HORIZON PHARMA PLC

RECONCILIATIONS OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION – NEW METHODOLOGY

August 8, 2016

EBITDA, or earnings before interest, taxes, depreciation and amortization, and adjusted EBITDA are used and provided by Horizon Pharma plc (“Horizon”, the “Company”, “we”, “our”) as non-GAAP financial measures. Horizon provides certain other financial measures such as non-GAAP net income, non-GAAP earnings per share, non-GAAP gross profit and gross profit ratio, non-GAAP operating and other expenses, non-GAAP cash from operations and non-GAAP income tax information, each of which include adjustments to GAAP figures. Adjusted EBITDA, non-GAAP net income and non-GAAP cash from operations are intended to provide additional information on Horizon’s performance, operations, profitability and cash flows. Adjustments to Horizon's GAAP figures as well as EBITDA exclude acquisition-related expenses, an upfront fee for a license of a patent, 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 maintains an established non-GAAP cost policy that guides the determination of what costs will be excluded in non-GAAP 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 and operating 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 and to facilitate comparisons between periods and with respect to projected information. 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. For example, adjusted EBITDA is used by Horizon as one measure of management performance under certain incentive compensation arrangements. 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 reconciliations of its 2016 adjusted EBITDA or non-GAAP income tax outlook to an expected net income (loss) or GAAP income tax expense outlook because certain items such as acquisition-related expenses and share-based compensation that are a component of net income (loss) and impact GAAP income taxes expenses, cannot be reasonably projected due to the significant impact of changes in Horizon's stock price, the variability associated with the size or timing of acquisitions, and other factors. These components of net income (loss) could significantly impact Horizon’s actual net income (loss) and income tax expense.

Horizon is modifying the method of calculating its non-GAAP income tax expense to align with guidance issued by the U.S. Securities and Exchange Commission (SEC) on May 17, 2016. The new methodology, which the Company will begin using exclusively in the third quarter of 2016, calculates the income tax component of non-GAAP net income for each period by adjusting the GAAP tax expense (benefit) for the estimated tax impact of each non-GAAP adjustment based on the statutory tax rate of the applicable jurisdiction for each non-GAAP adjustment. This new methodology does not reflect any use of net operating loss carryforwards that the Company potentially may have been able to use if its actual earnings for these periods had been the non-GAAP net income. Importantly, this change has no impact on the amount of cash taxes paid, operating cash flows or full-year guidance for net sales or adjusted EBITDA. Previously, the Company had calculated the income tax component of non-GAAP net income by using the estimated cash taxes that it expected to pay for the period. The non-GAAP net income and diluted net income per share amounts shown in the GAAP to non-GAAP reconciliation tables below are based on the new methodology.

Horizon Pharma plc
GAAP to Non-GAAP Reconciliations
Net Income and Earnings Per Share - New Methodology (Unaudited)
(in thousands, except share and per share data)

	Quarter Ended Mar. 31, 2015	Quarter Ended Jun. 30, 2015	Quarter Ended Sep. 30, 2015	Quarter Ended Dec. 31, 2015	Year Ended Dec. 31, 2015
Non-GAAP Net Income:					
GAAP Net (Loss) Income	$ (19,553)	$ 31,814	$ 3,277	$ 23,994	$ 39,532
Non-GAAP Adjustments:					
Remeasurement of royalties for medicines acquired through business combinations	-	14,277	-	6,874	21,151
Acquisition-related costs	3,654	46,689	14,498	7,380	72,221
Loss on sale of long-term investments	-	-	-	29,032	29,032
Loss on induced conversion of debt and debt extinguishment	10,544	67,080	-	-	77,624
Amortization and accretion:					
Intangible amortization expense	17,678	31,832	41,707	41,706	132,923
Amortization of debt discount and deferred financing costs	2,226	5,622	5,480	5,482	18,810
Accretion of royalty liabilities	3,043	3,977	6,551	6,517	20,088
Amortizaton of inventory step-up adjustment	3,154	3,341	4,140	860	11,495
Share-based compensation	6,674	24,665	26,457	27,990	85,786
Depreciation expense	654	576	1,578	2,612	5,420
Royalties for medicines acquired through business combinations (1)	(5,196)	(6,840)	(8,854)	(8,944)	(29,834)
Total of pre-tax non-GAAP adjustments	42,431	191,219	91,557	119,509	444,716
Income tax effect of pre-tax non-GAAP adjustments	(172)	(59,028)	(25,018)	(37,996)	(122,214)
Other non-GAAP income tax adjustments	-	(105,133)	-	-	(105,133)
Total of non-GAAP adjustments	42,259	27,058	66,539	81,513	217,369
Non-GAAP Net Income	**$ 22,706**	**$ 58,872**	**$ 69,816**	**$ 105,507**	**$ 256,901**
Non-GAAP Earnings Per Share:					
Weighted average shares - Basic	**125,650,593**	**150,771,902**	**159,035,580**	**159,410,594**	**148,788,020**
Non-GAAP Earnings Per Share - Basic					
GAAP (loss) earnings per share - Basic	**$ (0.16)**	**$ 0.21**	**$ 0.02**	**$ 0.15**	**$ 0.27**
Non-GAAP adjustments	0.34	0.18	0.42	0.51	1.46
Non-GAAP earnings per share - Basic	**$ 0.18**	**$ 0.39**	**$ 0.44**	**$ 0.66**	**$ 1.73**
Weighted average shares - Diluted					
Weighted average shares - Basic	125,650,593	150,771,902	159,035,580	159,410,594	148,788,020
Ordinary share equivalents	12,524,900	9,025,417	7,795,220	4,423,541	7,135,231
Weighted average shares - Diluted	**138,175,493**	**159,797,319**	**166,830,800**	**163,834,135**	**155,923,251**
Non-GAAP earnings per share - Diluted					
GAAP (loss) earnings per share - Diluted	**$ (0.16)**	**$ 0.20**	**$ 0.02**	**$ 0.15**	**$ 0.25**
Non-GAAP adjustments	0.34	0.17	0.40	0.49	1.40
Diluted earnings per share effect of ordinary share equivalents	(0.02)	-	-	-	-
Non-GAAP earnings per share - Diluted	**$ 0.16**	**$ 0.37**	**$ 0.42**	**$ 0.64**	**$ 1.65**

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

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

	Quarter Ended Mar. 31, 2015	Quarter Ended Jun. 30, 2015	Quarter Ended Sep. 30, 2015	Quarter Ended Dec. 31, 2015	Year Ended Dec. 31, 2015
EBITDA and Adjusted EBITDA:					
GAAP Net Income (Loss)	**$ (19,553)**	**$ 31,814**	**$ 3,277**	**$ 23,994**	**$ 39,532**
Depreciation	654	576	1,578	2,612	5,420
Amortization and accretion:					
Intangible amortization expense	17,678	31,832	41,707	41,706	132,923
Accretion of royalty liabilities	3,043	3,977	6,551	6,517	20,088
Amortization of deferred revenue	(135)	(129)	(490)	(208)	(962)
Amortizaton of inventory step-up adjustment	3,154	3,341	4,140	860	11,495
Interest expense, net (including amortization of debt discount and deferred financing costs)	10,032	19,448	20,300	20,120	69,900
Expense (benefit) for income taxes	1,913	(160,680)	21,979	(35,456)	(172,244)
EBITDA	**$ 16,786**	**$ (69,821)**	**$ 99,042**	**$ 60,145**	**$ 106,152**
Non-GAAP adjustments:					
Remeasurement of royalties for medicines acquired through business combinations	-	14,277	-	6,874	21,151
Acquisition-related costs	3,654	46,689	14,498	7,380	72,221
Loss on sale of long-term investments	-	-	-	29,032	29,032
Loss on induced conversion of debt and debt extinguishment	10,544	67,080		-	77,624
Share-based compensation	6,674	24,665	26,457	27,990	85,786
Royalties for medicines acquired through business combinations (1)	(5,196)	(6,840)	(8,854)	(8,944)	(29,834)
Total of Non-GAAP adjustments	$ 15,676	$ 145,871	$ 32,101	$ 62,332	$ 255,980
Adjusted EBITDA	**$ 32,462**	**$ 76,050**	**$ 131,143**	**$ 122,477**	**$ 362,132**
Non-GAAP Gross Profit:					
GAAP gross profit	**$ 84,288**	**$ 110,995**	**$ 165,294**	**$ 176,965**	**$ 537,542**
Non-GAAP gross profit adjustments:					
Remeasurement of royalties for medicines acquired through business combinations	-	14,277	-	6,874	21,151
Intangible amortization expense (COGS only)	17,477	31,628	41,505	41,503	132,113
Accretion of royalty liabilities	3,043	3,977	6,551	6,517	20,088
Amortizaton of inventory step-up adjustment	3,154	3,341	4,140	860	11,495
Depreciation (COGS only)	129	74	65	189	457
Royalties for medicines acquired through business combinations (1)	(5,196)	(6,840)	(8,854)	(8,944)	(29,834)
Total of Non-GAAP adjustments	$ 18,607	$ 46,457	$ 43,407	$ 46,999	$ 155,470
Non-GAAP gross profit	**$ 102,895**	**$ 157,452**	**$ 208,701**	**$ 223,964**	**$ 693,012**
GAAP gross profit %	**74.5%**	**64.2%**	**73.0%**	**72.4%**	**71.0%**
Non-GAAP gross profit %	**90.9%**	**91.1%**	**92.1%**	**91.6%**	**91.5%**
Non-GAAP Operating Cash Flow:					
GAAP cash (used in) provided by operating activities	**$ (70,739)**	**$ 41,584**	**$ 88,383**	**$ 134,938**	**$ 194,166**
Cash payments of acquistion-related costs	1,820	34,868	12,464	19,033	68,185
Cash payments for induced debt conversion	5,696	4,776	-	-	10,472
Cash payment for debt extinguishment		45,367	-	-	45,367
Payment of original issue discount on debt extinguishment	-	3,000	-	-	3,000
Non-GAAP operating cash flow	**$ (63,223)**	**$ 129,595**	**$ 100,847**	**$ 153,971**	**$ 321,190**

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

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

	COGS	Research & Development	Sales & Marketing	General & Administrative	Interest Expense	Loss on Induced Debt Conversion & Debt Extinguishment	Other	Income Tax Expense
GAAP as reported	(28,853)	(6,181)	(47,063)	(26,280)	(10,032)	(10,544)	(991)	(1,913)
Non-GAAP Adjustments (in thousands):								
Loss on induced conversion of debt and debt extinguishment[1]	-	-	-	-	-	10,544	-	-
Acquisition-related costs[2]	23	94	-	2,537	-	-	1,000	-
Amortization and accretion:								
Intangible amortization expense[3]	17,476	-	202	-	-	-	-	-
Amortization of debt discount and deferred financing costs[4]	-	-	-	-	2,226	-	-	-
Accretion of royalty liability[5]	3,043	-	-	-	-	-	-	-
Amortization of inventory step-up adjustment[6]	3,154	-	-	-	-	-	-	-
Share-based compensation[7]	-	458	2,801	3,415	-	-	-	-
Depreciation expense[8]	129	-	-	525	-	-	-	-
Royalties for medicines acquired through business combinations[9]	(5,196)	-	-	-	-	-	-	-
Income tax effect on pre-tax non-GAAP adjustments[10]	-	-	-	-	-	-	-	(172)
Total of non-GAAP adjustments	18,629	552	3,003	6,477	2,226	10,544	1,000	(172)
Non-GAAP	(10,224)	(5,629)	(44,060)	(19,803)	(7,806)	-	9	(2,085)

Horizon Pharma plc
Certain Income Statement Line Items - Non-GAAP Adjusted
For the Three Months Ended June 30, 2015
(Unaudited)

	COGS	Research & Development	Sales & Marketing	General & Administrative	Interest Expense	Loss on Induced Debt Conversion & Debt Extinguishment	Other	Income Tax Benefit (Expense)
GAAP as reported	(61,826)	(8,922)	(58,056)	(77,190)	(19,448)	(67,080)	(9,078)	160,680
Non-GAAP Adjustments (in thousands):								
Loss on induced conversion of debt and debt extinguishment[1]	-	-	-	-	-	67,080	-	-
Acquisition-related costs[2]	-	-	-	37,689	-	-	9,000	-
Amortization and accretion:								
Intangible amortization expense[3]	31,628	-	204	-	-	-	-	-
Amortization of debt discount and deferred financing costs[4]	-	-	-	-	5,622	-	-	-
Accretion of royalty liability[5]	3,977	-	-	-	-	-	-	-
Amortization of inventory step-up adjustment[6]	3,341	-	-	-	-	-	-	-
Remeasurement of royalties for medicines acquired through business combinations[11]	14,277	-	-	-	-	-	-	-
Share-based compensation[7]	-	2,212	5,735	16,718	-	-	-	-
Depreciation expense[8]	74	-	-	502	-	-	-	-
Royalties for medicines acquired through business combinations[9]	(6,840)	-	-	-	-	-	-	-
Income tax effect on pre-tax non-GAAP adjustments[10]	-	-	-	-	-	-	-	(59,028)
Other non-GAAP income tax adjustments[12]	-	-	-	-	-	-	-	(105,133)
Total of non-GAAP adjustments	46,457	2,212	5,939	54,909	5,622	67,080	9,000	(164,161)
Non-GAAP	(15,369)	(6,710)	(52,117)	(22,281)	(13,826)	-	(78)	(3,481)

Horizon Pharma plc
Certain Income Statement Line Items - Non-GAAP Adjusted
For the Three Months Ended September 30, 2015
(Unaudited)

	COGS	Research & Development	Sales & Marketing	General & Administrative	Interest Expense	Income Tax Expense
GAAP as reported	(61,250)	(13,073)	(51,973)	(54,516)	(20,300)	(21,979)
Non-GAAP Adjustments (in thousands):						
Acquisition-related costs(2)	-	2,158	-	12,340	-	-
Amortization and accretion:						
Intangible amortization expense(3)	41,505	-	202	-	-	-
Amortization of debt discount and deferred financing costs(4)	-	-	-	-	5,480	-
Accretion of royalty liability(5)	6,551	-	-	-	-	-
Amortization of inventory step-up adjustment(6)	4,140	-	-	-	-	
Share-based compensation(7)	-	2,042	7,035	17,380	-	-
Depreciation expense(8)	65	-	-	1,513	-	-
Royalties for medicines acquired through business combinations(9)	(8,854)	-	-	-	-	-
Income tax effect on pre-tax non-GAAP adjustments(10)	-	-	-	-	-	(25,018)
Total of non-GAAP adjustments	43,407	4,200	7,237	31,233	5,480	(25,018)
Non-GAAP	(17,843)	(8,873)	(44,736)	(23,283)	(14,820)	(46,997)

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

	COGS	Research & Development	Sales & Marketing	General & Administrative	Interest Expense	Loss on Sale of Long-term Investments	Income Tax Benefit (Expense)
GAAP as reported	(67,573)	(13,689)	(63,352)	(61,875)	(20,120)	(29,032)	35,456
Non-GAAP Adjustments (in thousands):							
Loss on sale of long-term investments(13)	-	-	-	-	-	29,032	-
Acquisition-related costs(2)	-	967	-	6,413	-	-	-
Amortization and accretion:							
Intangible amortization expense(3)	41,504	-	202	-	-	-	-
Amortization of debt discount and deferred financing costs(4)	-	-	-	-	5,482	-	-
Accretion of royalty liability(5)	6,517	-	-	-	-	-	-
Amortization of inventory step-up adjustment(6)	860	-	-	-	-	-	-
Remeasurement of royalties for medicines acquired through business combinations(11)	6,874	-	-	-	-	-	-
Share-based compensation(7)	-	1,878	7,491	18,621	-	-	-
Depreciation expense(8)	189	-	-	2,423	-	-	-
Royalties for medicines acquired through business combinations(9)	(8,944)	-	-	-	-	-	-
Income tax effect on pre-tax non-GAAP adjustments(10)	-	-	-	-	-	-	(37,996)
Total of non-GAAP adjustments	47,000	2,845	7,693	27,457	5,482	29,032	(37,996)
Non-GAAP	(20,573)	(10,844)	(55,659)	(34,418)	(14,638)	-	(2,540)

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

	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)
GAAP as reported	(219,502)	(41,865)	(220,444)	(219,861)	(69,900)	(29,032)	(77,624)	(10,291)	172,244
Non-GAAP Adjustments (in thousands):									
Loss on induced conversion of debt and debt extinguistment[1]	-	-	-	-	-	-	77,624	-	-
Loss on sale of long-term investments[13]	-	-	-	-	-	29,032	-	-	-
Acquisition-related costs[2]	23	3,219	-	58,979	-	-	-	10,000	-
Amortization and accretion:									
Intangible amortization expense[3]	132,113	-	810	-	-	-	-	-	-
Amortization of debt discount and deferred financing costs[4]	-	-	-	-	18,810	-	-	-	-
Accretion of royalty liability[5]	20,088	-	-	-	-	-	-	-	-
Amortization of inventory step-up adjustment[6]	11,495	-	-	-	-	-	-	-	-
Remeasurement of royalties for medicines acquired through business combinations[11]	21,151	-	-	-	-	-	-	-	-
Share-based compensation[7]	-	6,590	23,062	56,134	-	-	-	-	-
Depreciation expense[8]	457	-	-	4,963	-	-	-	-	-
Royalties for medicines acquired through business combinations[9]	(29,834)	-	-	-	-	-	-	-	-
Income tax effect on pre-tax non-GAAP adjustments[10]	-	-	-	-	-	-	-	-	(122,214)
Other non-GAAP income tax adjustments[12]	-	-	-	-	-	-	-	-	(105,133)
Total of non-GAAP adjustments	155,493	9,809	23,872	120,076	18,810	29,032	77,624	10,000	(227,347)
Non-GAAP	(64,009)	(32,056)	(196,572)	(99,785)	(51,090)	-	-	(291)	(55,103)

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

(1) During the six months ended June 30, 2015, the Company recorded a total 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.

(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, Inc. ("Depomed") have been excluded.

(3) Intangible amortization expenses are associated with the Company's intellectual property rights, developed technology and customer relationships of ACTIMMUNE, BUPHENYL, LODOTRA, PENNSAID 2%, RAYOS, RAVICTI and VIMOVO.

(4) Represents amortization of debt discount and deferred financing costs associated with the Company's debt.

(5) Represents accretion expense associated with the ACTIMMUNE, BUPHENYL, RAVICTI and VIMOVO royalties.

(6) In connection with the Hyperion acquisition, the RAVICTI and BUPHENYL inventory was stepped up in value by $8,682 and, in connection with the Vidara acquisition, the ACTIMMUNE inventory was stepped up in value by $14,218. During the twelve months ended December 31, 2015 the Company recognized in cost of goods sold a total of $11,495 of step-up inventory costs related to ACTIMMUNE, RAVICTI and BUPHENYL.

(7) 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.

(8) Represents depreciation expense related to the Company's property, equipment, software and leasehold improvements.

(9) Total royalties of $29,834 were incurred during the twelve months ended December 31, 2015, based on the periods' net sales for ACTIMMUNE, RAVICTI, BUPHENYL, and VIMOVO.

(10) Income tax adjustments on pre-tax non-GAAP adjustments represent the estimated income tax impact of each pre-tax non-GAAP adjustment based on the statutory income tax rate of the applicable jurisdictions for each non-GAAP adjustment.

(11) At the time of the Company's acquisition of the rights to ACTIMMUNE, BUPHENYL, RAVICTI and VIMOVO, 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 adjustment 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 twelve months ended December 31, 2015, the Company recorded a total charge of $21,151 to cost of goods sold to adjust the amount of the contingent royalty liabilities relating to ACTIMMUNE, RAVICTI and VIMOVO.

(12) Other non-GAAP income tax adjustments of $105,133 in the second quarter of 2015 related to the release of certain valuation allowances in connection with the Hyperion acquisition.

(13) During the third quarter of 2015, the Company purchased 2,250,000 shares of common stock of Depomed representing 3.75 percent of Depomed’s then outstanding common stock. The shares were acquired at a cost of $71,813. During the fourth quarter of 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).