, injection-site reactions; AEs, adverse events; GI, gastrointestinal. [2]Treatment-emergent adverse event, as defined as adverse event occurring after first dose of treatment through 4 weeks after the last dose of treatment or pre-treatment conditions that worsened following receipt of treatment.

# Q3 2024 Financial Highlights and FY 2024 Guidance

Sravan Emany

# LINZESS Q3 2024 reconciliation to Ironwood's collaboration revenue

## Q3 2024 LINZESS U.S. Brand Collaboration - Commercial Profit & Collaboration Revenue[1]

| | Three Months Ended September 30, 2024 | Three Months Ended September 30, 2023 |
|---|---|---|
| | (000s) | (000s) |
| LINZESS U.S. net product sales as reported by AbbVie[2] | 225,537 | 278,954 |
| AbbVie & Ironwood commercial costs, expenses and other discounts[3] | 78,499 | 77,736 |
| Commercial profit on sales of LINZESS | 147,038 | 201,218 |
| *Commercial Margin*[4] | 65% | 72% |
| Ironwood's share of net profit | 73,519 | 100,609 |
| Reimbursement for Ironwood's commercial expenses | 9,567 | 9,480 |
| Adjustment for Ironwood's estimate of LINZESS gross-to-net reserves | 5,800 | - |
| Ironwood's U.S. collaboration revenue[5] | 88,886 | 110,089 |

[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 months ended September 30, 2024 include a $5.8 million positive adjustment to collaborative arrangement revenues as a result of an adjustment recorded for Ironwood's estimate of LINZESS gross-to-net reserves as of September 30, 2024.



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# Q3 2024 financial performance

**$226M**

**LINZESS U.S. Net Sales[1]**

LINZESS U.S. net sales decreased 19% year-over-year. Strong prescription demand growth was more than offset by pricing headwinds

**$92M**

**Total Ironwood Revenues**

**$4M**

**GAAP Net Income[2]**

$0.02/share – basic and diluted

**$26M**

**Adjusted EBITDA[2]**

Ended Q3 2024 with $88 million of cash and cash equivalents[3]

[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] Refer to the Reconciliation of GAAP net income to adjusted EBITDA on slide 18 of this presentation. [3] In the third quarter of 2024, Ironwood repaid $25.0 million of the outstanding principal balance on its revolving credit facility. The outstanding principal balance on the revolving credit facility was $400.0 million as of September 30, 2024



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# We are maintaining our FY 2024 guidance

| | FY 2024 Guidance (November 7, 2024) |
|---|---|
| LINZESS U.S. net sales | **$900 – $950 million** |
| Ironwood revenue | **$350 – $375 million** |
| Adjusted EBITDA[1] | **>$75 million** |

[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. 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.

# APPENDIX

# Q3 2024 Financial Summary

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

| | Three Months Ended September 30, 2024 | Nine Months Ended September 30, 2024 |
|---|---|---|
| | (000s, except per share amounts) | (000s, except per share amounts) |
| GAAP net income (loss)[1,2] | 3,646 | (1,376) |
| Adjustments: | | |
| Mark-to-market adjustments on the derivatives related to convertible notes, net | - | - |
| Amortization of acquired intangible assets | 207 | 616 |
| Restructuring expenses | 16 | 2,520 |
| Acquisition-related costs | - | 1,146 |
| Tax effect of adjustments | - | (461) |
| Non-GAAP net income[1,2] | 3,869 | 2,445 |
| | | |
| GAAP net income (loss) attributable to Ironwood per share – basic | 0.02 | (0.01) |
| Plus: GAAP net income (loss) attributable to noncontrolling interests – basic | - | - |
| Adjustments to GAAP net income per share (as detailed above) | - | 0.02 |
| Non-GAAP net income per share – basic | 0.02 | 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 November 7, 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 months and nine months ended September 30, 2024 include a $5.8 million increase and $7.2 million reduction, respectively, to collaborative arrangement revenues, as a result of an adjustment recorded for Ironwood's estimate of LINZESS gross-to-net reserves as of September 30, 2024.



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# Q3 2024 Financial Summary

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

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

# Q3 2024 Financial Summary

## Reconciliation of GAAP net loss to adjusted EBITDA

| | Three Months Ended September 30, 2024 | Nine Months Ended September 30, 2024 |
|---|---|---|
| | (000s) | (000s) |
| GAAP net income (loss)[1,2] | 3,646 | (1,376) |
| Adjustments: | | |
| Mark-to-market adjustments on the derivatives related to convertible notes, net | - | - |
| Restructuring expenses | 16 | 2,520 |
| Interest expense | 9,419 | 24,120 |
| Interest and investment income | (1,152) | (3,690) |
| Income tax expense | 13,723 | 42,579 |
| Depreciation and amortization | 507 | 1,526 |
| Acquisition-related costs | - | 1,146 |
| Adjusted EBITDA[1,2] | 26,159 | 66,825 |

[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 November 7, 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 months and nine months ended September 30, 2024 include a $5.8 million increase and $7.2 million reduction, respectively, to collaborative arrangement revenues, as a result of an adjustment recorded for Ironwood's estimate of LINZESS gross-to-net reserves as of September 30, 2024.



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# Q3 2024 Financial Summary

## LINZESS U.S. Brand Collaboration

### Commercial Profit & Collaboration Revenue[1]

| | Three Months Ended September 30, 2024 | Nine Months Ended September 30, 2024 |
|---|---|---|
| | (000s) | (000s) |
| LINZESS U.S. net product sales as reported by AbbVie[2] | 225,537 | 693,320 |
| AbbVie & Ironwood commercial costs, expenses and other discounts[3] | 78,499 | 232,811 |
| Commercial profit on sales of LINZESS | 147,038 | 460,509 |
| *Commercial Margin*[4] | 65% | 66% |
| Ironwood's share of net profit | 73,519 | 230,255 |
| Reimbursement for Ironwood's commercial expenses | 9,567 | 28,961 |
| Adjustment for Ironwood's estimate of LINZESS gross-to-net reserves | 5,800 | (7,200) |
| Ironwood's U.S. collaboration revenue[5] | 88,886 | 252,016 |

[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 months and nine months ended September 30, 2024 include a $5.8 million increase and $7.2 million reduction, respectively, to collaborative arrangement revenues, as a result of an adjustment recorded for Ironwood's estimate of LINZESS gross-to-net reserves as of September 30, 2024.



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# Q3 2024 Financial Summary

## LINZESS U.S. Brand Collaboration

### Ironwood & AbbVie Total Net Profit[1]

| | Three Months Ended September 30, 2024 | Nine Months Ended September 30, 2024 |
|---|---|---|
| | (000s) | (000s) |
| LINZESS U.S. net product sales as reported by AbbVie[2] | 225,537 | 693,320 |
| AbbVie & Ironwood commercial costs, expenses and other discounts[3] | 78,499 | 232,811 |
| AbbVie & Ironwood R&D expenses[4] | 7,451 | 24,823 |
| Total net profit on sales of LINZESS | 139,587 | 435,686 |

[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