

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): March 1, 2023**

**Horizon Therapeutics Public Limited Company**  
(Exact name of registrant as specified in its charter)

**Ireland**  
(State or other jurisdiction  
of incorporation)

**001-35238**  
(Commission  
File No.)

**98-1195602**  
(IRS Employer  
Identification No.)

**70 St. Stephen's Green, Dublin, D02 E2X4, Ireland**  
(Address of principal executive offices)

**Registrant's telephone number, including area code: 011-353-1-772-2100**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary shares, nominal value \$0.0001 per share	HZNP	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition.**

On March 1, 2023, Horizon Therapeutics plc issued a press release announcing its financial results for the fourth quarter and year ended December 31, 2022. A copy of this press release is attached hereto as Exhibit 99.1.

The information in this Item 2.02 and the exhibit hereto are being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Press Release of Horizon Therapeutics plc, dated March 1, 2023.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: March 1, 2023

**HORIZON THERAPEUTICS PUBLIC LIMITED COMPANY**

By: /s/ Aaron L. Cox

Aaron L. Cox

Executive Vice President and Chief Financial Officer



## Horizon Therapeutics plc Reports Fourth-Quarter and Full-Year 2022 Financial Results

### **Fourth-Quarter 2022 Results:**

- Net Sales of \$942.0 Million —
- GAAP Net Income of \$120.4 Million; Adjusted EBITDA of \$357.5 Million; Includes \$37.3 Million of Acquired IPR&D and Milestones Expenses —
  - TEPEZZA® (teprotumumab-trbw) Net Sales of \$493.5 Million —
  - KRISTEXXA® (pegloticase injection) Net Sales of \$216.1 Million —
  - UPLIZNA® (inebilizumab-cdon) Net Sales of \$41.8 Million —

### **Full-Year 2022 Results:**

- Record Net Sales of \$3.63 Billion; Year-Over-Year Increase of 12% —
- GAAP Net Income of \$521.5 Million; Record Adjusted EBITDA of \$1.37 Billion; Includes \$56.3 Million of Acquired IPR&D and Milestones Expenses —
- Record TEPEZZA Net Sales of \$1.97 Billion; Year-Over-Year Increase of 18% —
- Record KRISTEXXA Net Sales of \$716.2 Million; Year-Over-Year Increase of 27% —
- Record UPLIZNA Net Sales of \$154.6 Million; Year-Over-Year Increase of 154% —
  - Record Operating Cash Flow of \$1.26 Billion —
  - Cash Position of \$2.35 Billion as of Dec. 31, 2022 —

### **Fourth-Quarter and Recent Company Highlights:**

- Entered into Agreement to Be Acquired by Amgen Inc.; Transaction Expected to Close in 1H23 —
- Announced Positive Topline Data from the Second Population in Dazodalibep Sjögren's Syndrome Phase 2 Trial; First and Only Phase 2 Sjögren's Syndrome Trial to Meet the Primary Endpoint in Both Patient Populations; Phase 3 Clinical Program Expected to Initiate in 2023 —
- Completed Enrollment in TEPEZZA Phase 3 Trial in Japan (OPTIC-J) in Active Thyroid Eye Disease (TED); Topline Results Expected in 3Q23 —
  - Expect Topline Results from U.S. TEPEZZA Chronic/Low Clinical Activity Score (CAS) TED Trial in 2Q23 —
  - Expect to Initiate TEPEZZA Phase 3 Trial in Japan in Chronic/Low CAS TED in 2023 —
  - Received Approval for UPLIZNA in Brazil for the Treatment of Adult Patients with Neuromyelitis Optica Spectrum Disorder —
- Initiated Daxdilimab Discoid Lupus Erythematosus Phase 2 Trial, HZN-457 Gout Phase 1 Trial and ADX-914 Atopic Dermatitis Phase 2 Trial in Collaboration with Q32 Bio —

**DUBLIN** – March 1, 2023 – Horizon Therapeutics plc (Nasdaq: HZNP) today announced fourth-quarter and record full-year 2022 financial results.

“2022 marked another impressive year for Horizon, with double-digit net sales growth across our commercial portfolio and significant progress executing on our strategy to maximize the value of our growth medicines, expand our global presence and advance our pipeline, including generating positive topline results from our Phase 2 trial in Sjögren's syndrome across both patient populations,” said Tim Walbert, chairman, president and chief executive officer, Horizon. “I am extremely proud of what we have accomplished – not only in the last year, but over the last decade. We have built a leading, innovation-driven, profitable biotechnology company that is well-positioned going forward as we prepare to become part of Amgen.”



## Financial Highlights

(in millions except for per share amounts and percentages)	Q4 22	Q4 21	% Change	FY 22	FY 21	% Change
Net sales	\$942.0	\$1,014.5	(7)	\$3,629.0	\$3,226.4	12
Net income	120.4	173.2	(30)	521.5	534.5	(2)
Non-GAAP net income	281.5	334.0	(16)	1,144.3	1,089.7	5
Adjusted EBITDA <sup>(1)</sup>	357.5	416.0	(14)	1,370.6	1,284.3	7
Earnings per share - diluted	0.52	0.73	(29)	2.22	2.27	(2)
Non-GAAP earnings per share - diluted	1.21	1.41	(14)	4.86	4.62	5

- (1) Fourth-quarter 2022 and 2021 adjusted EBITDA includes \$37.3 million and \$39.7 million, respectively, in acquired in-process research and development (IPR&D) and milestones expenses. Full-year 2022 and 2021 adjusted EBITDA includes \$56.3 million and \$86.7 million, respectively, in acquired IPR&D and milestones expenses.

## Fourth-Quarter and Full-Year 2022 Net Sales Results

Beginning in the fourth quarter of 2022, the Company started operating and reporting as a single reporting segment as a result of the wind-down of the Company's former inflammation business.

(in millions except for percentages)	Q4 22	Q4 21	% Change	FY 22	FY 21	% Change
TEPEZZA <sup>®(1)</sup>	\$493.5	\$ 589.6	(16)	\$1,965.7	\$1,661.3	18
KRYSTEXXA <sup>®</sup>	216.1	170.3	27	716.2	565.5	27
RAVICTI <sup>®</sup>	87.5	74.4	18	325.6	291.9	12
PROCYSBI <sup>®</sup>	54.9	47.4	16	210.0	189.9	11
UPLIZNA <sup>®(2)</sup>	41.8	25.8	62	154.6	60.8	154
ACTIMMUNE <sup>®</sup>	30.1	30.6	(1)	126.1	117.2	8
PENNSAID 2% <sup>®(3)</sup>	7.2	48.9	(85)	73.8	191.6	(61)
RAYOS <sup>®</sup>	6.7	13.3	(50)	41.9	56.9	(26)
BUPHENYL <sup>®</sup>	2.1	2.1	(0)	7.3	7.9	(7)
DUEXIS <sup>®(4)</sup>	1.7	11.5	(85)	4.9	74.0	(93)
QUINSAIR <sup>™</sup>	0.2	0.3	(22)	1.1	1.0	5
VIMOVO <sup>®</sup>	0.2	0.3	(40)	1.8	8.4	(78)
<b>Total Net Sales</b>	<b>\$942.0</b>	<b>\$1,014.5</b>	<b>(7)</b>	<b>\$3,629.0</b>	<b>\$3,226.4</b>	<b>12</b>

- (1) TEPEZZA net sales in the fourth quarter of 2021 accounted for a larger share of full-year 2021 net sales due to a supply disruption caused by the U.S. government-mandated COVID-19 vaccine orders.
- (2) Fourth-quarter and full-year 2022 UPLIZNA net sales included \$1.3 million and \$18.3 million, respectively, in international net sales, related primarily to revenue and milestone payments from the Company's international partners.
- (3) On May 6, 2022, Apotex Inc. initiated an at-risk launch of generic PENNSAID 2% in the United States.
- (4) On Aug. 4, 2021, Alkem Laboratories, Inc. initiated an at-risk launch of generic DUEXIS in the United States.

## Conference Call

In light of the announced agreement to be acquired by Amgen Inc. and applicable securities laws, Horizon will not be hosting a conference call to discuss its financial results. The earnings press release and SEC Form 10-K are publicly available in the Investor Relations section of the Company's website at <https://ir.horizontherapeutics.com>.

## About Horizon

Horizon is a global biotechnology company focused on the discovery, development and commercialization of medicines that address critical needs for people impacted by rare, autoimmune and severe inflammatory diseases. Our pipeline is purposeful: we apply scientific expertise and courage to bring clinically meaningful therapies to patients. We believe science and compassion must work together to transform lives. For more information on how we go to incredible lengths to impact lives, visit [www.horizontherapeutics.com](http://www.horizontherapeutics.com) and follow us on [Twitter](#), [LinkedIn](#), [Instagram](#) and [Facebook](#).

## Note Regarding Use of Non-GAAP Financial Measures

*Horizon provides certain non-GAAP financial measures, including EBITDA, or earnings before interest, taxes, depreciation and amortization, adjusted EBITDA, non-GAAP net income, non-GAAP diluted earnings per share, non-GAAP gross profit and gross profit ratio, non-GAAP operating expenses, non-GAAP operating income, non-GAAP tax benefit (expense) and tax rate, non-GAAP operating cash flow and certain other non-GAAP income statement line items, each of which include adjustments to GAAP figures. These non-GAAP measures are intended to provide additional information on Horizon's performance, operations, expenses, profitability and cash flows. Adjustments to Horizon's GAAP figures exclude, as applicable, acquisition and/or divestiture-related costs, costs associated with our pending transaction with Amgen Inc. as well as the process leading to the transaction, manufacturing facility start-up costs, restructuring and realignment costs, as well as non-cash items such as share-based compensation, inventory step-up expense, depreciation and amortization, non-cash interest expense, goodwill and long-lived assets impairment charges, gain (loss) on equity security investments and sales of assets 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 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. 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.*

**Forward-Looking Statements**

*This press release contains forward-looking statements, including, but not limited to, statements related to the pending transaction with Amgen Inc., development, manufacturing and commercialization plans; expected timing of clinical trials and, availability of clinical data; expected future milestones, pipeline expansions and regulatory approvals; potential market opportunities for, and benefits of, Horizon's medicines and medicine candidates and business and other statements that are not historical facts. These forward-looking statements are based on Horizon's current expectations and inherently involve significant risks and uncertainties. Actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties, which include, without limitation, whether the pending transaction with Amgen Inc. will be completed in a timely manner or at all; the parties' ability to satisfy (or willingness to waive) the conditions to the consummation of the pending transaction with Amgen Inc., including with respect to required regulatory approvals; the effect of the pending transaction with Amgen Inc. on Horizon's business relationships, operating results and business generally; risks that Horizon's actual future financial and operating results may differ from its expectations or goals; Horizon's ability to grow net sales from existing medicines; impacts of the COVID-19 pandemic and actions taken to slow its spread, including impacts on supplies and net sales of Horizon's medicines and potential delays in clinical trials; impacts of the on-going war between Russia and Ukraine; changes in inflation, interest rates and general economic conditions; the availability of coverage and adequate reimbursement and pricing from government and third-party payers; Horizon's ability to successfully implement its business strategies, including the risks that its medicine growth and global expansion initiatives and strategies may not be successful and that new challenges to growth may arise in the future; risks inherent in developing novel medicine candidates and existing medicines for new indications; risks associated with regulatory approvals; risks in the ability to recruit, train and retain qualified personnel; competition, including generic competition; the ability to protect intellectual property and defend patents; regulatory obligations and oversight, including any changes in the legal and regulatory environment in which Horizon operates and those risks detailed from time-to-time under the caption "Risk Factors" and elsewhere in Horizon's filings and reports with the SEC. Horizon undertakes no duty or obligation to update any forward-looking statements contained in this press release as a result of new information.*

**Contacts:****Investors:**

Tina Ventura  
Senior Vice President,  
Chief Investor Relations Officer  
[investor-relations@horizontherapeutics.com](mailto:investor-relations@horizontherapeutics.com)

Erin Linnihan  
Executive Director,  
Investor Relations  
[investor-relations@horizontherapeutics.com](mailto:investor-relations@horizontherapeutics.com)

**U.S. Media:**

Geoff Curtis  
Executive Vice President,  
Corporate Affairs & Chief Communications Officer  
[media@horizontherapeutics.com](mailto:media@horizontherapeutics.com)

**Ireland Media:**

Ray Gordon  
Gordon MRM  
[ray@gordonmrm.ie](mailto:ray@gordonmrm.ie)



**Horizon Therapeutics plc**  
**Condensed Consolidated Statements of Operations**  
(in thousands, except share and per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	2021	2022	2021
	(Unaudited)			
Net sales	\$ 942,029	\$ 1,014,464	\$ 3,629,044	\$ 3,226,410
Cost of goods sold	240,787	241,509	920,197	794,512
<b>Gross profit</b>	<b>701,242</b>	<b>772,955</b>	<b>2,708,847</b>	<b>2,431,898</b>
<b>OPERATING EXPENSES:</b>				
Research and development <sup>(1)</sup>	117,526	101,242	437,962	345,318
Acquired in-process research and development and milestones <sup>(1)</sup>	37,250	39,672	56,250	86,672
Selling, general and administrative	372,534	398,954	1,541,052	1,446,410
Impairment of goodwill	—	—	56,171	—
Impairment of long-lived asset	—	—	—	12,371
Gain on sale of asset	—	—	—	(2,000)
<b>Total operating expenses</b>	<b>527,310</b>	<b>539,868</b>	<b>2,091,435</b>	<b>1,888,771</b>
<b>Operating income</b>	<b>173,932</b>	<b>233,087</b>	<b>617,412</b>	<b>543,127</b>
<b>OTHER EXPENSE, NET:</b>				
Interest expense, net	(18,562)	(22,045)	(83,707)	(81,063)
Foreign exchange (loss) gain	(882)	335	(1,202)	(1,028)
Other (expense) income, net	(159)	(322)	(5,567)	1,791
<b>Total other expense, net</b>	<b>(19,603)</b>	<b>(22,032)</b>	<b>(90,476)</b>	<b>(80,300)</b>
<b>Income before expense (benefit) for income taxes</b>	<b>154,329</b>	<b>211,055</b>	<b>526,936</b>	<b>462,827</b>
Expense (benefit) for income taxes	33,921	37,873	5,454	(71,664)
<b>Net income</b>	<b>\$ 120,408</b>	<b>\$ 173,182</b>	<b>\$ 521,482</b>	<b>\$ 534,491</b>
Net income per ordinary share - basic	\$ 0.53	\$ 0.76	\$ 2.28	\$ 2.37
Weighted average ordinary shares outstanding - basic	226,997,506	227,028,298	229,108,881	225,551,410
Net income per ordinary share - diluted	\$ 0.52	\$ 0.73	\$ 2.22	\$ 2.27
Weighted average ordinary shares outstanding - diluted	233,014,974	236,806,923	235,239,651	235,680,483

(1) Beginning with the third quarter of 2022, the Company is separately presenting upfront, milestone and similar payments pursuant to collaborations, licenses of third-party technologies, and asset acquisitions as “Acquired in-process research and development and milestones” expenses in the condensed consolidated statements of operations. Amounts recorded in this line item for the three and twelve months ended December 31, 2022, would have historically been recorded to research and development (“R&D”) expenses. The Company believes the new classification assists users of the financial statements in better understanding the payments incurred to acquire in-process research and development (“IPR&D”). Prior period condensed consolidated statements of operations have been reclassified to conform with the new classification.





**Horizon Therapeutics plc**  
**Condensed Consolidated Balance Sheets**  
(in thousands, except share data)

	As of	
	December 31, 2022	December 31, 2021
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 2,352,833	\$ 1,580,317
Restricted cash	4,755	3,839
Accounts receivable, net	676,347	632,775
Inventories, net	169,559	225,730
Prepaid expenses and other current assets	449,349	357,106
<b>Total current assets</b>	<b>3,652,843</b>	<b>2,799,767</b>
Property, plant and equipment, net	340,509	292,298
Developed technology and other intangible assets, net	2,664,777	2,960,118
In-process research and development	810,000	880,000
Goodwill	1,010,538	1,066,709
Deferred tax assets, net	431,814	538,098
Other long-term assets	204,135	140,738
<b>Total assets</b>	<b>\$ 9,114,616</b>	<b>\$ 8,677,728</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 155,800	\$ 30,125
Accrued expenses and other current liabilities	457,557	523,015
Accrued trade discounts and rebates	319,780	317,431
Long-term debt - current portion	16,000	16,000
<b>Total current liabilities</b>	<b>949,137</b>	<b>886,571</b>
<b>LONG-TERM LIABILITIES:</b>		
Long-term debt, net	2,546,837	2,555,233
Deferred tax liabilities, net	342,017	390,455
Other long-term liabilities	204,451	173,076
<b>Total long-term liabilities</b>	<b>3,093,305</b>	<b>3,118,764</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Ordinary shares, \$0.0001 nominal value; 600,000,000 shares authorized at December 31, 2022 and December 31, 2021; 227,625,913 and 227,760,936 shares issued at December 31, 2022 and December 31, 2021, respectively; and 227,241,547 and 227,376,570 shares outstanding at December 31, 2022 and December 31, 2021, respectively	23	23
Treasury stock, 384,366 ordinary shares at December 31, 2022 and December 31, 2021	(4,585)	(4,585)
Additional paid-in capital	4,474,199	4,373,337
Accumulated other comprehensive income (loss)	12,528	(14,987)
Retained earnings	590,009	318,605
<b>Total shareholders' equity</b>	<b>5,072,174</b>	<b>4,672,393</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 9,114,616</b>	<b>\$ 8,677,728</b>



**Horizon Therapeutics plc**  
**Condensed Consolidated Statements of Cash Flows**  
(in thousands)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	2021	2022	2021
	(Unaudited)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net income	\$ 120,408	\$ 173,182	\$ 521,482	\$ 534,491
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>				
Depreciation and amortization expense	98,774	96,535	390,393	353,751
Equity-settled share-based compensation	44,585	48,692	182,100	219,086
Acquired IPR&D and milestones	37,250	30,072	52,250	70,072
Impairment of goodwill	—	—	56,171	—
Impairment of long-lived asset	—	—	—	12,371
Amortization of debt discount and deferred financing costs	1,776	1,449	7,912	5,189
Gain on sale of asset	—	—	—	(2,000)
Deferred income taxes	41,160	46,918	49,814	(101,016)
Foreign exchange and other adjustments	2,004	61	9,700	5,067
Changes in operating assets and liabilities:				
Accounts receivable	(29,776)	142,572	(43,457)	34,796
Inventories	20,713	11,761	56,122	1,267
Prepaid expenses and other current assets	(4,588)	(27,403)	(79,245)	(88,193)
Accounts payable	123,087	(19,837)	122,232	(12,197)
Accrued trade discounts and rebates	(35,890)	13,909	2,399	(36,929)
Accrued expenses and other current liabilities	5,887	16,242	(59,101)	50,622
Other non-current assets and liabilities	1,001	4,404	(10,930)	(11,106)
<b>Net cash provided by operating activities</b>	<b>426,391</b>	<b>538,557</b>	<b>1,257,842</b>	<b>1,035,271</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Payments for acquisitions, net of cash acquired	—	—	(3,122)	(2,843,275)
Purchases of property, plant and equipment	(24,858)	(16,901)	(64,026)	(76,596)
Payments for long-term investments	(2,180)	(14,871)	(9,236)	(28,256)
Receipts from long-term investments	217	—	4,633	3,588
Proceeds from sale of asset	—	—	—	2,000
Payments related to license and collaboration agreements	(22,250)	(5,072)	(62,250)	(51,572)
<b>Net cash used in investing activities</b>	<b>(49,071)</b>	<b>(36,844)</b>	<b>(134,001)</b>	<b>(2,994,111)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Net proceeds from term loans	—	—	—	1,574,993
Repayment of term loans	(4,000)	(4,000)	(16,000)	(12,000)
Proceeds from the issuance of ordinary shares in conjunction with ESPP program	11,167	11,046	25,051	22,528
Proceeds from the issuance of ordinary shares in connection with stock option exercises	7,036	10,553	30,316	50,566
Payment of employee withholding taxes relating to share-based awards	(13,300)	(7,887)	(137,247)	(165,964)
Repurchase of ordinary shares	(161,869)	—	(250,078)	—
<b>Net cash (used in) provided by financing activities</b>	<b>(160,966)</b>	<b>9,712</b>	<b>(347,958)</b>	<b>1,470,123</b>
<b>Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash</b>	<b>5,964</b>	<b>345</b>	<b>(2,451)</b>	<b>(10,606)</b>
Net increase (decrease) in cash, cash equivalents and restricted cash	222,318	511,770	773,432	(499,323)
Cash, cash equivalents and restricted cash, beginning of the period <sup>(1)</sup>	2,135,270	1,072,386	1,584,156	2,083,479
<b>Cash, cash equivalents and restricted cash, end of the period<sup>(1)</sup></b>	<b>\$2,357,588</b>	<b>\$1,584,156</b>	<b>\$2,357,588</b>	<b>\$ 1,584,156</b>

(1) Amounts include restricted cash balance in accordance with ASU No. 2016-18. Cash and cash equivalents excluding restricted cash are shown on the balance sheet.



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

	<u>Three Months Ended December 31,</u>		<u>Twelve Months Ended December 31,</u>	
	2022	2021	2022	2021
<b>GAAP net income</b>	<b>\$ 120,408</b>	<b>\$ 173,182</b>	<b>\$ 521,482</b>	<b>\$ 534,491</b>
<b>Non-GAAP adjustments:</b>				
Acquisition/divestiture-related costs	(3,676)	7,763	(239)	95,929
Transaction-related costs	11,086	—	11,086	—
(Gain) loss on equity security investments	(143)	(1,257)	6,188	(1,257)
Restructuring and realignment costs	7,456	18,606	16,977	26,309
Manufacturing facility start-up costs	1,139	1,910	5,552	3,622
Amortization and step-up:				
Intangible amortization expense	92,916	91,017	366,462	336,277
Inventory step-up expense	25,367	10,658	91,709	27,572
Amortization of debt discount and deferred financing costs	1,776	1,449	7,912	5,189
Impairment of long-lived asset	—	—	—	12,371
Impairment of goodwill	—	—	56,171	—
Gain on sale of asset	—	—	—	(2,000)
Share-based compensation	44,585	48,692	182,100	219,086
Depreciation	5,858	5,519	23,931	17,475
Litigation settlement	—	—	—	5,000
<b>Total of pre-tax non-GAAP adjustments</b>	<b>186,364</b>	<b>184,357</b>	<b>767,849</b>	<b>745,573</b>
Income tax effect of pre-tax non-GAAP adjustments	(26,619)	(27,889)	(148,373)	(169,554)
Other non-GAAP income tax adjustments	1,308	4,326	3,387	(20,800)
<b>Total of non-GAAP adjustments</b>	<b>161,053</b>	<b>160,794</b>	<b>622,863</b>	<b>555,219</b>
<b>Non-GAAP net income</b>	<b>\$ 281,461</b>	<b>\$ 333,976</b>	<b>\$ 1,144,345</b>	<b>\$ 1,089,710</b>
<b>Non-GAAP Earnings Per Share:</b>				
<b>Weighted average ordinary shares - Basic</b>	<b>226,997,506</b>	<b>227,028,298</b>	<b>229,108,881</b>	<b>225,551,410</b>
<b>Non-GAAP Earnings Per Share - Basic:</b>				
GAAP earnings per share - Basic	\$ 0.53	\$ 0.76	\$ 2.28	\$ 2.37
Non-GAAP adjustments	0.71	0.71	2.71	2.46
<b>Non-GAAP earnings per share - Basic</b>	<b>\$ 1.24</b>	<b>\$ 1.47</b>	<b>\$ 4.99</b>	<b>\$ 4.83</b>
<b>Weighted average ordinary shares - Diluted</b>				
Weighted average ordinary shares - Basic	226,997,506	227,028,298	229,108,881	225,551,410
Ordinary share equivalents	6,017,468	9,778,625	6,130,771	10,129,073
<b>Weighted average ordinary shares - Diluted</b>	<b>233,014,974</b>	<b>236,806,923</b>	<b>235,239,652</b>	<b>235,680,483</b>
<b>Non-GAAP Earnings Per Share - Diluted</b>				
GAAP earnings per share - Diluted	\$ 0.52	\$ 0.73	\$ 2.22	\$ 2.27
Non-GAAP adjustments	0.69	0.68	2.64	2.35
<b>Non-GAAP earnings per share - Diluted</b>	<b>\$ 1.21</b>	<b>\$ 1.41</b>	<b>\$ 4.86</b>	<b>\$ 4.62</b>



**Horizon Therapeutics plc**  
**GAAP to Non-GAAP Reconciliations**  
**EBITDA and Adjusted EBITDA (Unaudited)**  
**(in thousands)**

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	2021	2022	2021
<b>GAAP net income</b>	<b>\$ 120,408</b>	<b>\$ 173,182</b>	<b>\$ 521,482</b>	<b>\$ 534,491</b>
Depreciation	5,858	5,519	23,931	17,475
Amortization and step-up:				
Intangible amortization expense	92,916	91,017	366,462	336,277
Inventory step-up expense	25,367	10,658	91,709	27,572
Interest expense, net (including amortization of debt discount and deferred financing costs)	18,562	22,045	83,707	81,063
Expense (benefit) for income taxes	33,921	37,873	5,454	(71,664)
<b>EBITDA</b>	<b>\$ 297,032</b>	<b>\$ 340,294</b>	<b>\$ 1,092,745</b>	<b>\$ 925,214</b>
Other non-GAAP adjustments:				
Share-based compensation	44,585	48,692	182,100	219,086
(Gain) loss on equity security investments	(143)	(1,257)	6,188	(1,257)
Acquisition/divestiture-related costs	(3,676)	7,763	(239)	95,929
Transaction-related costs	11,086	—	11,086	—
Manufacturing facility start-up costs	1,139	1,910	5,552	3,622
Restructuring and realignment costs	7,456	18,606	16,977	26,309
Impairment of goodwill	—	—	56,171	—
Impairment of long-lived asset	—	—	—	12,371
Gain on sale of asset	—	—	—	(2,000)
Litigation settlement	—	—	—	5,000
<b>Total of other non-GAAP adjustments</b>	<b>60,447</b>	<b>75,714</b>	<b>277,835</b>	<b>359,060</b>
<b>Adjusted EBITDA</b>	<b>\$ 357,479</b>	<b>\$ 416,008</b>	<b>\$ 1,370,580</b>	<b>\$ 1,284,274</b>



**Horizon Therapeutics plc**  
**GAAP to Non-GAAP Reconciliations**  
**Operating Income (Unaudited)**  
**(in thousands)**

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	2021	2022	2021
<b>GAAP operating income</b>	<b>\$ 173,932</b>	<b>\$ 233,087</b>	<b>\$ 617,412</b>	<b>\$ 543,127</b>
Non-GAAP adjustments:				
Acquisition/divestiture-related costs	(3,676)	7,762	(239)	97,003
Transaction-related costs	11,086	—	11,086	—
Restructuring and realignment costs	7,456	18,606	16,977	26,309
Manufacturing facility start-up costs	1,139	1,910	5,552	3,622
Amortization and step-up:				
Intangible amortization expense	92,916	91,017	366,462	336,277
Inventory step-up expense	25,367	10,658	91,709	27,572
Impairment of long-lived asset	—	—	—	12,371
Impairment of goodwill	—	—	56,171	—
Gain on sale of asset	—	—	—	(2,000)
Share-based compensation	44,585	48,692	182,100	219,086
Depreciation	5,858	5,520	23,931	17,475
Litigation settlement	—	—	—	5,000
<b>Total of non-GAAP adjustments</b>	<b>184,731</b>	<b>184,165</b>	<b>753,749</b>	<b>742,715</b>
<b>Non-GAAP operating income</b>	<b>\$ 358,663</b>	<b>\$ 417,252</b>	<b>\$ 1,371,161</b>	<b>\$ 1,285,842</b>
Foreign exchange (loss) gain	(882)	335	(1,202)	(1,028)
Other (expense) income, net	(302)	(1,579)	621	(540)
<b>Adjusted EBITDA</b>	<b>\$ 357,479</b>	<b>\$ 416,008</b>	<b>\$ 1,370,580</b>	<b>\$ 1,284,274</b>



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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	2021	2022	2021
<b>Non-GAAP Gross Profit:</b>				
<b>GAAP gross profit</b>	<b>\$ 701,242</b>	<b>\$ 772,955</b>	<b>\$ 2,708,847</b>	<b>\$ 2,431,898</b>
Non-GAAP gross profit adjustments:				
Acquisition/divestiture-related costs	(3,885)	1,600	(5,035)	1,525
Intangible amortization expense	91,868	90,466	362,900	334,848
Inventory step-up expense	25,367	10,658	91,709	27,572
Share-based compensation	2,274	1,824	8,912	8,699
Depreciation	58	55	225	282
<b>Total of Non-GAAP adjustments</b>	<b>115,682</b>	<b>104,603</b>	<b>458,711</b>	<b>372,926</b>
<b>Non-GAAP gross profit</b>	<b>\$ 816,924</b>	<b>\$ 877,558</b>	<b>\$ 3,167,558</b>	<b>\$ 2,804,824</b>
<b>GAAP gross profit %</b>	74.4%	76.2%	74.6%	75.4%
<b>Non-GAAP gross profit %</b>	86.7%	86.5%	87.3%	86.9%
<b>GAAP cash provided by operating activities</b>	<b>\$ 426,391</b>	<b>\$ 538,557</b>	<b>\$ 1,257,842</b>	<b>\$ 1,035,271</b>
Cash payments for acquisition/divestiture-related costs	197	8,376	5,560	144,449
Cash payments for restructuring and realignment costs	11,205	579	13,984	2,382
Cash payments for manufacturing facility start-up costs	1,290	1,857	4,067	2,726
Cash payments for transaction-related costs	17,034	—	17,034	—
Cash payments for litigation settlements	—	5,000	—	5,000
<b>Non-GAAP operating cash flow</b>	<b>\$ 456,117</b>	<b>\$ 554,369</b>	<b>\$ 1,298,487</b>	<b>\$ 1,189,828</b>



**Horizon Therapeutics plc**  
**GAAP to Non-GAAP Tax Rate Reconciliation (Unaudited)**  
(in millions, except percentages and per share amounts)

	Q4 2022				
	Pre-tax Net Income	Income Tax Expense	Tax Rate	Net Income	Diluted Earnings Per Share
As reported—GAAP	\$ 154.3	\$ 33.9	22.0%	\$ 120.4	\$ 0.52
Non-GAAP adjustments	186.4	25.3		161.1	
<b>Non-GAAP</b>	<b>\$ 340.7</b>	<b>\$ 59.2</b>	<b>17.4%</b>	<b>\$ 281.5</b>	<b>\$ 1.21</b>
	Q4 2021				
	Pre-tax Net Income	Income Tax Expense	Tax Rate	Net Income	Diluted Earnings Per Share
As reported—GAAP	\$ 211.1	\$ 37.9	17.9%	\$ 173.2	\$ 0.73
Non-GAAP adjustments	184.4	23.6		160.8	
<b>Non-GAAP</b>	<b>\$ 395.4</b>	<b>\$ 61.4</b>	<b>15.5%</b>	<b>\$ 334.0</b>	<b>\$ 1.41</b>
	FY 2022				
	Pre-tax Net Income	Income Tax Expense	Tax Rate	Net Income	Diluted Earnings Per Share
As reported—GAAP	\$ 526.9	\$ 5.5	1.0%	\$ 521.5	\$ 2.22
Non-GAAP adjustments	767.8	145.0		622.9	
<b>Non-GAAP</b>	<b>\$ 1,294.8</b>	<b>\$ 150.4</b>	<b>11.6%</b>	<b>\$ 1,144.3</b>	<b>\$ 4.86</b>
	FY 2021				
	Pre-tax Net Income	Income Tax (Benefit) Expense	Tax Rate	Net Income	Diluted Earnings Per Share
As reported—GAAP	\$ 462.8	\$ (71.7)	(15.5)%	\$ 534.5	\$ 2.27
Non-GAAP adjustments	745.6	190.4		555.2	
<b>Non-GAAP</b>	<b>\$ 1,208.4</b>	<b>\$ 118.7</b>	<b>9.8%</b>	<b>\$ 1,089.7</b>	<b>\$ 4.62</b>



**Horizon Therapeutics plc**  
**Certain Income Statement Line Items - Non-GAAP Adjusted**  
**For the Three Months Ended December 31, 2022 (Unaudited)**  
**(in thousands)**

	Cost of Goods Sold	Research & Development <sup>(17)</sup>	Acquired IPR&D and milestones <sup>(17)</sup>	Selling, General & Administrative	Interest Expense, net	Other (Expense) Income, net	Income Tax Expense (Benefit)
<b>GAAP as reported</b>	\$ (240,787)	\$ (117,526)	\$ (37,250)	\$ (372,534)	\$ (18,562)	\$ (159)	\$ (33,921)
<b>Non-GAAP Adjustments:</b>							
Acquisition/divestiture-related costs <sup>(1)</sup>	(3,885)	—	—	209	—	—	—
Transaction-related costs <sup>(2)</sup>	—	—	—	11,086	—	—	—
Gain on equity security investments <sup>(3)</sup>	—	—	—	—	—	(143)	—
Restructuring and realignment costs <sup>(4)</sup>	—	39	—	7,417	—	—	—
Manufacturing facility start-up costs <sup>(5)</sup>	—	—	—	1,139	—	—	—
Amortization and step-up:							
Intangible amortization expense <sup>(6)</sup>	91,868	—	—	1,048	—	—	—
Inventory step-up expense <sup>(7)</sup>	25,367	—	—	—	—	—	—
Amortization of debt discount and deferred financing costs <sup>(8)</sup>	—	—	—	—	1,776	—	—
Share-based compensation <sup>(9)</sup>	2,274	6,522	—	35,789	—	—	—
Depreciation <sup>(10)</sup>	58	364	—	5,436	—	—	—
Income tax effect on pre-tax non-GAAP adjustments <sup>(11)</sup>	—	—	—	—	—	—	(26,619)
Other non-GAAP income tax adjustments <sup>(12)</sup>	—	—	—	—	—	—	1,308
<b>Total of non-GAAP adjustments</b>	<b>115,682</b>	<b>6,925</b>	<b>—</b>	<b>62,124</b>	<b>1,776</b>	<b>(143)</b>	<b>(25,311)</b>
<b>Non-GAAP</b>	<b>\$ (125,105)</b>	<b>\$ (110,601)</b>	<b>\$ (37,250)</b>	<b>\$ (310,410)</b>	<b>\$ (16,786)</b>	<b>\$ (302)</b>	<b>\$ (59,232)</b>

**Horizon Therapeutics plc**  
**Certain Income Statement Line Items - Non-GAAP Adjusted**  
**For the Three Months Ended December 31, 2021 (Unaudited)**  
**(in thousands)**

	Cost of Goods Sold	Research & Development <sup>(17)</sup>	Acquired IPR&D and milestones <sup>(17)</sup>	Selling, General & Administrative	Interest Expense, net	Other (Expense) Income, net	Income Tax Expense (Benefit)
<b>GAAP as reported</b>	\$ (241,509)	\$ (101,242)	\$ (39,672)	\$ (398,954)	\$ (22,045)	\$ (322)	\$ (37,873)
<b>Non-GAAP Adjustments:</b>							
Acquisition/divestiture-related costs <sup>(1)</sup>	1,600	2,000	—	4,163	—	—	—
Gain on equity security investments <sup>(3)</sup>	—	—	—	—	—	(1,257)	—
Restructuring and realignment costs <sup>(4)</sup>	—	16,647	—	1,959	—	—	—
Manufacturing facility start-up costs <sup>(5)</sup>	—	—	—	1,910	—	—	—
Amortization and step-up:							
Intangible amortization expense <sup>(6)</sup>	90,466	—	—	551	—	—	—
Inventory step-up expense <sup>(7)</sup>	10,658	—	—	—	—	—	—
Amortization of debt discount and deferred financing costs <sup>(8)</sup>	—	—	—	—	1,449	—	—
Share-based compensation <sup>(9)</sup>	1,824	6,693	—	40,175	—	—	—
Depreciation <sup>(10)</sup>	55	150	—	5,314	—	—	—
Income tax effect on pre-tax non-GAAP adjustments <sup>(11)</sup>	—	—	—	—	—	—	(27,889)
Other non-GAAP income tax adjustments <sup>(12)</sup>	—	—	—	—	—	—	4,326
<b>Total of non-GAAP adjustments</b>	<b>104,603</b>	<b>25,490</b>	<b>—</b>	<b>54,072</b>	<b>1,449</b>	<b>(1,257)</b>	<b>(23,563)</b>
<b>Non-GAAP</b>	<b>\$ (136,906)</b>	<b>\$ (75,752)</b>	<b>\$ (39,672)</b>	<b>\$ (344,882)</b>	<b>\$ (20,596)</b>	<b>\$ (1,579)</b>	<b>\$ (61,436)</b>





**Horizon Therapeutics plc**  
**Certain Income Statement Line Items - Non-GAAP Adjusted**  
**For the Twelve Months Ended December 31, 2022 (Unaudited)**  
**(in thousands)**

	Cost of Goods Sold	Research & Development (17)	Acquired IPR&D and milestones (17)	Selling, General & Administrative	Impairment of goodwill	Interest Expense, net	Other (Expense) Income, net	Income Tax Expense (Benefit)
<b>GAAP as reported</b>	<b>\$ (920,197)</b>	<b>\$ (437,962)</b>	<b>\$ (56,250)</b>	<b>\$ (1,541,052)</b>	<b>\$ (56,171)</b>	<b>\$ (83,707)</b>	<b>\$ (5,567)</b>	<b>\$ (5,454)</b>
<b>Non-GAAP Adjustments:</b>								
Acquisition/divestiture-related costs <sup>(1)</sup>	(5,035)	2,000	—	2,796	—	—	—	—
Transaction-related costs <sup>(2)</sup>	—	—	—	11,086	—	—	—	—
Loss on equity security investments <sup>(3)</sup>	—	—	—	—	—	—	6,188	—
Restructuring and realignment costs <sup>(4)</sup>	—	577	—	16,400	—	—	—	—
Manufacturing facility start-up costs <sup>(5)</sup>	—	—	—	5,552	—	—	—	—
Amortization and step-up:								
Intangible amortization expense <sup>(6)</sup>	362,900	—	—	3,562	—	—	—	—
Inventory step-up expense <sup>(7)</sup>	91,709	—	—	—	—	—	—	—
Amortization of debt discount and deferred financing costs <sup>(8)</sup>	—	—	—	—	—	7,912	—	—
Share-based compensation <sup>(9)</sup>	8,912	27,830	—	145,358	—	—	—	—
Depreciation <sup>(10)</sup>	225	1,166	—	22,540	—	—	—	—
Impairment of goodwill <sup>(13)</sup>	—	—	—	—	56,171	—	—	—
Income tax effect on pre-tax non-GAAP adjustments <sup>(11)</sup>	—	—	—	—	—	—	—	(148,373)
Other non-GAAP income tax adjustments <sup>(12)</sup>	—	—	—	—	—	—	—	3,387
<b>Total of non-GAAP adjustments</b>	<b>458,711</b>	<b>31,573</b>	<b>—</b>	<b>207,294</b>	<b>56,171</b>	<b>7,912</b>	<b>6,188</b>	<b>(144,986)</b>
<b>Non-GAAP</b>	<b>\$ (461,486)</b>	<b>\$ (406,389)</b>	<b>\$ (56,250)</b>	<b>\$ (1,333,758)</b>	<b>\$ —</b>	<b>\$ (75,795)</b>	<b>\$ 621</b>	<b>\$ (150,440)</b>

**Horizon Therapeutics plc**  
**Certain Income Statement Line Items - Non-GAAP Adjusted**  
**For the Twelve Months Ended December 31, 2021 (Unaudited)**  
**(in thousands)**

	Cost of Goods Sold	Research & Development (17)	Acquired IPR&D and milestones (17)	Selling, General & Administrative	Impairment of Long-lived asset	Gain on Sale of Asset	Interest Expense, net	Other (Expense) Income, net	Income Tax Expense (Benefit)
<b>GAAP as reported</b>	<b>\$ (794,512)</b>	<b>\$ (345,318)</b>	<b>\$ (86,672)</b>	<b>\$ (1,446,410)</b>	<b>\$ (12,371)</b>	<b>\$ 2,000</b>	<b>\$ (81,063)</b>	<b>1,791</b>	<b>\$ 71,666</b>
<b>Non-GAAP Adjustments:</b>									
Acquisition/divestiture-related costs <sup>(1)</sup>	1,525	2,018	—	93,463	—	—	—	(1,077)	—
Gain on equity security investments <sup>(3)</sup>	—	—	—	—	—	—	—	(1,257)	—
Restructuring and realignment costs <sup>(4)</sup>	—	16,647	—	9,662	—	—	—	—	—
Manufacturing facility start-up costs <sup>(5)</sup>	—	—	—	3,622	—	—	—	—	—
Amortization and step-up:									
Intangible amortization expense <sup>(6)</sup>	334,848	—	—	1,429	—	—	—	—	—
Inventory step-up expense <sup>(7)</sup>	27,572	—	—	—	—	—	—	—	—
Amortization of debt discount and deferred financing costs <sup>(8)</sup>	—	—	—	—	—	—	5,189	—	—
Impairment of long lived asset <sup>(14)</sup>	—	—	—	—	12,371	—	—	—	—
Gain on sale of asset <sup>(15)</sup>	—	—	—	—	—	(2,000)	—	—	—
Share-based compensation <sup>(9)</sup>	8,699	39,544	—	170,843	—	—	—	—	—
Depreciation <sup>(10)</sup>	282	442	—	16,751	—	—	—	—	—
Litigation settlement <sup>(16)</sup>	—	—	—	5,000	—	—	—	—	—
Income tax effect on pre-tax non-GAAP adjustments <sup>(11)</sup>	—	—	—	—	—	—	—	—	(169,555)
Other non-GAAP income tax adjustments <sup>(12)</sup>	—	—	—	—	—	—	—	—	(20,800)
<b>Total of non-GAAP adjustments</b>	<b>372,926</b>	<b>58,651</b>	<b>—</b>	<b>300,770</b>	<b>12,371</b>	<b>(2,000)</b>	<b>5,189</b>	<b>(2,334)</b>	<b>(190,355)</b>
<b>Non-GAAP</b>	<b>\$ (421,586)</b>	<b>\$ (286,667)</b>	<b>\$ (86,672)</b>	<b>\$ (1,145,640)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (75,874)</b>	<b>\$ (543)</b>	<b>\$ (118,690)</b>



## NOTES FOR CERTAIN INCOME STATEMENT LINE ITEMS—NON-GAAP

1. Primarily represents transaction and integration costs, including, advisory, legal, consulting and certain employee-related costs, incurred in connection with our acquisitions and divestitures.
2. Primarily represents transaction-related costs, including, advisory, legal and consulting costs, incurred in connection with the transaction with Amgen, as well as the process leading to the transaction.
3. We held investments in equity securities with readily determinable fair values of \$7.0 million and \$13.2 million as of December 31, 2022 and 2021, respectively, which are included in other long-term assets in the condensed consolidated balance sheet. For the year ended December 31, 2022, we recognized net unrealized losses of \$6.2 million due to the change in fair value of these securities. For the year ended December 31, 2021, we recognized net unrealized gains of \$1.3 million due to the change in fair value of these securities.
4. Primarily represents severance and consulting costs related to the wind down of our former inflammation business during 2022 and rent and maintenance charges as a result of vacating the leased Lake Forest office in the first quarter of 2021. In addition, during the fourth quarter of 2021, we ended TEPEZZA drug substance manufacturing development activities in the Seattle facility of a contract manufacturer and recorded a charge of \$16.6 million to R&D expense related to manufacturing development activities in this facility.
5. During the year ended December 31, 2022, we recorded \$5.6 million of manufacturing facility start-up costs related to our drug product biologics manufacturing facility in Waterford, Ireland. During the year ended December 31, 2021, we recorded \$3.6 million of manufacturing facility start-up costs related to the purchase of our drug product biologics manufacturing facility in Waterford, Ireland from EirGen in July 2021.
6. Intangible amortization expenses are primarily associated with our developed technology related to TEPEZZA, KRYSTEXXA, RAVICTI, PROCYSBI, UPLIZNA, ACTIMMUNE, BUPHENYL and RAYOS.
7. During the years ended December 31, 2022 and 2021, we recognized in cost of goods sold \$91.7 million and \$27.6 million, respectively, for inventory step-up expense related to UPLIZNA inventory revalued in connection with the Viela acquisition. Because inventory step-up expense is related to an acquisition, will not continue indefinitely and has a significant effect on our gross profit, gross margin percentage and net income for all affected periods, we exclude inventory step-up expense from our non-GAAP financial measures.
8. Represents amortization of debt discount and deferred financing costs associated with our debt.
9. Represents share-based compensation expense associated with our restricted stock unit and performance stock unit grants to our employees and non-employee directors, and our employee share purchase plan.

10. Represents depreciation expense related to our property, plant, equipment, software and leasehold improvements.
11. 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.
12. During the year ended December 31, 2022, we recognized tax expense attributable to state tax legislation enacted during the period, resulting in a non-GAAP tax adjustment of \$3.4 million.  
  
During the year ended December 31, 2021, we recognized a U.S. federal and state tax liability on U.S. taxable income generated from an intercompany transfer and license of intellectual property from a U.S. subsidiary to an Irish subsidiary which was partially offset by the recognition of a deferred tax asset in the Irish subsidiary, resulting in a non-GAAP tax adjustment of \$28.3 million. We also recognized a reduction in the state tax rate expected to apply to the reversal of temporary differences between the book values and tax bases of certain assets acquired through the Viela acquisition. The reduction in state tax rate resulted in a reduction in the deferred tax liability relating to these assets and a non-GAAP tax adjustment of \$49.1 million.
13. Our interim goodwill impairment test in the second quarter of 2022 indicated an impairment which represented the difference between the estimated fair value of our former inflammation business segment and its carrying value. As a result, we recognized an impairment charge of \$56.2 million in June 2022 representing the full amount of goodwill for the former business segment.
14. During the year ended December 31, 2021, we recorded a right-of-use asset impairment charge of \$12.4 million as a result of vacating the leased Lake Forest office.
15. We recorded \$5.0 million of expense during the year ended December 31, 2021 for litigation settlements.
16. Gain on sale of asset during the year ended December 31, 2021, represents a \$2.0 million contingent consideration payment related to the sale of MIGERGOT in 2019.
17. Beginning with the third quarter of 2022, the Company is separately presenting upfront, milestone and similar payments pursuant to collaborations, licenses of third-party technologies, and asset acquisitions as “Acquired in-process research and development and milestones” (“IPR&D”) expenses in the condensed consolidated statement of operations. Amounts recorded in this line item for the three and twelve months ended December 31, 2022, would have historically been recorded to R&D expenses. The Company believes the new classification assists users of the financial statements in better understanding the payments incurred to IPR&D. Prior period condensed consolidated statement of operations have been reclassified to conform with the new classification. There were no non-GAAP adjustments to IPR&D and milestones expenses for the three and twelve months ended December 31, 2022 and December 31, 2021.