Cigna Corporation

Quarterly Financial Supplement
March 31, 2021

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Cigna Corporation
March 31, 2021 Quarterly Financial Supplement
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BASIS OF PRESENTATION:

All dollar amounts are in millions, unless otherwise noted.

Cigna measures its financial results on a consolidated basis using adjusted income from operations and adjusted revenues. Adjusted income from operations and adjusted revenues on a consolidated basis are not determined in accordance with accounting principles generally accepted in the United States of America ("GAAP") and should not be viewed as a substitute for the most directly comparable GAAP measures which are shareholders' net income and total revenues. Cigna also uses adjusted income from operations to measure the results of its segments; however the segment metric is determined before income taxes.

Adjusted income from operations is defined as shareholders' net income (or income before income taxes for the segment metric) excluding the following adjustments: net realized investment results, amortization of acquired intangible assets and special items. Cigna's share of certain realized investment results of its joint ventures reported in the International Markets segment using the equity method of accounting are also excluded. Adjusted income from operations is used as our principal financial measure of operating performance because management believes it best presents the underlying results of operations of Cigna's businesses and permits analysis of trends in underlying revenue, expenses and profitability.

Adjusted revenues is defined as total revenues excluding the following adjustments: special items and Cigna's share of certain realized investment results of its joint ventures reported in the International Markets segment using the equity method of accounting. These items are excluded because they are not indicative of past or future underlying performance of our businesses.

Beginning first quarter 2021, "Corporate and Other Operations" in this Quarterly Financial Supplement combines the results previously reported as "Corporate" and the segment previously reported as "Group Disability and Other". This change to simplify reporting was enabled by the sale of the Group Disability and Life business during the fourth quarter of 2020.

As of the third quarter 2020, the segment previously reported as Health Services is reported as Evernorth and the segment previously reported as Integrated Medical is reported as U.S. Medical. There are no changes to the underlying businesses reported in either segment.

In some financial tables in this Quarterly Financial Supplement, we present percentage changes. When those changes are so large as to become not meaningful, we present "N/M" in place of the computed percentage.

Cigna Corporation
Financial Highlights (unaudited)

(Dollars in millions, except per share amounts)	Three Months Ended March 31,		
	2021	2020	% Change
Total revenues	$ 40,971	$ 38,469	7 %
Net realized investment results from certain equity method investments	14	10	40
Special item related to contractual adjustment for a former client	—	(87)	N/M
Adjusted revenues [1]	$ 40,985	$ 38,392	7 %
Shareholders' net income	$ 1,161	$ 1,181	(2) %
Pre-Tax Adjusted Income (Loss) From Operations by Segment			
Evernorth	$ 1,223	$ 1,082	13 %
U.S. Medical	987	1,199	(18)
International Markets	262	282	(7)
Corporate and Other Operations	(330)	(328)	(1)
Consolidated pre-tax adjusted income from operations	$ 2,142	$ 2,235	(4) %
Adjusted income tax expense	478	477	—
Consolidated after-tax adjusted income from operations	$ 1,664	$ 1,758	(5) %
Diluted earnings per share			
Shareholders' net income	$ 3.30	$ 3.15	5 %
After-tax adjustments to reconcile to adjusted income from operations			
Net realized investment (gains) losses [2]	0.04	0.21	
Amortization of acquired intangible assets	1.10	0.82	
Special items			
Debt extinguishment costs	0.29	0.38	
Integration and transaction-related costs	0.06	0.20	
Charges associated with litigation matters	(0.06)	0.05	
Charge for organizational efficiency plan	—	0.06	
Contractual adjustment for a former client	—	(0.18)	
Total special items	0.29	0.51	
Adjusted income from operations	$ 4.73	$ 4.69	1 %
Weighted average shares (in thousands)	351,976	374,639	
Adjusted EBITDA [3]	$ 2,678	$ 2,822	(5) %
Operating cash flow (see page 12)	$ 1,093	$ 1,887	(42) %
SG&A expense ratio [4]	8.0 %	8.5 %	50 bps

CUSTOMER RELATIONSHIPS	As of March 31,			As of December 31,	
(Relationships, lives and policies in thousands)	2021	2020	% Change	2020	% Change
Pharmacy [5]	101,002	78,804	28 %	98,850	2 %
Medical (see page 7)	16,703	17,218	(3)	16,673	—
Behavioral Care	38,950	37,231	5	36,908	6
Dental	17,800	18,018	(1)	17,542	1
Medicare Part D	3,184	3,295	(3)	3,291	(3)
International Markets policies	12,290	12,453	(1)	12,111	1
Total customer relationships [6]	189,929	167,019	14 %	185,375	2 %

(1) Adjusted revenues is defined as total revenues excluding the following adjustments: special items and Cigna's share of certain realized investment results of its joint ventures reported in the International Markets segment using the equity method of accounting. These items are excluded because they are not indicative of past or future underlying performance of our businesses.

(2) Includes the Company's share of certain realized investment results of its joint ventures reported in the International Markets segment using the equity method of accounting.

(3) Adjusted income from operations excluding interest, taxes, depreciation and amortization ("Adjusted EBITDA") is a non-GAAP measure, defined as shareholders' net income excluding income taxes and the before-tax impact of special items, interest expense, total depreciation and amortization, and net realized investment results.

(4) SG&A expense ratio is calculated as follows: Cigna's total selling, general and administrative expenses excluding special items divided by Cigna's consolidated adjusted revenues

(5) Effective January 1, 2021, Pharmacy lives have been updated to reflect actual eligibility data for benefits provided to Prime Therapeutics. Previously these lives had been estimated based on prescriptions filled during the period. Pharmacy lives as of December 31, 2020 have been restated to reflect this change.

(6) Covered lives associated with the Group Disability and Life business that was sold on December 31, 2020 have been excluded from this table.

Cigna Corporation
Consolidated Income Statements (unaudited)

(Dollars in millions)	Three Months Ended March 31,		
	2021	2020	% Change
Revenues			
Pharmacy revenues	$ 28,025	$ 25,098	12 %
Premiums	10,214	10,840	(6)
Fees and other revenues	2,341	2,178	7
Net investment income	391	353	11
Total revenues	40,971	38,469	7
Benefits and expenses			
Pharmacy and other service costs	27,235	24,190	13
Medical costs and other benefit expenses	8,005	8,322	(4)
Selling, general and administrative expenses excluding special items	3,277	3,245	1
Amortization of acquired intangible assets	495	498	(1)
Special items	2	153	(99)
Total benefits and expenses	39,014	36,408	7
Income from operations	1,957	2,061	(5)
Interest expense and other	(314)	(391)	20
Debt extinguishment costs	(131)	(185)	29
Net realized investment gains (losses)	1	(88)	N/M
Income before income taxes	1,513	1,397	8
Total income taxes	342	208	64
Net income	1,171	1,189	(2)
Less: Net income attributable to noncontrolling interests	10	8	25
Shareholders' net income	1,161	1,181	(2)
After-tax adjustments to reconcile adjusted income from operations			
Net realized investment (gains) losses [(1)]	13	77	
Amortization of acquired intangible assets	388	309	
Special items			
Debt extinguishment costs	101	140	
Integration and transaction-related costs	22	74	
Charges associated with litigation matters	(21)	19	
Charge for organizational efficiency plan	—	24	
Contractual adjustment for a former client	—	(66)	
Adjusted income from operations	$ 1,664	$ 1,758	(5) %

(1) Includes the Company's share of certain realized investment results of its joint ventures reported in the International Markets segment using the equity method of accounting.

Cigna Corporation
Evernorth
Segment Results (unaudited)

(Dollars in millions)	Three Months Ended March 31,		
	2021	2020	% Change
Revenues			
Pharmacy revenues	$ 29,300	$ 26,125	12 %
Fees and other revenues	1,317	1,105	19
Net investment income	3	25	(88)
Total revenues	30,620	27,255	12
Benefits and expenses			
Pharmacy and other service costs	28,777	25,554	13
Gross profit	1,843	1,701	8
Selling, general and administrative expenses	615	528	16
Amortization of acquired intangible assets	477	479	—
Income from operations	751	694	8
Net realized investment gains (losses)	(2)	—	N/M
Income before income taxes	749	694	8
Pre-tax adjustments required to reconcile to adjusted income from operations			
Pre-tax (income) attributable to noncontrolling interests	(5)	(4)	
Net realized investment (gains) losses	2	—	
Amortization of acquired intangible assets	477	479	
Special items	—	(87)	
Pre-tax adjusted income from operations	$ 1,223	$ 1,082	13 %
Pre-tax adjusted margin	4.0 %	4.0 %	— bps
Reconciliation of total revenues to adjusted revenues			
Total revenues	$ 30,620	$ 27,255	12 %
Special item related to contractual adjustment for a former client	—	(87)	N/M
Adjusted revenues [(1)]	$ 30,620	$ 27,168	13 %

(1) Adjusted revenues is defined as total revenues excluding the following adjustments: special items and Cigna's share of certain realized investment results of its joint ventures reported in the International Markets segment using the equity method of accounting. These items are excluded because they are not indicative of past or future underlying performance of our businesses.

Cigna Corporation
Evernorth
Key Metrics (unaudited)

(Dollars and adjusted scripts in millions)	Three Months Ended March 31,		
	2021	2020	% Change
Selected Financial Information [1]			
Adjusted EBITDA [2]	$ 1,308	$ 1,158	13 %
Pharmacy revenue by distribution channel [1]			
Adjusted network revenues	$ 15,138	$ 12,791	18
Adjusted home delivery and specialty revenues	12,774	12,005	6
Other revenues	1,388	1,242	12
Total adjusted pharmacy revenues	$ 29,300	$ 26,038	13
Pharmacy script volume			
Adjusted network scripts [3]	323	288	12
Adjusted home delivery and specialty scripts [3]	70	72	(3)
Total adjusted scripts [3]	393	360	9
Generic fill rate			
Network	87.3 %	88.2 %	
Home delivery	86.0 %	84.8 %	
Overall generic fill rate	87.2 %	87.9 %	

(1) Evernorth segment metrics on this page are presented excluding special items.

(2) Adjusted income from operations excluding interest, taxes, depreciation and amortization ("Adjusted EBITDA") is a non-GAAP measure, defined as shareholders' net income excluding income taxes and the before-tax impact of special items, interest expense, total depreciation and amortization, and net realized investment results.

(3) Non-specialty network scripts filled through 90-day programs, and home delivery scripts are multiplied by three. All other network and specialty scripts are counted as one script.

Cigna Corporation
U.S. Medical
Segment Results (unaudited)

(Dollars in millions)	Three Months Ended March 31,		
	2021	2020	% Change
Revenues			
Premiums	$ 8,707	$ 8,320	5 %
Fees and other revenues	1,405	1,414	(1)
Net investment income	250	126	98
Total revenues [(1)]	10,362	9,860	5
Benefits and expenses			
Medical costs	7,125	6,514	9
Selling, general and administrative expenses	2,250	2,147	5
Amortization of acquired intangible assets	8	11	(27)
Total benefits and expenses	9,383	8,672	8
Income from operations	979	1,188	(18)
Net realized investment gains (losses)	30	(48)	N/M
Income before income taxes	1,009	1,140	(11)
Pre-tax adjustments required to reconcile to adjusted income from operations			
Net realized investment (gains) losses	(30)	48	
Amortization of acquired intangible assets	8	11	
Pre-tax adjusted income from operations	$ 987	$ 1,199	(18) %
Pre-tax adjusted margin	9.5 %	12.2 %	(270) bps

(1) Total revenues were equal to adjusted revenues in the U.S. Medical segment for the periods presented.

Cigna Corporation
U.S. Medical
Revenue and Medical Care Ratio (unaudited)

(Dollars in millions)	Three Months Ended March 31,			
	2021	2020	% Change	
Premiums:				
U.S. Commercial Premiums				
Risk	$ 3,523	$ 3,461	2	%
Stop loss	1,194	1,161	3	
Other	310	289	7	
Total U.S. Commercial premiums	5,027	4,911	2	
U.S. Government Premiums				
Medicare Advantage	2,092	1,881	11	
Medicare Part D	450	462	(3)	
Other	1,138	1,066	7	
Total U.S. Government premiums	3,680	3,409	8	
Total premiums	8,707	8,320	5	
Fees and other revenues	1,405	1,414	(1)	
Net investment income	250	126	98	
Total revenues	$ 10,362	$ 9,860	5	%
Medical Care Ratio	81.8 %	78.3 %	(350)	bps

Cigna Corporation
Total Medical Customers (unaudited)

COVERED LIVES BY FUNDING TYPE:	As of March 31, 2021	As of March 31, 2020	% Change	As of December 31, 2020	% Change
(Lives in thousands)					
Medical customers: [1]					
U.S. Commercial risk	2,133	2,133	— %	2,141	— %
U.S. Government risk					
Medicare Advantage	566	510	11	525	8
Individual [2]	325	278	17	258	26
Other [3]	573	624	(8)	604	(5)
Total U.S. Government risk	1,464	1,412	4	1,387	6
Services only customers - U.S. Medical	11,419	12,007	(5)	11,485	(1)
Total U.S. Medical	15,016	15,552	(3)	15,013	—
International Markets [4]	1,687	1,666	1	1,660	2
Total medical customers	16,703	17,218	(3) %	16,673	— %

COVERED LIVES BY MARKET SEGMENT: [5]	As of March 31, 2021	As of March 31, 2020 [6]	% Change	As of December 31, 2020 [6]	% Change
(Lives in thousands)					
Medical customers: [1]					
National Accounts	3,318	3,540	(6) %	3,392	(2) %
Middle Market	7,727	8,183	(6)	7,778	(1)
Select	2,503	2,416	4	2,454	2
Small	4	1	N/M	2	100
Total U.S. Commercial	13,552	14,140	(4)	13,626	(1)
Total U.S. Government	1,464	1,412	4	1,387	6
Total U.S. Medical	15,016	15,552	(3)	15,013	—
International Markets	1,687	1,666	1	1,660	2
Total medical customers	16,703	17,218	(3) %	16,673	— %

(1) Includes individuals in our U.S. Medical and International Markets segments who meet any one of the following criteria: are covered under a medical insurance policy, managed care arrangement, or service agreement issued by Cigna; have access to Cigna's provider network for covered services under their medical plan; or have medical claims and services that are administered by Cigna.

(2) As of March 31, 2021, individual business includes on-exchange Patient Protection and Affordable Care and Education Reconciliation Act ("ACA") business (314,000 customers) and off-exchange ACA business (11,000 customers). We exited the off-exchange non-ACA business effective January 1, 2021.

(3) Includes Medicaid and Medicare Supplement customers.

(4) International Markets medical customers excludes medical customers served by less than 100% owned subsidiaries.

(5) Market Segments are defined as follows:
~ the National Accounts market segment includes multi-state employers with more than 5,000 U.S. based, full-time employees in more than one state
~ the Middle Market segment includes employers with more than 500 but fewer than 5,000 U.S. based, full-time employees, single-site employers with more than 5,000 employees, Taft Hartley plans, and other third party payers;
~ the Select market segment includes employers with more than 50 but fewer than 500 eligible employees;
~ the Small market segment includes employers with 2-50 employees.
~ the U.S. Government market segment offers Medicare Advantage (both to individuals who are post-65 retirees, as well as employer group sponsored pre- and post-65 retirees), Prescription Drug Program, Medicare Supplement and Medicaid products as managed care alternatives to publicly funded healthcare programs. The segment also offers individual health insurance coverage both on and off the public exchanges.
~ the International Markets segment is focused on health care and supplemental products and services to meet the needs of local and multinational individuals and organizations and their local and globally mobile employees and dependents.

(6) Prior year lives have been reclassified to reflect current market segment presentation at the employer level, according to the definitions discussed in note 5.

Cigna Corporation
U.S. Medical
Unpaid Claims Liability (unaudited)

(Dollars in millions)	Three Months Ended March 31,		Year Ended
	2021	2020	December 31, 2020
Beginning balance	$ 3,184	$ 2,892	$ 2,892
Less: Reinsurance and other amounts recoverable	224	303	303
Beginning balance, net	2,960	2,589	2,589
Incurred costs related to:			
Current year	7,285	6,661	25,889
Prior years	(185)	(152)	(115)
Total incurred	7,100	6,509	25,774
Paid costs related to:			
Current year	4,423	4,271	23,005
Prior years	2,317	2,027	2,398
Total paid	6,740	6,298	25,403
Ending balance, net	3,320	2,800	2,960
Add: Reinsurance and other amounts recoverable	229	200	224
Ending balance [(1)]	$ 3,549	$ 3,000	$ 3,184

(1) The ending balance is included in the Insurance and contractholder liabilities balance on the Consolidated Balance Sheets. For additional information regarding this liability, see the Insurance and Contractholder Liabilities footnote in Cigna's Form 10-Q for the period ended March 31, 2021, expected to be filed on May 7, 2021.

Cigna Corporation
International Markets
Segment Results (unaudited)

(Dollars in millions)	Three Months Ended March 31,		
	2021	2020	% Change
Revenues			
Premiums	$ 1,450	$ 1,375	5 %
Fees and other revenues	49	45	9
Net investment income	59	40	48
Total revenues	1,558	1,460	7
Benefits and expenses			
Medical costs and other benefit expenses	855	795	8
Selling, general and administrative expenses [(1)]	451	390	16
Amortization of acquired intangible assets	10	7	43
Total benefits and expenses	1,316	1,192	10
Income from operations	242	268	(10)
Interest expense and other	3	2	50
Net realized investment gains (losses)	(19)	(36)	47
Income before income taxes	226	234	(3)
Pre-tax adjustments required to reconcile adjusted income from operations			
Pre-tax (income) attributable to noncontrolling interests	(7)	(5)	
Net realized investment (gains) losses	33	46	
Amortization of acquired intangible assets	10	7	
Pre-tax adjusted income from operations	$ 262	$ 282	(7) %
Pre-tax adjusted margin	16.7 %	19.2 %	(250) bps
Reconciliation of total revenues to adjusted revenues			
Total revenues	$ 1,558	$ 1,460	7 %
Net realized investment results from certain equity method investments	14	10	40
Adjusted revenues [(2)]	$ 1,572	$ 1,470	7 %

(1) Selling, general and administrative expenses include policy acquisition expenses of $173 million for the three months ended March 31, 2021 and $134 million for the three months ended March 31, 2020.

(2) Adjusted revenues is defined as total revenues excluding the following adjustments: special items and Cigna's share of certain realized investment results of its joint ventures reported in the International Markets segment using the equity method of accounting. These items are excluded because they are not indicative of past or future underlying performance of our businesses.

Cigna Corporation
Corporate and Other Operations
Results (unaudited)

(Dollars in millions)	Three Months Ended March 31,		
	2021	2020	% Change
Revenues			
Total revenues and eliminations [1]	$ (1,569)	$ (106)	N/M %
Expenses			
Total expenses and eliminations excluding special items	(1,556)	(170)	N/M
Special items	2	153	(99)
Total expenses and eliminations	(1,554)	(17)	N/M
Loss from operations	(15)	(89)	83
Interest expense and other	(317)	(393)	19
Debt extinquishment costs	(131)	(185)	29
Net realized investment gains (losses)	(8)	(4)	(100)
Loss before income taxes	(471)	(671)	30
Pre-tax adjustments required to reconcile adjusted income (loss) from operations			
Net realized investment (gains) losses	8	4	
Amortization of acquired intangible assets	—	1	
Special items	133	338	
Pre-tax adjusted loss from operations	$ (330)	$ (328)	(1) %

Beginning first quarter 2021, "Corporate and Other Operations" in this Quarterly Financial Supplement combines the results previously reported as "Corporate" and the segment previously reported as "Group Disability and Other". This change to simplify reporting was enabled by the sale of the Group Disability and Life business during the fourth quarter of 2020.

(1) Includes amounts for elimination of intercompany revenues and expenses. Total revenues were equal to adjusted revenues in Corporate and Other Operations for the periods presented.

Cigna Corporation
Consolidated Balance Sheets (unaudited)

(Dollars in millions)	As of March 31, 2021	As of December 31, 2020		As of March 31, 2021	As of December 31, 2020
Assets			**Liabilities**		
Current Assets			**Current Liabilities**		
Cash and cash equivalents	$ 6,505	$ 10,182	Current insurance and contractholder liabilities	$ 5,743	$ 5,308
Investments	1,477	1,331	Pharmacy and other service costs payable	13,762	13,347
Accounts receivable, net	13,588	12,191	Accounts payable	5,640	5,478
Inventories	2,919	3,165	Accrued expenses	7,921	8,515
Other current assets	1,065	930	Short-term debt and current maturities of long-term debt	404	3,374
Total current assets	25,554	27,799	Total current liabilities	33,470	36,022
Long-term investments	22,821	23,262	Non-current insurance and contractholder liabilities	16,424	16,844
Reinsurance recoverables [(1)]	5,175	5,200	Deferred tax liabilities, net	8,832	8,939
Deferred policy acquisition costs	3,351	3,385	Other non-current liabilities	4,485	4,629
Property and equipment	4,114	4,205	Long-term debt	31,568	29,545
Goodwill	44,635	44,648	Separate account liabilities	9,088	9,086
Other intangibles	34,792	35,179	Total liabilities	103,867	105,065
Other assets	2,551	2,687			
Separate account assets	9,088	9,086	Redeemable noncontrolling interests	59	58
			Shareholders' Equity		
			Common stock	4	4
			Additional paid-in capital	29,254	28,975
			Accumulated other comprehensive (loss)	(1,231)	(861)
			Retained earnings	29,389	28,575
			Less treasury stock, at cost	(9,267)	(6,372)
			Total shareholders' equity	48,149	50,321
			Noncontrolling interests	6	7
			Total equity	48,155	50,328
Total assets	$ 152,081	$ 155,451	Total liabilities and equity	$ 152,081	$ 155,451

(1) Includes $4.75 billion as of March 31, 2021 and $4.92 billion as of December 31, 2020 related to: 1) the sale of Cigna's Individual Life & Annuity business in 1998 and Cigna's Retirement Benefits business in 2004, which were primarily in the form of reinsurance arrangements; 2) the reinsurance transaction with Berkshire in 2013; and 3) the sale of Cigna's Group Disability and Life business to New York Life in 2020. Corresponding liabilities are primarily reported in Insurance and contractholder liabilities.

Cigna Corporation
Condensed Consolidated Statements of Cash Flows (unaudited)

(Dollars in millions)	Three Months Ended March 31, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,171	$ 1,189
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	715	693
Realized investment (gains) losses, net	(1)	88
Deferred income tax (benefit)	(35)	(161)
Debt extinguishment costs	131	185
Net changes in assets and liabilities, net of non-operating effects:		
Accounts receivable	(1,420)	(1,056)
Inventories	247	96
Deferred policy acquisition costs	(60)	(138)
Reinsurance recoverable and other assets	40	(210)
Insurance liabilities	443	341
Pharmacy costs and other service costs payable	415	408
Accounts payable and accrued expenses and other liabilities	(637)	308
Other, net	84	144
Net cash provided by operating activities	1,093	1,887
Net cash (used in) investing activities	(717)	(269)
Net cash (used in) financing activities [(1)]	(4,051)	(1,818)
Effect of foreign currency rate changes on cash, cash equivalents and restricted cash	(26)	(37)
Net (decrease) in cash, cash equivalents and restricted cash	(3,701)	(237)
Cash, cash equivalents, and restricted cash January 1, [(2)]	10,245	5,411
Cash, cash equivalents and restricted cash March 31,	$ 6,544	$ 5,174
Cash reclassified to assets held for sale	—	(597)
Cash, cash equivalents, and restricted cash March 31, per Consolidated Balance Sheets [(3)]	$ 6,544	$ 4,577

(1) Includes $2.8 billion for stock repurchases, $5.4 billion for the repayment and extinguishment of long term debt and repayment of commercial paper, offset by $4.3 billion for the issuance of long term debt for the three months ended March 31, 2021.

(2) Includes restricted cash of $26 million reported in Other noncurrent assets and $23 million reported in Long-term investments, and $743 million cash reported in Assets held for sale as of January 1, 2020.

(3) Includes restricted cash of $39 million reported in Long-term investments as of March 31, 2021.