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)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Non-GAAP Net Income:		
GAAP Net Loss	**$ (45,406)**	**$ (19,553)**
Non-GAAP Adjustments:		
Acquisition-related costs	11,016	3,654
Upfront fee for license of global patent	2,000	-
Loss on induced conversion of debt and debt extinguishment	-	10,544
Amortization and accretion:		
Intangible amortization expense	49,650	17,678
Amortization of debt discount and deferred financing costs	4,425	2,226
Accretion of royalty liabilities	9,359	3,043
Amortizaton of inventory step-up adjustment	7,446	3,154
Share-based compensation	27,612	6,674
Depreciation expense	992	654
Royalties for medicines acquired through business combinations (1)	(8,500)	(5,196)
Total of pre-tax non-GAAP adjustments	104,000	42,431
Income tax effect of pre-tax non-GAAP adjustments	(17,274)	(172)
Total of non-GAAP adjustments	86,726	42,259
Non-GAAP Net Income	**$ 41,320**	**$ 22,706**
Non-GAAP Earnings Per Share:		
Weighted average shares - Basic	**159,904,416**	**125,650,593**
Non-GAAP Earnings Per Share - Basic		
GAAP loss per share - Basic	**$ (0.28)**	**$ (0.16)**
Non-GAAP adjustments	0.54	0.34
Non-GAAP earnings per share - Basic	**$ 0.26**	**$ 0.18**
Weighted average shares - Diluted		
Weighted average shares - Basic	159,904,416	125,650,593
Ordinary share equivalents	3,756,579	12,524,900
Weighted average shares - Diluted	**163,660,995**	**138,175,493**
Non-GAAP earnings per share - Diluted		
GAAP loss per share - Diluted	**$ (0.28)**	**$ (0.16)**
Non-GAAP adjustments	0.54	0.34
Diluted earnings per share effect of ordinary share equivalents	(0.01)	(0.02)
Non-GAAP earnings per share - Diluted	**$ 0.25**	**$ 0.16**

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

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

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
EBITDA and Adjusted EBITDA:		
GAAP Net Loss	**$ (45,406)**	**$ (19,553)**
Depreciation	992	654
Amortization and accretion:		
Intangible amortization expense	49,650	17,678
Accretion of royalty liabilities	9,359	3,043
Amortization of deferred revenue	(206)	(135)
Amortizaton of inventory step-up adjustment	7,446	3,154
Interest expense, net (including amortization of debt discount and deferred financing costs)	19,458	10,032
(Benefit) expense for income taxes	(1,443)	1,913
EBITDA	**$ 39,850**	**$ 16,786**
Non-GAAP adjustments:		
Acquisition-related costs	11,016	3,654
Upfront fee for license of global patent	2,000	-
Loss on induced conversion of debt and debt extinguishment	-	10,544
Share-based compensation	27,612	6,674
Royalties for medicines acquired through business combinations (1)	(8,500)	(5,196)
Total of Non-GAAP adjustments	$ 32,128	$ 15,676
Adjusted EBITDA	**$ 71,978**	**$ 32,462**
Non-GAAP Gross Profit:		
GAAP gross profit	**$ 127,457**	**$ 84,288**
Non-GAAP gross profit adjustments:		
Acquisition-related costs	115	-
Intangible amortization expense (COGS only)	49,447	17,477
Accretion of royalty liabilities	9,359	3,043
Amortizaton of inventory step-up adjustment	7,446	3,154
Depreciation (COGS only)	120	129
Royalties for medicines acquired through business combinations (1)	(8,500)	(5,196)
Total of Non-GAAP adjustments	$ 57,987	$ 18,607
Non-GAAP gross profit	**$ 185,444**	**$ 102,895**
GAAP gross profit %	62.3%	74.5%
Non-GAAP gross profit %	90.6%	90.9%
Non-GAAP Operating Cash Flow:		
GAAP cash provided by (used in) operating activities	**$ 54,181**	**$ (70,739)**
Cash payments of acquistion-related costs	11,694	1,820
Cash payments for upfront fee for license of patent	2,000	-
Cash payments for induced debt conversion	-	5,696
Non-GAAP operating cash flow	**$ 67,875**	**$ (63,223)**

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

Horizon Pharma plc
Certain Income Statement Line Items - Non-GAAP Adjusted
For the Three Months Ended March 31, 2016
(Unaudited)

	COGS	Research & Development	Sales & Marketing	General & Administrative	Interest Expense	Income Tax Benefit (Expense)
GAAP as reported	(77,233)	(12,722)	(75,544)	(66,395)	(19,458)	1,443
Non-GAAP Adjustments (in thousands):						
Acquisition-related costs[(1)]	115	32	-	10,869	-	-
Upfront fee for license of global patent[(2)]	-	2,000	-	-	-	-
Amortization and accretion:						
Intangible amortization expense[(3)]	49,447	-	203	-	-	-
Amortization of debt discount and deferred financing costs[(4)]	-	-	-	-	4,425	-
Accretion of royalty liability[(5)]	9,359	-	-	-	-	-
Amortization of inventory step-up adjustment[(6)]	7,446	-	-	-	-	-
Share-based compensation[(7)]	-	2,125	5,678	19,809	-	-
Depreciation expense[(8)]	120	-	11	861	-	-
Royalties for medicines acquired through business combinations[(9)]	(8,500)	-	-	-	-	-
Income tax effect on pre-tax non-GAAP adjustments[(10)]	-	-	-	-	-	(17,274)
Total of non-GAAP adjustments	57,987	4,157	5,892	31,539	4,425	(17,274)
Non-GAAP	(19,246)	(8,565)	(69,652)	(34,856)	(15,033)	(15,831)

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):								
Acquisition-related costs[(1)]	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)	-	-	-	-	-	-	-
Loss on induced conversion of debt and debt extinguistment[(11)]	-	-	-	-	-	10,544	-	-
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)

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

(1) 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.

(2) Represents an upfront fee paid for a license of a patent.

(3) Intangible amortization expenses are associated with the Company’s intellectual property rights, developed technology and customer relationships of ACTIMMUNE, BUPHENYL, KRYSTEXXA, LODOTRA, MIGERGOT, 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, VIMOVO, RAVICTI, BUPHENYL, KRYSTEXXA and MIGERGOT royalties for the three months ended March 31, 2016 and represents accretion expense associated with the ACTIMMUNE and VIMOVO royalties for the three months ended March 31, 2015.

(6) In connection with the Crealta acquisition, the KRYSTEXXA and MIGERGOT inventory was stepped up in value by $161,901 and during the three months ended March 31, 2016, the Company recognized in cost of goods sold $7,446 of step-up inventory costs related to KRYSTEXXA and MIGERGOT inventory sold. In connection with the Vidara acquisition, the ACTIMMUNE inventory was stepped up in value by $14,218 and during the first quarter of 2015, the Company recognized in cost of goods sold $3,154 of step-up inventory costs related to ACTIMMUNE.

(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) Royalties of $8,500 were incurred during the three months ended March 31, 2016, based on the period’s net sales for VIMOVO, ACTIMMUNE, RAVICTI, BUPHENYL, KRYSTEXXA and MIGERGOT. Royalties of $5,196 were incurred during the three months ended March 31, 2015, based on the period’s net sales for VIMOVO and ACTIMMUNE.

(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) During the three months ended March 31, 2015, the Company recorded a loss on induced debt conversion of $10,544, which represented the write-down of $4,848 in debt discount and deferred financing costs, $5,370 in additional exchange consideration to debt holders and $326 in expenses incurred in connection with the induced debt conversion.