HORIZON PHARMA plc

RECONCILIATIONS OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION

November 6, 2014

Horizon Pharma plc ("Horizon", the "Company", "we", "our") provides certain financial measures such as adjusted non-GAAP net income (loss), adjusted non-GAAP net income (loss) per share, non-GAAP gross profit margins and non-GAAP cash from operations, which include adjustments to GAAP figures. These adjustments to GAAP exclude the bargain purchase gain related to the acquisition of Vidara, acquisition transaction related expenses as well as non-cash items such as stock compensation, depreciation and amortization, royalty accretion, non-cash interest expense, and other non-cash adjustments such as the increase or decrease in the fair value of the embedded derivative associated with the Company's convertible senior notes. Certain other special items or substantive events may also be included in the non-GAAP adjustments periodically when their magnitude is significant within the periods incurred. EBITDA, or earnings before interest, taxes, depreciation and amortization, and adjusted EBITDA are also used and provided by Horizon as non-GAAP financial measures.

Horizon believes that these non-GAAP financial measures, when considered together with the GAAP figures, can enhance an overall understanding of Horizon's financial performance. The non-GAAP financial measures are included with the intent of providing investors with a more complete understanding of the Company's operational results and trends. In addition, these non-GAAP financial measures are among the indicators Horizon's management uses for planning and forecasting purposes and measuring the Company's performance.

These non-GAAP financial measures should be considered in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. The non-GAAP financial measures used by the Company may be calculated differently from, and therefore may not be comparable to, non-GAAP financial measures used by other companies. Please see below where the Company has provided a reconciliation of these non-GAAP financial measures to the comparable GAAP financial measures. However, the Company has not provided a reconciliation of full year 2014 of 2015 adjusted EBITDA outlook to a net income (loss) outlook because certain items that are a component of net income (loss) but not part of adjusted EBITDA, such as stock compensation and acquisition related expenses, cannot be reasonably projected, either due to the significant impact of changes in Horizon's stock price on stock compensation, or the variability associated with acquisition related expenses due to timing and other factors.

On March 18, 2014, the Company (then known as Vidara Therapeutics International Ltd.), entered into a Transaction Agreement and Plan of Merger, as amended (the "Merger Agreement"), with Horizon Pharma, Inc. ("HPI"), Vidara Therapeutics Holdings LLC, Hamilton Holdings (USA), Inc. and Hamilton Merger Sub Inc. ("Merger Sub"). Pursuant to the Merger Agreement, on September 19, 2014, among other things, Merger Sub merged with and into HPI (the "Merger"), with HPI surviving the Merger as a wholly-owned subsidiary of the Company, which changed its name to Horizon Pharma plc. For accounting purposes, the Merger was treated as a "reverse acquisition" of the Company by HPI, with HPI considered the accounting acquirer. As a result of the transaction being a reverse acquisition, HPI's financial statements became the historical financial statements of the Company.

Horizon Pharma plc
Reconciliation of GAAP Net Loss to Non-GAAP Net Income (Loss)
(in thousands, except share and per share amounts)

	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
	(Unaudited)		(Unaudited)	
Adjusted Non-GAAP Net Income (Loss):				
GAAP Net Income (Loss)	**$ 2,063**	**$ (5,492)**	**$ (231,956)**	**$ (46,104)**
Non-GAAP Adjustments:				
Bargain purchase gain	(22,171)	-	(22,171)	-
Vidara acquisition costs	31,477	-	45,651	-
Deferred tax benefit resulting from a reduction in valuation allowance due to acquisition related deferred tax liabilities	(3,048)	-	(3,048)	-
Remeasurement of VIMOVO royalties	-	-	13,033	-
Loss on derivative revaluation	-	-	214,995	-
Amortization and accretion:				
Intangible amortization expense (net of tax effect)	6,083	1,344	15,447	3,979
Amortization of debt discount and deferred financing costs	2,421	1,214	7,087	3,043
Accretion of royalty liabilities	2,664	-	5,617	-
Amortization of inventory step-up adjustment	1,540	-	1,540	-
Amortization of deferred revenue	(156)	(555)	(478)	(770)
Share-based compensation	4,024	1,106	10,111	3,206
Depreciation expense	413	302	1,193	861
Total of non-GAAP adjustments	23,247	3,411	288,977	10,319
Adjusted Non-GAAP Net Income (Loss)	**$ 25,310**	**$ (2,081)**	**$ 57,021**	**$ (35,785)**
Weighted average shares - Basic	**78,392,971**	**64,645,677**	**73,109,603**	**63,168,797**
Adjusted Non-GAAP Net Income (Loss) Per Share - Basic:				
GAAP net income (loss) per share-Basic	**$ 0.03**	**$ (0.08)**	**$ (3.17)**	**$ (0.73)**
Non-GAAP adjustments	0.29	0.05	3.95	0.16
Adjusted Non-GAAP Net Income (Loss) per share - Basic	**$ 0.32**	**$ (0.03)**	**$ 0.78**	**$ (0.57)**
Weighted average shares - Diluted				
Weighted average shares - Basic	78,392,971	64,645,677	73,109,603	63,168,797
Ordinary stock equivalents	35,258,496	-	35,577,854	-
Weighted average shares - Diluted	**113,651,467**	**64,645,677**	**108,687,457**	**63,168,797**
Adjusted Non-GAAP Net Income (Loss) Per Share - Diluted:				
Adjusted Non-GAAP Net Income (Loss)	$ 25,310	$ (2,081)	$ 57,021	$ (35,785)
Add: Convertible debt interest expense, net of taxes	1,875	-	5,625	-
Adjusted Non-GAAP Net Income (Loss) - Diluted	**$ 27,185**	**$ (2,081)**	**$ 62,646**	**$ (35,785)**
GAAP net income (loss) per share-Diluted	**$ 0.02**	**$ (0.08)**	**$ (3.17)**	**$ (0.73)**
Non-GAAP adjustments	0.29	0.05	3.95	0.16
Diluted earnings per share effect of ordinary share equivalents	(0.07)	-	(0.20)	-
Adjusted Non-GAAP Net Income (Loss) per share - Diluted	**$ 0.24**	**$ (0.03)**	**$ 0.58**	**$ (0.57)**

Horizon Pharma plc
Additional GAAP to Non-GAAP Reconciliations
(in thousands, except percentages)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	**2013**	**2014**	**2013**
	(Unaudited)		(Unaudited)	
EBITDA and Adjusted EBITDA:				
GAAP Net Income (Loss)	**$ 2,063**	**$ (5,492)**	**$ (231,956)**	**$ (46,104)**
Bargain purchase gain	(22,171)	-	(22,171)	-
Depreciation	413	302	1,193	861
Amortization and accretion:				
Intangible amortization expense	6,083	1,344	15,447	3,979
Accretion of royalty liabilities	2,664	-	5,617	-
Amortization of deferred revenue	(156)	(555)	(478)	(770)
Amortization of inventory step-up adjustment	1,540	-	1,540	-
Interest expense, net (including amortization of debt discount and deferred financing costs)	5,194	3,601	13,608	10,646
Expense (benefit) for income taxes	(3,042)	265	(3,267)	(967)
EBITDA	**$ (7,412)**	**$ (535)**	**$ (220,468)**	**$ (32,355)**
Non-GAAP adjustments:				
Remeasurement of VIMOVO royalties	-	-	13,033	-
Loss on derivative revaluation	-	-	214,995	-
Vidara acquisition costs	31,477	-	45,651	-
Share-based compensation	4,024	1,106	10,111	3,206
Total of Non-GAAP adjustments	$ 35,501	$ 1,106	$ 283,790	$ 3,206
Adjusted EBITDA	**$ 28,089**	**$ 571**	**$ 63,322**	**$ (29,149)**

Horizon Pharma plc
Additional GAAP to Non-GAAP Reconciliations
(in thousands, except percentages)

	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
	(Unaudited)		(Unaudited)	
Non-GAAP Gross Profit:				
GAAP net sales	$ 75,126	$ 24,112	$ 193,114	$ 43,936
GAAP cost of goods sold	13,644	3,207	46,073	9,370
GAAP gross profit	$ 61,482	$ 20,905	$ 147,041	$ 34,566
GAAP gross profit %	81.8%	86.7%	76.1%	78.7%
Non-GAAP Gross Profit:				
GAAP gross profit	**$ 61,482**	**$ 20,905**	**$ 147,041**	**$ 34,566**
Non-GAAP gross profit adjustments:				
Remeasurement of VIMOVO royalties	-	-	13,033	-
Intangible amortization expense	6,083	1,344	15,447	3,979
Accretion of royalty liabilities	2,664	-	5,617	-
Amortization of inventory step-up adjustment	1,540	-	1,540	-
Depreciation	90	95	264	259
Total of Non-GAAP adjustments	$ 10,377	$ 1,439	$ 35,901	$ 4,238
Non-GAAP gross profit	**$ 71,859**	**$ 22,344**	**$ 182,942**	**$ 38,804**
Non-GAAP gross profit %	**95.7%**	**92.7%**	**94.7%**	**88.3%**
Non-GAAP Cash Provided By (Used) in Operating Activities:				
GAAP cash provided by (used in) operating activities	**$ 1,466**	**$ (9,441)**	**$ 17,470**	**$ (43,109)**
Cash payments related to Vidara acquisition costs	20,026	-	29,034	-
Cash payments post closing of certain transaction costs of Vidara	14,116	-	14,116	-
Non-GAAP cash provided by (used in) operating activities	**$ 35,608**	**$ (9,441)**	**$ 60,620**	**$ (43,109)**

Horizon Pharma plc
Certain Income Statement Line Items - Non-GAAP Adjusted
For the Three Months Ended September 30, 2014
(Unaudited)

	Sales	COGS	Research & Development	Sales & Marketing	General & Administrative	Interest Expense	Derivative Loss	Other (Income) Expense	Income Tax (Benefit) Expense	Total
Non-GAAP Adjustments (in thousands):										
Bargain purchase gain[1]	-	-	-	-	-	-	-	(22,171)	-	(22,171)
Change in estimate of VIMOVO royalties[2]	-	-	-	-	-	-	-	-	-	-
Deferred tax benefit resulting from a reduction in valuation allowance due to acquisition related deferred tax liabilities[3]	-	-	-	-	-	-	-	-	(3,048)	(3,048)
Loss on derivative revaluation[4]	-	-	-	-	-	-	-	-	-	-
Vidara acquisition costs[5]	-	-	-	-	28,255	-	-	3,222	-	31,477
Amortization and accretion:										
Intangible amortization expense (net of tax effect)[6]	-	6,083	-	-	-	-	-	-	-	6,083
Amortization of debt discount and deferred financing costs[7]	-	-	-	-	-	2,421	-	-	-	2,421
Accretion of royalty liability[8]	-	2,664	-	-	-	-	-	-	-	2,664
Amortization of inventory step-up adjustment[9]	-	1,540	-	-	-	-	-	-	-	1,540
Amortization of deferred revenue[10]	(156)	-	-	-	-	-	-	-	-	(156)
Stock-based compensation[11]	-	-	354	1,654	2,016	-	-	-	-	4,024
Depreciation expense[12]	-	90	-	-	323	-	-	-	-	413
Total of non-GAAP adjustments	(156)	10,377	354	1,654	30,594	2,421	-	(18,949)	(3,048)	23,247

Horizon Pharma plc
Certain Income Statement Line Items - Non-GAAP Adjusted
For the Three Months Ended September 30, 2013
(Unaudited)

	Sales	COGS	Research & Development	Sales & Marketing	General & Administrative	Interest Expense	Total
Non-GAAP Adjustments (in thousands):							
Amortization and accretion:							
Intangible amortization expense (net of tax effect)[6]	-	1,344	-	-	-	-	1,344
Amortization of debt discount and deferred financing costs[7]	-	-	-	-	-	1,214	1,214
Amortization of deferred revenue[10]	(555)	-	-	-	-	-	(555)
Stock-based compensation[11]	-	-	226	340	540	-	1,106
Depreciation expense[12]	-	95	-	-	207	-	302
Total of non-GAAP adjustments	(555)	1,439	226	340	747	1,214	3,411

Horizon Pharma plc
Certain Income Statement Line Items - Non-GAAP Adjusted
For the Nine Months Ended September 30, 2014
(Unaudited)

	Sales	COGS	Research & Development	Sales & Marketing	General & Administrative	Interest Expense	Derivative Loss	Other (Income) Expense	Income Tax (Benefit) Expense	Total
Non-GAAP Adjustments (in thousands):										
Bargain purchase gain[1]	-	-	-	-	-	-	-	(22,171)	-	(22,171)
Change in estimate of VIMOVO royalties[2]	-	13,033	-	-	-	-	-	-	-	13,033
Deferred tax benefit resulting from a reduction in valuation allowance due to acquisition related deferred tax liabilities[3]	-	-	-	-	-	-	-	-	(3,048)	(3,048)
Loss on derivative revaluation[4]	-	-	-	-	-	-	214,995	-	-	214,995
Vidara acquisition costs[5]	-	-	-	-	37,429	-	-	8,222	-	45,651
Amortization and accretion:										
Intangible amortization expense (net of tax effect)[6]	-	15,447	-	-	-	-	-	-	-	15,447
Amortization of debt discount and deferred financing costs[7]	-	-	-	-	-	7,087	-	-	-	7,087
Accretion of royalty liability[8]	-	5,617	-	-	-	-	-	-	-	5,617
Amortization of inventory step-up adjustment[9]	-	1,540	-	-	-	-	-	-	-	1,540
Amortization of deferred revenue[10]	(478)	-	-	-	-	-	-	-	-	(478)
Stock-based compensation[11]	-	-	1,152	3,278	5,681	-	-	-	-	10,111
Depreciation expense[12]	-	270	-	-	923	-	-	-	-	1,193
Total of non-GAAP adjustments	(478)	35,907	1,152	3,278	44,033	7,087	214,995	(13,949)	(3,048)	288,977

Horizon Pharma plc
Certain Income Statement Line Items - Non-GAAP Adjusted
For the Nine Months Ended September 30, 2013
(Unaudited)

	Sales	COGS	Research & Development	Sales & Marketing	General & Administrative	Interest Expense	Total
Non-GAAP Adjustments (in thousands):							
Amortization and accretion:							
Intangible amortization expense (net of tax effect)[6]	-	3,979	-	-	-	-	3,979
Amortization of debt discount and deferred financing costs[7]	-	-	-	-	-	3,043	3,043
Amortization of deferred revenue[10]	(770)	-	-	-	-	-	(770)
Stock-based compensation[11]	-	-	700	1,000	1,506	-	3,206
Depreciation expense[12]	-	270	383	-	208	-	861
Total of non-GAAP adjustments	(770)	4,249	1,083	1,000	1,714	3,043	10,319

(1) The bargain purchase gain of $22,171 was the result of the Merger. Identifiable assets and liabilities of Vidara Therapeutics International Ltd. ("Vidara"), including identifiable intangible assets, were recorded based on their estimated fair values as of the date of the closing of the Merger. The excess of the fair value of the net assets acquired over the value of consideration was recorded as a bargain purchase gain.

(2) At the time of our acquisition of the U.S. rights to VIMOVO® from AstraZeneca in the fourth quarter of 2013, we estimated the fair value of contingent royalties payable to Pozen (the "Pozen Royalty") using an income approach under the discounted cash flow method, which included revenue projections and other assumptions we made to determine the fair value. If we were to significantly overperform or underperform against our original revenue projections or it became necessary to make changes to our assumptions as a result of a triggering event, we would be required to reassess the fair value of the contingent royalties payable to Pozen. Any adjustments to fair value would be recorded in the period such adjustment was made as either an increase or decrease to royalties payable, with a corresponding increase or decrease in cost of goods sold, in accordance with our established accounting policies, and would impact the reported operating results in the period the adjustment was made. During the second quarter of 2014, based on higher sales of VIMOVO during the six months ended June 30, 2014 versus our original expectations and our adjusted expectations for future VIMOVO sales, we had recorded a charge of $13,033 to cost of goods sold to increase the amount of the contingent royalty liability to reflect the updated estimates.

(3) In connection with the Merger, we recorded additional deferred tax liabilities related to certain acquired assets, which provided a source for the realization of deferred tax assets. Accordingly, we recorded a net benefit for income taxes of $3,048 for the release of our valuation allowance during the three months ended September 30, 2014.

(4) We recorded non-cash charges related to the increase in the fair value of the embedded derivative associated with our 5.00% convertible senior notes due 2018 (the “Convertible Senior Notes”). The increase in loss on the derivative revaluation was primarily due to an increase in the market value of our common stock. The loss on derivative revaluation was a permanent tax difference and was not deductible for income tax reporting purposes.

(5) On September 19, 2014, we acquired Vidara through a reverse merger for stock and cash. Expenses, including legal and consulting fees, incurred in connection with the proposed transaction have been excluded as non-recurring items.

(6) Intangible amortization expenses are associated with the Company’s intellectual property rights, developed technology and customer relationships of VIMOVO, LODOTRA®, RAYOS® and ACTIMMUNE®. Amortization of LODOTRA and RAYOS developed technologies are included net of statutory income tax effects.

(7) Amortization of debt discount and deferred financing costs associated with the Company's $150 million Convertible Senior Notes and the Company’s $300 million senior secured credit facility.

(8) Accretion expense associated with the VIMOVO and ACTIMMUNE royalties.

(9) In connection with the Merger, the ACTIMMUNE inventory was stepped up in value to $14,218 and during the three months ended September 30, 2014, we recognized in cost of goods sold $1,540 of step-up inventory costs related to ACTIMMUNE inventory sold.

(10) Amortization of milestone payments related to LODOTRA between the Company and its European distribution partner, Mundipharma International Ltd.

(11) Stock-based compensation expense associated with the Company's stock option and restricted stock unit grants to its employees, non-employees and its employee stock purchase plan.

(12) Depreciation expense related to the Company's property, equipment, and leasehold improvements.