

HORIZON PHAMA PLC

RECONCILIATIONS OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION

February 29, 2016

EBITDA, or earnings before interest, taxes, depreciation and amortization, and adjusted EBITDA are used and provided by Horizon as non-GAAP financial measures. Horizon provides certain other financial measures such as adjusted net income, adjusted net income per share, adjusted gross profit and gross profit ratio, adjusted operating and other expenses and adjusted cash from operations, each of which include adjustments to GAAP figures. Adjustments to Horizon's GAAP figures as well as EBITDA exclude acquisition-related expenses, loss on debt extinguishment and loss on sale of long-term investments, as well as non-cash items such as share-based compensation, depreciation and amortization, royalty accretion, non-cash interest expense, and other non-cash adjustments. 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.

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 historical and expected 2016 financial 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. Horizon has not provided reconciliation of its 2016 adjusted EBITDA outlook to an expected net income (loss) outlook because certain items that are a component of net income (loss) cannot be reasonably projected, due to the significant impact of changes in Horizon's stock price on share-based compensation, the variability associated with acquisition-related expenses due to timing and other factors.

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

	Three Months Ended Dec. 31,		Twelve Months Ended Dec. 31,	
	2015	2014	2015	2014
Adjusted Non-GAAP Net Income:				
GAAP Net Income (Loss)	\$ 23,994	\$ (31,647)	\$ 39,532	\$ (263,603)
Non-GAAP Adjustments:				
Remeasurement of royalties for products acquired through business combinations	6,874	(2,373)	21,151	10,660
Acquisition related costs	7,380	3,184	72,221	48,835
Loss on sale of long-term investments	29,032	-	29,032	-
Loss on derivative revaluation	-	-	-	214,995
Secondary offering costs	-	2,857	-	2,857
Loss on induced conversion of debt and debt extinguishment	-	29,390	77,624	29,390
Bargain purchase gain	-	-	-	(22,171)
Amortization and accretion:				
Intangible amortization expense	41,706	15,836	132,923	32,306
Amortization of debt discount and deferred financing costs	5,482	2,186	18,810	9,273
Accretion of royalty liabilities	6,517	3,403	20,088	9,020
Amortization of inventory step-up adjustment	860	9,525	11,495	11,065
Share-based compensation	27,990	3,087	85,786	13,198
Depreciation expense	2,612	509	5,420	1,702
Royalties for products acquired through business combinations (1)	(8,944)	(6,202)	(29,834)	(18,264)
Total of pre-tax non-GAAP adjustments	119,509	61,402	444,716	342,866
Income tax adjustments (2)	(41,067)	(3,876)	(178,395)	(7,143)
Total of non-GAAP adjustments	78,442	57,526	266,321	335,723
Adjusted Non-GAAP Net Income	\$ 102,436	\$ 25,879	\$ 305,853	\$ 72,120
Adjusted Non-GAAP Earnings Per Share:				
Weighted average shares - Basic	159,410,594	116,333,365	148,788,020	83,751,129
Adjusted Non-GAAP Earnings Per Share - Basic:				
GAAP earnings (loss) per share - Basic	\$ 0.15	\$ (0.27)	\$ 0.27	\$ (3.15)
Non-GAAP adjustments	0.49	0.49	1.79	4.01
Adjusted Non-GAAP earnings per share - Basic	\$ 0.64	\$ 0.22	\$ 2.06	\$ 0.86
Weighted average shares - Diluted				
Weighted average shares - Basic	159,410,594	116,333,365	148,788,020	83,751,129
Ordinary share equivalents	4,423,541	20,657,476	7,135,231	20,737,726
Weighted average shares - Diluted	163,834,135	136,990,841	155,923,251	104,488,855
Adjusted Non-GAAP Net Income - Diluted				
Adjusted Non-GAAP Net Income	\$ 102,436	\$ 25,879	\$ 305,853	\$ 72,120
Add: Convertible debt interest expense, net of taxes	-	1,208	-	6,834
Adjusted Non-GAAP Net Income - Diluted	\$ 102,436	\$ 27,087	\$ 305,853	\$ 78,954
GAAP earnings (loss) per share - Diluted	\$ 0.15	\$ (0.27)	\$ 0.25	\$ (3.15)
Non-GAAP adjustments	0.48	0.49	1.71	4.01
Diluted earnings per share effect of ordinary share equivalents	-	(0.02)	-	(0.10)
Adjusted Non-GAAP earnings per share - Diluted	\$ 0.63	\$ 0.20	\$ 1.96	\$ 0.76

(1) Royalties for products acquired through business combinations relate to VIMOVO, ACTIMMUNE, RAVICTI and BUPHENYL.

(2) Adjustments to convert the income tax benefit to the estimated amount of taxes that are payable in cash.

Horizon Pharma plc
Additional GAAP to Non-GAAP Reconciliations (Unaudited)
EBITDA, Gross Profit and Operating Cash Flow
(in thousands, except percentages)

	Three Months Ended Dec 31,		Twelve Months Ended Dec 31,	
	2015	2014	2015	2014
EBITDA and Adjusted EBITDA:				
GAAP Net Income (Loss)	\$ 23,994	\$ (31,647)	\$ 39,532	\$ (263,603)
Depreciation	2,612	509	5,420	1,702
Amortization and accretion:				
Intangible amortization expense	41,706	15,836	132,923	32,306
Accretion of royalty liabilities	6,517	3,403	20,088	9,020
Amortization of deferred revenue	(208)	(166)	(962)	(644)
Amortization of inventory step-up adjustment	860	9,525	11,495	11,065
Interest expense, net (including amortization of debt discount and deferred financing costs)	20,120	10,218	69,900	23,826
Benefit for income taxes	(35,456)	(2,817)	(172,244)	(6,084)
EBITDA	\$ 60,145	\$ 4,861	\$ 106,152	\$ (192,412)
Non-GAAP adjustments:				
Remeasurement of royalties for products acquired through business combinations	6,874	(2,373)	21,151	10,660
Acquisition related costs	7,380	3,184	72,221	48,835
Loss on sale of long-term investments	29,032	-	29,032	-
Loss on derivative revaluation	-	-	-	214,995
Loss on induced conversion of debt and debt extinguishment	-	29,390	77,624	29,390
Bargain purchase gain	-	-	-	(22,171)
Secondary offering costs	-	2,857	-	2,857
Share-based compensation	27,990	3,087	85,786	13,198
Royalties for products acquired through business combinations (1)	(8,944)	(6,202)	(29,834)	(18,264)
Total of Non-GAAP adjustments	\$ 62,332	\$ 29,943	\$ 255,980	\$ 279,500
Adjusted EBITDA	\$ 122,477	\$ 34,804	\$ 362,132	\$ 87,088
Non-GAAP Gross Profit:				
GAAP net sales	\$ 244,538	\$ 103,841	\$ 757,044	\$ 296,955
GAAP cost of goods sold	67,573	32,680	219,502	78,753
GAAP gross profit	\$ 176,965	\$ 71,161	\$ 537,542	\$ 218,202
GAAP gross profit %	72.4%	68.5%	71.0%	73.5%
Non-GAAP Gross Profit:				
GAAP gross profit	\$ 176,965	\$ 71,161	\$ 537,542	\$ 218,202
Non-GAAP gross profit adjustments:				
Remeasurement of royalties for products acquired through business combinations	6,874	(2,373)	21,151	10,660
Intangible amortization expense (COGS only)	41,504	15,836	132,113	32,306
Accretion of royalty liabilities	6,517	3,403	20,088	9,020
Amortization of inventory step-up adjustment	860	9,525	11,495	11,065
Depreciation (COGS only)	189	109	457	369
Royalties for products acquired through business combinations (1)	(8,944)	(6,202)	(29,834)	(18,264)
Total of Non-GAAP adjustments	\$ 47,000	\$ 20,298	\$ 155,470	\$ 45,156
Non-GAAP gross profit	\$ 223,965	\$ 91,459	\$ 693,012	\$ 263,358
Non-GAAP gross profit %	91.6%	88.1%	91.5%	88.7%
Adjusted Operating Cash Flow:				
GAAP cash provided by operating activities	\$ 134,938	\$ 10,079	\$ 194,166	\$ 27,549
Cash payments of acquisition related costs	19,033	5,796	68,185	48,946
Cash payments for induced debt conversion	-	16,690	10,472	16,690
Cash payment for debt extinguishment	-	-	45,367	-
Payment of original issue discount on debt extinguishment	-	-	3,000	-
Adjusted operating cash flow	\$ 153,971	\$ 32,565	\$ 321,190	\$ 93,185

(1) Royalties for products acquired through business combinations relate to VIMOVO, ACTIMMUNE, RAVICTI and BUPHENYL.

Horizon Pharma plc
Certain Income Statement Line Items - Non-GAAP Adjusted
For the Three Months Ended December 31, 2015
(Unaudited)

Sales	COGS	Research & Development	Sales & Marketing	General & Administrative	Interest Expense	Loss on Sale of Long-term Investments	Loss on Induced Debt Conversion & Debt Extinguishment	Other	Income Tax (Benefit) Expense	Total
244,538	(67,573)	(13,689)	(63,352)	(61,875)	(20,120)	(29,032)	-	(359)	35,456	23,994
-	-	-	-	-	-	29,032	-	-	-	29,032
-	-	967	-	6,413	-	-	-	-	-	7,380
-	41,504	-	202	-	-	-	-	-	-	41,706
-	6,517	-	-	-	5,482	-	-	-	-	5,482
-	860	-	-	-	-	-	-	-	-	6,517
-	6,874	-	-	-	-	-	-	-	-	860
-	-	1,878	7,491	18,621	-	-	-	-	-	6,874
-	189	-	-	2,423	-	-	-	-	-	27,990
-	(8,944)	-	-	-	-	-	-	-	-	2,612
-	-	-	-	-	-	-	-	-	-	(8,944)
-	47,000	2,845	7,693	27,457	5,482	29,032	-	-	(41,067)	(41,067)
244,538	(20,573)	(10,844)	(55,659)	(34,418)	(14,638)	-	-	(359)	(5,611)	102,436

GAAP as reported

Non-GAAP Adjustments (in thousands):

- Loss on sale of long-term investments⁽¹⁾
- Acquisition related costs⁽²⁾
- Amortization and accretion:
 - Intangible amortization expense⁽³⁾
 - Amortization of debt discount and deferred financing costs⁽⁴⁾
 - Accretion of royalty liability⁽⁵⁾
 - Amortization of inventory step-up adjustment⁽⁶⁾
- Remeasurement of royalties for products acquired through business combinations⁽⁷⁾
- Share-based compensation⁽⁸⁾
- Depreciation expense⁽⁹⁾
- Royalties for products acquired through business combinations⁽¹⁰⁾
- Income tax adjustments⁽¹¹⁾
- Total of non-GAAP adjustments

Adjusted Non-GAAP

Horizon Pharma plc
Certain Income Statement Line Items - Non-GAAP Adjusted
For the Three Months Ended December 31, 2014
(Unaudited)

Sales	COGS	Research & Development	Sales & Marketing	General & Administrative	Interest Expense	Loss on Sale of Long-term Investments	Loss on Induced Debt Conversion & Debt Extinguishment	Other	Income Tax (Benefit) Expense	Total
103,841	(32,680)	(6,859)	(33,344)	(21,975)	(10,218)	-	(29,390)	(3,839)	2,817	(31,647)
-	-	-	-	-	-	-	29,390	-	-	29,390
-	-	-	-	3,184	-	-	-	-	-	3,184
-	-	-	-	-	-	-	-	2,857	-	2,857
-	15,633	-	203	-	-	-	-	-	-	15,836
-	3,403	-	-	-	2,186	-	-	-	-	2,186
-	9,525	-	-	-	-	-	-	-	-	3,403
-	(2,373)	-	-	-	-	-	-	-	-	9,525
-	-	363	896	1,828	-	-	-	-	-	(2,373)
-	99	-	-	410	-	-	-	-	-	3,087
-	(6,202)	-	-	-	-	-	-	-	-	509
-	20,085	363	1,099	5,422	2,186	-	-	-	(3,876)	(3,876)
103,841	(12,595)	(6,496)	(32,246)	(16,553)	(8,032)	-	-	(982)	(1,059)	25,879

GAAP as reported

Non-GAAP Adjustments (in thousands):

- Loss on induced conversion of debt and debt extinguishment^(1,2)
- Acquisition related costs⁽²⁾
- Secondary offering costs^(1,3)
- Amortization and accretion:
 - Intangible amortization expense⁽³⁾
 - Amortization of debt discount and deferred financing costs⁽⁴⁾
 - Accretion of royalty liability⁽⁵⁾
 - Amortization of inventory step-up adjustment⁽⁶⁾
- Remeasurement of royalties for products acquired through business combinations⁽⁷⁾
- Share-based compensation⁽⁸⁾
- Depreciation expense⁽⁹⁾
- Royalties for products acquired through business combinations⁽¹⁰⁾
- Income tax adjustments⁽¹¹⁾
- Total of non-GAAP adjustments

Adjusted Non-GAAP

Horizon Pharma plc
Certain Income Statement Line Items - Non-GAAP Adjusted
For the Twelve Months Ended December 31, 2015
(Unaudited)

	Sales	COGS	Research & Development	Sales & Marketing	General & Administrative	Interest Expense	Loss on Sale of Long-term Investments	Loss on Induced Debt Conversion & Debt Extinguishment	Other	Income Tax (Benefit) Expense	Total
GAAP as reported	757,044	(219,502)	(41,865)	(220,444)	(219,861)	(69,900)	(29,032)	(77,624)	(11,528)	172,244	39,532
Non-GAAP Adjustments (in thousands):											
Loss on induced conversion of debt and debt extinguishment ⁽¹²⁾	-	-	-	-	-	-	-	77,624	-	-	77,624
Loss on sale of long-term investments ⁽¹⁾	-	-	-	-	-	-	29,032	-	-	-	29,032
Acquisition related costs ⁽²⁾	-	23	3,219	-	58,979	-	-	-	10,000	-	72,221
Amortization and accretion:											
Intangible amortization expense ⁽³⁾	-	132,113	-	810	-	-	-	-	-	-	132,923
Amortization of debt discount and deferred financing costs ⁽⁴⁾	-	-	-	-	-	18,810	-	-	-	-	18,810
Accretion of royalty liability ⁽⁵⁾	-	20,088	-	-	-	-	-	-	-	-	20,088
Amortization of inventory step-up adjustment ⁽⁶⁾	-	11,495	-	-	-	-	-	-	-	-	11,495
Remeasurement of royalties for products acquired through business combinations ⁽⁷⁾	-	21,151	-	-	-	-	-	-	-	-	21,151
Share-based compensation ⁽⁸⁾	-	-	6,590	23,062	56,134	-	-	-	-	-	85,786
Depreciation expense ⁽⁹⁾	-	457	-	-	4,963	-	-	-	-	-	5,420
Royalties for products acquired through business combinations ⁽¹⁰⁾	-	(29,834)	-	-	-	-	-	-	-	-	(29,834)
Income tax adjustments ⁽¹¹⁾	-	-	-	-	-	-	-	-	-	(178,395)	(178,395)
Total of non-GAAP adjustments	-	155,493	9,809	23,872	120,076	18,810	29,032	77,624	10,000	(178,395)	266,321
Adjusted Non-GAAP	757,044	(64,009)	(32,056)	(196,572)	(99,785)	(51,090)	-	-	(1,528)	(6,151)	305,853

Horizon Pharma plc
Certain Income Statement Line Items - Non-GAAP Adjusted
For the Twelve Months Ended December 31, 2014
(Unaudited)

	Sales	COGS	Research & Development	Sales & Marketing	General & Administrative	Interest Expense	Loss on Sale of Long-term Investments	Loss on Induced Debt Conversion & Debt Extinguishment	Other	Income Tax (Benefit) Expense	Total
GAAP as reported	296,955	(78,753)	(17,460)	(120,276)	(88,957)	(23,826)	-	(29,390)	(207,980)	6,084	(263,603)
Non-GAAP Adjustments (in thousands):											
Loss on induced conversion of debt and debt extinguishment ⁽¹²⁾	-	-	-	-	-	-	-	29,390	-	-	29,390
Bargain purchase gain ⁽¹⁴⁾	-	-	-	-	-	-	-	-	(22,171)	-	(22,171)
Loss on derivative revaluation ⁽¹⁵⁾	-	-	-	-	-	-	-	-	214,995	-	214,995
Acquisition related costs ⁽²⁾	-	-	-	-	40,613	-	-	-	8,222	-	48,835
Secondary offering costs ⁽¹³⁾	-	-	-	-	-	-	-	-	2,857	-	2,857
Amortization and accretion:											
Intangible amortization expense ⁽³⁾	-	32,076	-	230	-	-	-	-	-	-	32,306
Amortization of debt discount and deferred financing costs ⁽⁴⁾	-	-	-	-	-	9,273	-	-	-	-	9,273
Accretion of royalty liability ⁽⁵⁾	-	9,020	-	-	-	-	-	-	-	-	9,020
Amortization of inventory step-up adjustment ⁽⁶⁾	-	11,065	-	-	-	-	-	-	-	-	11,065
Remeasurement of royalties for products acquired through business combinations ⁽⁷⁾	-	10,660	-	-	-	-	-	-	-	-	10,660
Share-based compensation ⁽⁸⁾	-	-	1,515	4,174	7,509	-	-	-	-	-	13,198
Depreciation expense ⁽⁹⁾	-	369	-	-	1,333	-	-	-	-	-	1,702
Royalties for products acquired through business combinations ⁽¹⁰⁾	-	(18,264)	-	-	-	-	-	-	-	-	(18,264)
Income tax adjustments ⁽¹¹⁾	-	-	-	-	-	-	-	-	-	(7,143)	(7,143)
Total of non-GAAP adjustments	-	44,926	1,515	4,404	49,455	9,273	-	29,390	203,903	(7,143)	335,723
Adjusted Non-GAAP	296,955	(33,827)	(15,945)	(115,873)	(39,502)	(14,553)	-	-	(4,077)	(1,059)	72,120

NOTES FOR CERTAIN INCOME STATEMENT LINE ITEMS - NON-GAAP ADJUSTED
(in thousands)

- (1) During the three months ended September 30, 2015, the Company purchased 2,250,000 shares of common stock of Depomed, Inc. ("Depomed") representing 3.75 percent of Depomed's then outstanding common stock. The shares were acquired at a cost of \$71,813. During the three months ended December 31, 2015, following the Company's decision to withdraw its offer to acquire Depomed, the Company sold all of its shares in Depomed, receiving sales proceeds of \$42,781. Following this sale, the Company recognized a loss of \$29,032 in the consolidated statement of comprehensive income (loss).
- (2) Expenses, including legal and consulting fees, incurred in connection with the Company's acquisitions of Vidara Therapeutics International Public Limited Company ("Vidara"), Hyperion Therapeutics, Inc. ("Hyperion") and Crealta Holdings LLC ("Crealta"), and its withdrawn offer to acquire Depomed, have been excluded as non-recurring items.
- (3) Intangible amortization expenses are associated with the Company's intellectual property rights, developed technology and customer relationships of VIMOVO, LODOTRA, RAYOS, ACTIMMUNE, PENNSAID 2%, RAVICTI and BUPHENYL.
- (4) Represents amortization of debt discount and deferred financing costs associated with the Company's debt.
- (5) Represents accretion expense associated with the ACTIMMUNE, VIMOVO, RAVICTI and BUPHENYL royalties for the three and twelve months ended December 31, 2015, and represents accretion expense associated with the ACTIMMUNE and VIMOVO royalties for the three and twelve months ended December 31, 2014.
- (6) In connection with the Hyperion acquisition, the RAVICTI and BUPHENYL inventory was stepped up in value to \$8,682 and during the three and twelve months ended December 31, 2015, the Company recognized in cost of goods sold \$860 and \$8,341, respectively, of step-up inventory costs related to RAVICTI and BUPHENYL inventory sold. In connection with the Vidara acquisition, the ACTIMMUNE inventory was stepped up in value to \$14,218 and during the three and twelve months ended December 31, 2014, the Company recognized in cost of goods sold \$9,525 and \$11,065, respectively, of step-up inventory costs related to ACTIMMUNE. During the first quarter of 2015, the Company recognized in cost of goods sold the remaining \$3,154 of step-up inventory costs related to ACTIMMUNE.
- (7) At the time of the Company's acquisition of the rights to VIMOVO, ACTIMMUNE, RAVICTI and BUPHENYL, the Company estimated the fair value of contingent royalties payable to third parties using an income approach under the discounted cash flow method, which included revenue projections and other assumptions the Company made to determine the fair value. If the Company significantly over performs or underperforms against its original revenue projections or it becomes necessary to make changes to assumptions as a result of a triggering event, the Company is required to reassess the fair value of the contingent royalties payable. Any subsequent adjustments to fair value is recorded in the period such adjustment is made as either an increase or decrease to royalties payable, with a corresponding increase or decrease in cost of goods sold, in accordance with established accounting policies.

During the three and twelve months ended December 31, 2015, the Company recorded a charge of \$6,874 and \$21,151, respectively, to cost of goods sold to adjust the amount of the contingent royalty liabilities relating to VIMOVO, ACTIMMUNE and RAVICTI. During the three and twelve months ended December 31, 2014, the Company recorded a net decrease of \$2,373 and a net charge of \$10,660, respectively, to cost of goods sold to adjust the amount of the contingent royalty liability relating to ACTIMMUNE and VIMOVO.

- (8) Represents share-based compensation expense associated with the Company's stock option, restricted stock unit, and performance stock unit grants to its employees and non-employees, its cash-settled long-term incentive program, and its employee stock purchase plan.
- (9) Represents depreciation expense related to the Company's property, equipment and leasehold improvements.
- (10) Royalties of \$8,944 and \$29,834 were incurred during the three and twelve months ended December 31, 2015, respectively, based on each period's net sales for VIMOVO, ACTIMMUNE, RAVICTI and BUPHENYL. Royalties of \$6,202 and \$18,264 were incurred during the three and twelve months ended December 31, 2014, respectively, based on each period's net sales for VIMOVO and ACTIMMUNE.
- (11) Represents adjustments to convert the income tax benefit to the estimated amount of taxes that are payable in cash.
- (12) During the six months ended June 30, 2015, the Company recorded a loss on induced debt conversions of \$77,624, which represented an early redemption payment of \$45,366, the write-down of \$21,581 in debt discount and deferred financing costs, \$10,005 in additional exchange consideration to debt holders and \$672 in expenses incurred in connection with the induced debt conversions. Following these induced debt conversions in the six months ended June 30, 2015, there were no convertible senior notes remaining outstanding. During the three and twelve months ended December 31, 2014, the Company recorded a loss on induced debt conversions of \$29,390 as result of induced conversions of convertible senior notes in the fourth quarter of 2014.
- (13) Represents legal, consulting and investment advisory fees associated with the Company's secondary offering in the fourth quarter of 2014.
- (14) The bargain purchase gain of \$22,171 was the result of the Vidara acquisition. Identifiable assets and liabilities of Vidara, including identifiable intangible assets, were recorded based on their estimated fair values as of the date of the closing of the acquisition. The excess of the fair value of the net assets acquired over the value of consideration was recorded as a bargain purchase gain.
- (15) During the six months ended June 30, 2014, the Company recorded non-cash charges of \$214,995 related to the increase in the fair value of the embedded derivative associated with its convertible senior notes. The loss on the derivative revaluation was primarily due to an increase in the market value of the Company's common stock. The loss on derivative revaluation was a permanent tax difference and was not deductible for income tax reporting purposes. On June 27, 2014, the derivative liability was re-measured to a final fair value and the entire fair value of the derivative liability of \$324,405 was reclassified to additional paid-in capital. As such, there was no derivative revaluation subsequent to June 2014.