HORIZON PHARMA plc

RECONCILIATIONS OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION

February 27, 2015

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, loss on induced debt conversion, loss on debt extinguishment, secondary offering 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 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 December 31, 2014	Three Months Ended December 31, 2013	Twelve Months Ended December 31, 2014	Twelve Months Ended December 31, 2013
	(Unaudited)		(Unaudited)	
Adjusted Non-GAAP Net Income (Loss):				
GAAP Net Income (Loss)	**$ (31,647)**	**$ (102,901)**	**$ (263,603)**	**$ (149,005)**
Non-GAAP Adjustments:				
Bargain purchase gain	-	-	(22,171)	-
Vidara acquisition costs	2,776	-	48,427	-
PENNSAID acquisition costs	408	-	408	-
Loss on induced debt conversion / debt extinguishment	29,390	26,404	29,390	26,404
Secondary offering costs	2,857	-	2,857	-
Deferred tax benefit resulting from a reduction in valuation allowance due to acquisition related deferred tax liabilities	-	-	(3,048)	-
Remeasurement of VIMOVO and ACCTIMMUNE royalty liabilities	(2,373)	-	10,660	-
Loss on derivative revaluation	-	69,300	214,995	69,300
Amortization and accretion:				
Intangible amortization expense (net of tax effect)	15,522	2,811	30,969	6,790
Amortization of debt discount and deferred financing costs	2,186	1,321	9,273	4,364
Accretion of royalty liabilities	3,403	-	9,020	-
Amortization of inventory step-up adjustment	9,525	-	11,065	-
Amortization of deferred revenue	(166)	(160)	(644)	(930)
Share-based compensation	3,087	1,808	13,198	5,014
Depreciation expense	509	313	1,702	1,174
Total of non-GAAP adjustments	67,124	101,797	356,101	112,116
Adjusted Non-GAAP Net Income (Loss)	**$ 35,477**	**$ (1,104)**	**$ 92,498**	**$ (36,889)**
Weighted average shares - Basic	**116,333,365**	**65,856,170**	**83,751,129**	**63,657,924**
Adjusted Non-GAAP Net Income (Loss) Per Share - Basic:				
GAAP net income (loss) per share-Basic	**$ (0.27)**	**$ (1.56)**	**$ (3.15)**	**$ (2.34)**
Non-GAAP adjustments	0.57	1.54	4.25	1.76
Adjusted Non-GAAP Net Income (Loss) per share - Basic	**$ 0.30**	**$ (0.02)**	**$ 1.10**	**$ (0.58)**
Weighted average shares - Diluted				
Weighted average shares - Basic	116,333,365	65,856,170	83,751,129	63,657,924
Ordinary stock equivalents	20,657,476	-	20,737,726	-
Weighted average shares - Diluted	**136,990,841**	**65,856,170**	**104,488,855**	**63,657,924**
Adjusted Non-GAAP Net Income (Loss) Per Share - Diluted:				
Adjusted Non-GAAP Net Income (Loss)	$ 35,477	$ (1,104)	$ 92,498	$ (36,889)
Add: Convertible debt interest expense, net of taxes	1,208	-	6,834	-
Adjusted Non-GAAP Net Income (Loss) - Diluted	**$ 36,685**	**$ (1,104)**	**$ 99,332**	**$ (36,889)**
GAAP net income (loss) per share-Diluted	**$ (0.27)**	**$ (1.56)**	**$ (3.15)**	**$ (2.34)**
Non-GAAP adjustments	0.57	1.54	4.25	1.76
Diluted earnings per share effect of ordinary share equivalents	(0.03)	-	(0.15)	-
Adjusted Non-GAAP Net Income (Loss) per share - Diluted	**$ 0.27**	**$ (0.02)**	**$ 0.95**	**$ (0.58)**

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

	Three Months Ended December 31, 2014	Three Months Ended December 31, 2013	Twelve Months Ended December 31, 2014	Twelve Months Ended December 31, 2013
	(Unaudited)		(Unaudited)	
EBITDA and Adjusted EBITDA:				
GAAP Net Loss	**$ (31,647)**	**$ (102,901)**	**$ (263,603)**	**$ (149,005)**
Depreciation	509	313	1,702	1,174
Amortization and accretion:				
Intangible amortization expense	15,836	3,158	32,306	8,136
Accretion of royalty liabilities	3,403	-	9,020	-
Amortization of deferred revenue	(166)	(160)	(644)	(930)
Amortization of inventory step-up adjustment	9,525	-	11,065	-
Interest expense, net (including amortization of debt discount and deferred financing costs)	10,218	2,128	23,826	12,774
Benefit for income taxes	(2,817)	(154)	(6,084)	(1,121)
EBITDA	**$ 4,861**	**$ (97,616)**	**$ (192,412)**	**$ (128,972)**
Non-GAAP adjustments:				
Remeasurement of VIMOVO and ACCTIMMUNE royalty liabilities	(2,373)	-	10,660	-
Bargain purchase gain	-	-	(22,171)	-
Loss on derivative revaluation	-	69,300	214,995	69,300
Vidara acquisition costs	2,776	-	48,427	-
PENNSAID acquisition costs	408	-	408	-
Loss on induced debt conversion / debt extinguishment	29,390	26,404	29,390	26,404
Secondary offering costs	2,857	-	2,857	-
Share-based compensation	3,087	1,808	13,198	5,014
Total of Non-GAAP adjustments	$ 36,145	$ 97,512	$ 297,764	$ 100,718
Adjusted EBITDA	**$ 41,006**	**$ (104)**	**$ 105,352**	**$ (28,254)**
VIMOVO and ACTIMMUNE royalties for period	$ (6,202)	$ -	$ (18,264)	$ -
Adjusted EBITDA (Net of Royalities)	**$ 34,804**	**$ (104)**	**$ 87,088**	**$ (28,254)**
Non-GAAP Gross Profit:				
GAAP net sales	$ 103,841	$ 30,080	$ 296,955	$ 74,016
GAAP cost of goods sold	32,680	5,255	78,753	14,625
GAAP gross profit	$ 71,161	$ 24,825	$ 218,202	$ 59,391
GAAP gross profit %	69%	83%	73%	80%
Non-GAAP Gross Profit:				
GAAP gross profit	**$ 71,161**	**$ 24,825**	**$ 218,202**	**$ 59,391**
Non-GAAP gross profit adjustments:				
Remeasurement of VIMOVO and ACCTIMMUNE royalty liabilities	(2,373)	-	10,660	-
Intangible amortization expense	15,836	3,158	32,306	8,136
Accretion of royalty liabilities	3,403	-	9,020	-
Amortization of inventory step-up adjustment	9,525	-	11,065	-
Depreciation	109	91	369	350
Total of Non-GAAP adjustments	$ 26,500	$ 3,249	$ 63,420	$ 8,486
Non-GAAP gross profit	**$ 97,661**	**$ 28,074**	**$ 281,622**	**$ 67,877**
Non-GAAP gross profit %	**94%**	**93%**	**95%**	**92%**
Non-GAAP Cash Provided By (Used) in Operating Activities:				
GAAP cash provided by (used in) operating activities	**$ 10,079**	**$ (11,178)**	**$ 27,549**	**$ (54,287)**
Cash payments related to Vidara acquisition costs	5,796	-	34,830	-
Cash payments post closing of certain transaction costs of Vidara	-	-	14,116	-
Cash payments associated with induced debt conversion	16,690	-	16,690	-
Non-GAAP cash provided by (used in) operating activities	**$ 32,565**	**$ (11,178)**	**$ 93,185**	**$ (54,287)**

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	Derivative Loss	Other (Income) Expense	Income Tax (Benefit) Expense	Total
Non-GAAP Adjustments for the Three Months Ended December 31, 2014:										
Loss on induced debt conversion[1]	-	-	-	-	-	-	-	29,390	-	29,390
Change in estimate of VIMOVO and ACTIMMUNE royalties[2]	-	(2,373)	-	-	-	-	-	-	-	(2,373)
Vidara acquisition costs[3]	-	-	-	-	2,776	-	-	-	-	2,776
PENNSAID acquisition costs[4]	-	-	-	-	408	-	-	-	-	408
Secondary offering costs[5]	-	-	-	-	-	-	-	2,857	-	2,857
Amortization and accretion:										
Intangible amortization expense (net of tax effect)[6]	-	15,522	-	-	-	-	-	-	-	15,522
Amortization of debt discount and deferred financing costs[7]	-	-	-	-	-	2,186	-	-	-	2,186
Accretion of royalty liability[8]	-	3,403	-	-	-	-	-	-	-	3,403
Amortization of inventory step-up adjustment[9]	-	9,525	-	-	-	-	-	-	-	9,525
Amortization of deferred revenue[10]	(166)	-	-	-	-	-	-	-	-	(166)
Share-based compensation[11]	-	-	363	896	1,828	-	-	-	-	3,087
Depreciation expense[12]	-	109	-	-	400	-	-	-	-	509
Total of non-GAAP adjustments	(166)	26,186	363	896	5,412	2,186	-	32,247	-	67,124

Horizon Pharma plc
Certain Income Statement Line Items - Non-GAAP Adjusted
For the Three Months Ended December 31, 2013
(Unaudited)

	Sales	COGS	Research & Development	Sales & Marketing	General & Administrative	Interest Expense	Derivative Loss	Other (Income) Expense	Total
Non-GAAP Adjustments for the Three Months Ended December 31, 2013:									
Amortization and accretion:									
Intangible amortization expense (net of tax effect)[6]	-	2,811	-	-	-	-	-	-	2,811
Amortization of debt discount and deferred financing costs[7]	-	-	-	-	-	1,321	-	-	1,321
Amortization of deferred revenue[10]	(160)	-	-	-	-	-	-	-	(160)
Loss on debt extinguishment[16]	-	-	-	-	-	-	-	26,404	26,404
Loss on derivative revaluation[15]	-	-	-	-	-	-	69,300	-	69,300
Share-based compensation[11]	-	-	354	465	989	-	-	-	1,808
Depreciation expense[12]	-	91	-	-	222	-	-	-	313
Total of non-GAAP adjustments	(160)	2,902	354	465	1,211	1,321	69,300	26,404	101,797

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	Derivative Loss	Other (Income) Expense	Income Tax (Benefit) Expense	Total
Non-GAAP Adjustments for the Twelve Months Ended December 31, 2014:										
Loss on induced debt conversion[1]	-	-	-	-	-	-	-	29,390	-	29,390
Bargain purchase gain[13]	-	-	-	-	-	-	-	(22,171)	-	(22,171)
Change in estimate of VIMOVO and ACTIMMUNE royalties[2]	-	10,660	-	-	-	-	-	-	-	10,660
Deferred tax benefit resulting from a reduction in valuation allowance due to acquisition related deferred tax liabilities[14]	-	-	-	-	-	-	-	-	(3,048)	(3,048)
Loss on derivative revaluation[15]	-	-	-	-	-	-	214,995	-	-	214,995
Vidara acquisition costs[3]	-	-	-	-	40,205	-	-	8,222	-	48,427
PENNSAID acquisition costs[4]	-	-	-	-	408	-	-	-	-	408
Secondary offering costs[5]	-	-	-	-	-	-	-	2,857	-	2,857
Amortization and accretion:										
Intangible amortization expense (net of tax effect)[6]	-	30,969	-	-	-	-	-	-	-	30,969
Amortization of debt discount and deferred financing costs[7]	-	-	-	-	-	9,273	-	-	-	9,273
Accretion of royalty liability[8]	-	9,020	-	-	-	-	-	-	-	9,020
Amortization of inventory step-up adjustment[9]	-	11,065	-	-	-	-	-	-	-	11,065
Amortization of deferred revenue[10]	(644)	-	-	-	-	-	-	-	-	(644)
Share-based compensation[11]	-	-	1,515	4,174	7,509	-	-	-	-	13,198
Depreciation expense[12]	-	379	-	-	1,323	-	-	-	-	1,702
Total of non-GAAP adjustments	(644)	62,093	1,515	4,174	49,445	9,273	214,995	18,298	(3,048)	356,101

Horizon Pharma plc
Certain Income Statement Line Items - Non-GAAP Adjusted
For the Twelve Months Ended December 31, 2013
(Unaudited)

	Sales	COGS	Research & Development	Sales & Marketing	General & Administrative	Interest Expense	Derivative Loss	Interest Expense	Total
Non-GAAP Adjustments for the Twelve Months Ended December 31, 2013:									
Amortization and accretion:									
Intangible amortization expense (net of tax effect)[6]	-	6,790	-	-	-	-	-	-	6,790
Amortization of debt discount and deferred financing costs[7]	-	-	-	-	-	4,364	-	-	4,364
Amortization of deferred revenue[10]	(930)	-	-	-	-	-	-	-	(930)
Loss on debt extinguishment[16]	-	-	-	-	-	-	-	26,404	26,404
Loss on derivative revaluation[15]	-	-	-	-	-	-	69,300	-	69,300
Share-based compensation[11]	-	-	1,054	1,465	2,495	-	-	-	5,014
Depreciation expense[12]	-	369	-	-	805	-	-	-	1,174
Total of non-GAAP adjustments	(930)	7,159	1,054	1,465	3,300	4,364	69,300	26,404	112,116

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

(1) During the three months ended December 31, 2014, the Company recorded a loss on induced debt conversion for $29,390, which represented the write-down of $11,710 in debt discount and deferred financing costs, $16,690 in additional exchange consideration to debt holders and $990 in professional fees incurred in connection with the induced debt conversion.

(2) At the time of the Company's acquisition of the U.S. rights to VIMOVO® from AstraZeneca in the fourth quarter of 2013, the Company 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 the Company was to significantly overperform or underperform against our original revenue projections or it became necessary to make changes to assumptions as a result of a triggering event, the Company 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 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 original expectations and adjusted expectations for future VIMOVO sales, the Company 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. During the fourth quarter of 2014, the Company reassessed the current fair value of the contingent royalty based upon revised financial projections. For the three months ended December 31, 2014, the Company recorded a $3,627 reduction in its contingent royalty payable and a corresponding decrease to cost of goods sold to properly reflect the carrying value of its contingent royalty liability.

As a result of a price increase for ACTIMMUNE® that was effective on January 1, 2015, the Company reassessed the estimated value of the ACTIMMUNE royalty liability. Accordingly, during the three months ended December 31, 2014, the Company recorded a $1,255 charge to increase the carrying value of the contingent royalties and a corresponding increase in cost of goods sold to reflect these updated estimates.

(3) On September 19, 2014, the Company acquired Vidara Therapeutics International Ltd. ("Vidara"), through a reverse merger for stock and cash ("Merger"). Expenses, including legal and consulting fees, incurred in connection with the merger, have been excluded as non-recurring items.

(4) On October 17, 2014, the Company acquired the U.S. rights to PENNSAID 2%. Expenses, including legal and consulting fees, have been excluded as non-recurring items.

(5) Represents legal, consulting and investment advisory fees associated with the Company's secondary offering.

(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 ACTIMMUNE and VIMOVO royalties.

(9) In connection with the Merger, 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 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.

(13) The bargain purchase gain of $22,171 was the result of the Merger. 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 Merger. The excess of the fair value of the net assets acquired over the value of consideration was recorded as a bargain purchase gain.

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

(15) The Company recorded non-cash charges related to the increase in the fair value of the embedded derivative associated with its 5.00% convertible senior notes due 2018. The increase in 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.

(16) During the three and twelve months ended December 31, 2013, the Company recorded a $26,404 loss on debt extinguishment associated with the retirement of a prior debt facility.