Cigna Corporation

Quarterly Financial Supplement
March 31, 2022

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March 31, 2022 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 (loss) from operations to measure the results of its segments, however the segment metric is determined before income taxes.

Adjusted income (loss) from operations is a principal financial measure of profitability used by Cigna's management because it presents the underlying results of operations of Cigna's businesses and permits analysis of trends in underlying revenue, expenses and shareholders' net income. The Company defines adjusted income from operations as shareholders' net income (or income before income taxes less pre-tax income/loss attributable to noncontrolling interests for the segment metric) excluding 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 Cigna Healthcare segment using the equity method of accounting are also excluded. Special items are matters that management believes are not representative of the underlying results of operations due to their nature or size. Adjusted income (loss) from operations is measured on an after-tax basis for consolidated results and on a pre-tax basis for segment results. Consolidated adjusted income (loss) from operations is not determined in accordance with GAAP and should not be viewed as a substitute for the most directly comparable GAAP measure, shareholders' net income. See the Financial Highlights page for a reconciliation of consolidated adjusted income from operations to shareholders' net income.

Adjusted revenues is used by Cigna's management because it permits analysis of trends in underlying revenue. The Company defines adjusted revenues 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 Cigna Healthcare segment using the equity method of accounting. Special items are matters that management believes are not representative of the underlying results of operations due to their nature or size. We exclude these items from this measure because management believes they are not indicative of past or future underlying performance of the business. Adjusted revenues is not determined in accordance with GAAP and should not be viewed as a substitute for the most directly comparable GAAP measure, total revenues. See the Financial Highlights page for a reconciliation of consolidated adjusted revenues to total revenues.

We entered into a definitive agreement in October 2021 to sell our life, accident and supplemental benefits businesses in several countries to Chubb INA Holdings, Inc. As of March 31, 2022, we now expect to sell our life, accident and supplemental benefits businesses in six countries (Hong Kong, Indonesia, New Zealand, South Korea, Taiwan and Thailand) to Chubb for $5.72 billion (the "Chubb Transaction"). Subject to applicable regulatory approvals and customary closing conditions, we expect to complete this transaction in the second quarter of 2022.

In connection with the pending Chubb Transaction, we revised our business structure. As such, we adjusted our segment reporting effective in the fourth quarter of 2021 and segment results for the three months ended March 31, 2021 have been restated to conform to the new segment presentation. See Cigna's Current Report on Form 8-K filed on January 24, 2022 for additional information.

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, 2022	2021	% Change
Total revenues	$ 44,005	$ 40,971	7 %
Net realized investment results from certain equity method investments	103	14	N/M
Adjusted revenues	$ 44,108	$ 40,985	8 %
Shareholders' net income	$ 1,183	$ 1,161	2 %
Pre-Tax Adjusted Income (Loss) From Operations by Segment			
Evernorth	$ 1,302	$ 1,223	6 %
Cigna Healthcare [1]	1,279	1,042	23
Corporate and Other Operations [1]	(117)	(123)	5
Consolidated pre-tax adjusted income from operations	$ 2,464	$ 2,142	15 %
Adjusted income tax expense	533	478	12
Consolidated after-tax adjusted income from operations	$ 1,931	$ 1,664	16 %
Diluted earnings per share			
Shareholders' net income	$ 3.68	$ 3.30	12 %
After-tax adjustments to reconcile to adjusted income from operations			
Net realized investment (gains) losses [2]	1.10	0.04	
Amortization of acquired intangible assets	1.11	1.10	
Special items			
Integration and transaction-related costs	0.12	0.06	
Debt extinguishment costs	—	0.29	
(Benefits) charges associated with litigation matters	—	(0.06)	
Total special items	0.12	0.29	
Adjusted income from operations	$ 6.01	$ 4.73	27 %
Weighted average shares (in thousands)	321,282	351,976	
Adjusted EBITDA [3]	$ 3,022	$ 2,678	13 %
Operating cash flow (see page 11)	$ 2,030	$ 1,093	86 %
Adjusted SG&A expense ratio [4]	7.4 %	8.0 %	60 bps

CUSTOMER RELATIONSHIPS	As of March 31,			As of December 31,	
(Relationships, lives and policies in thousands)	2022	2021	% Change	2021	% Change
Pharmacy	107,440	101,002	6 %	107,298	— %
Medical (see page 7) [5]	17,779	16,671	7	17,081	4
Behavioral Care	44,078	38,950	13	40,380	9
Dental	18,169	17,800	2	17,731	2
Medicare Part D	2,904	3,184	(9)	3,182	(9)
Total customer relationships [5]	190,370	177,607	7 %	185,672	3 %

(1) Amounts for the three months ended March 31, 2021 have been restated to reflect updated segment reporting. See Basis of Presentation section for further description of this change.

(2) Includes the Company's share of certain realized investment results of its joint ventures reported in the Cigna Healthcare 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) Adjusted SG&A expense ratio is calculated as selling, general and administrative expenses excluding special items divided by adjusted revenues.

(5) Policies issued by the international businesses to be sold pursuant to the Chubb Transaction and our joint venture in Turkey have been excluded from this table.

Cigna Corporation
Consolidated Income Statements (unaudited)

(Dollars in millions)	Three Months Ended March 31,		
	2022	2021	% Change
Revenues			
Pharmacy revenues	$ 30,697	$ 28,025	10 %
Premiums	10,356	10,214	1
Fees and other revenues	2,538	2,341	8
Net investment income	414	391	6
Total revenues	44,005	40,971	7
Benefits and expenses			
Pharmacy and other service costs	29,813	27,235	9
Medical costs and other benefit expenses	8,268	8,005	3
Selling, general and administrative expenses excluding special items	3,247	3,277	(1)
Amortization of acquired intangible assets	458	495	(7)
Special items	52	2	N/M
Total benefits and expenses	41,838	39,014	7
Income from operations	2,167	1,957	11
Interest expense and other	(299)	(314)	5
Debt extinguishment costs	—	(131)	N/M
Net realized investment gains (losses)	(319)	1	N/M
Income before income taxes	1,549	1,513	2
Total income taxes	351	342	3
Net income	1,198	1,171	2
Less: Net income attributable to noncontrolling interests	15	10	50
Shareholders' net income	1,183	1,161	2
After-tax adjustments to reconcile adjusted income from operations			
Net realized investment (gains) losses [(1)]	355	13	
Amortization of acquired intangible assets	356	388	
Special items			
Integration and transaction-related costs	37	22	
Debt extinguishment costs	—	101	
(Benefits) charges associated with litigation matters	—	(21)	
Adjusted income from operations	$ 1,931	$ 1,664	16 %

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

Cigna Corporation
Evernorth
Segment Results (unaudited)

(Dollars in millions)	Three Months Ended March 31,		
	2022	2021	% Change
Revenues			
Pharmacy revenues	$ 31,942	$ 29,300	9 %
Fees and other revenues	1,634	1,317	24
Net investment income	10	3	233
Total revenues [(1)]	33,586	30,620	10
Benefits and expenses			
Pharmacy and other service costs	31,575	28,777	10
Gross profit	2,011	1,843	9
Selling, general and administrative expenses	697	615	13
Amortization of acquired intangible assets	443	477	(7)
Income from operations	871	751	16
Interest expense and other	(1)	—	N/M
Net realized investment gains (losses)	—	(2)	N/M
Income before income taxes	870	749	16
Pre-tax adjustments required to reconcile to adjusted income from operations			
Pre-tax (income) attributable to noncontrolling interests	(11)	(5)	
Net realized investment (gains) losses	—	2	
Amortization of acquired intangible assets	443	477	
Pre-tax adjusted income from operations	$ 1,302	$ 1,223	6 %
Pre-tax adjusted margin	3.9 %	4.0 %	(10) bps

(1) Total revenues equal adjusted revenues as there were no special items in the periods presented.

Cigna Corporation
Evernorth
Key Metrics (unaudited)

(Dollars and adjusted scripts in millions)	Three Months Ended March 31,		
	2022	2021	% Change
Selected Financial Information			
Adjusted EBITDA [1]	$ 1,424	$ 1,308	9 %
Pharmacy revenue by distribution channel			
Network revenues	$ 15,531	$ 15,138	3 %
Home delivery and specialty revenues	14,699	12,774	15
Other revenues	1,712	1,388	23
Total pharmacy revenues	$ 31,942	$ 29,300	9 %
Pharmacy script volume			
Adjusted network scripts [2]	315	323	(2) %
Adjusted home delivery and specialty scripts [2]	70	70	—
Total adjusted scripts [2]	385	393	(2) %
Generic fill rate			
Network	87.2 %	87.3 %	(10) bps
Home delivery	85.4 %	86.0 %	(60) bps
Overall generic fill rate	87.0 %	87.2 %	(20) bps

(1) Adjusted EBITDA is defined as Evernorth segment pre-tax adjusted income from operations excluding interest expense and depreciation and amortization (for amounts not already excluded in segment pre-tax adjusted income from operations).

(2) 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
Cigna Healthcare
Segment Results (unaudited)

(Dollars in millions)	Three Months Ended March 31,		
	2022	2021 [1]	% Change
Revenues			
Premiums	$ 9,526	$ 9,348	2 %
Fees and other revenues	1,497	1,446	4
Net investment income	266	259	3
Total revenues	11,289	11,053	2
Benefits and expenses			
Medical costs	7,759	7,567	3
Selling, general and administrative expenses	2,355	2,460	(4)
Amortization of acquired intangible assets	15	14	7
Total benefits and expenses	10,129	10,041	1
Income from operations	1,160	1,012	15
Interest expense and other	2	3	(33)
Net realized investment gains (losses)	(303)	30	N/M
Income before income taxes	859	1,045	(18)
Pre-tax adjustments required to reconcile to adjusted income from operations			
Pre-tax (income) attributable to noncontrolling interests	(1)	(1)	
Net realized investment (gains) losses	406	(16)	
Amortization of acquired intangible assets	15	14	
Pre-tax adjusted income from operations	$ 1,279	$ 1,042	23 %
Pre-tax adjusted margin	11.2 %	9.4 %	180 bps
Reconciliation of total revenues to adjusted revenues			
Total revenues	$ 11,289	$ 11,053	2 %
Net realized investment results from certain equity method investments	103	14	N/M
Adjusted revenues	$ 11,392	$ 11,067	3 %

(1) Amounts have been restated to reflect updated segment reporting. See Basis of Presentation section for further description of this change.

Cigna Corporation
Cigna Healthcare
Premium Revenue and Medical Care Ratio (unaudited)

(Dollars in millions)	Three Months Ended March 31, 2022	2021 [1]	% Change
Premiums:			
U.S. Commercial			
Insured	$ 3,720	$ 3,523	6 %
Stop loss	1,325	1,194	11
Other	360	310	16
Total U.S. Commercial	5,405	5,027	8
U.S. Government			
Medicare Advantage	2,078	2,092	(1)
Medicare Part D	401	450	(11)
Other	940	1,138	(17)
Total U.S. Government	3,419	3,680	(7)
International Health	702	641	10
Total premiums	$ 9,526	$ 9,348	2 %
Medical Care Ratio	81.5 %	80.9 %	(60) bps

(1) Amounts have been restated to reflect updated segment reporting. See Basis of Presentation section for further description of this change.

Cigna Corporation
Cigna Healthcare
Total Medical Customers (unaudited)

COVERED LIVES BY FUNDING TYPE:	As of March 31, 2022	2021	% Change	As of December 31, 2021	% Change
(Lives in thousands)					
Medical customers: [1]					
U.S. Commercial insured	2,166	2,133	2 %	2,166	— %
U.S. Government insured					
Medicare Advantage	551	566	(3)	567	(3)
Individual [2]	352	325	8	378	(7)
Other [3]	494	573	(14)	565	(13)
Total U.S. Government insured	1,397	1,464	(5)	1,510	(7)
International Health insured [4]	1,119	1,016	10	1,081	4
U.S. Commercial services only	12,455	11,419	9	11,688	7
U.S. Government services only	5	—	N/M	—	N/M
International Health services only [4]	637	639	—	636	—
Total medical customers	17,779	16,671	7 %	17,081	4 %

COVERED LIVES BY MARKET SEGMENT: [5]	As of March 31, 2022	2021 [6]	% Change	As of December 31, 2021 [6]	% Change
(Lives in thousands)					
Medical customers: [1]					
National Accounts	3,392	3,380	— %	3,324	2 %
Middle Market	8,520	7,685	11	7,935	7
Select	2,672	2,482	8	2,578	4
Small	37	5	N/M	17	118
Total U.S. Commercial	14,621	13,552	8	13,854	6
Total U.S. Government	1,402	1,464	(4)	1,510	(7)
International Health [4]	1,756	1,655	6	1,717	2
Total medical customers	17,779	16,671	7 %	17,081	4 %

(1) Includes individuals in our Cigna Healthcare segment 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, 2022, individual business includes on-exchange Patient Protection and Affordable Care and Education Reconciliation Act ("ACA") business (340,000 customers) and off-exchange ACA business (12,000 customers).

(3) Includes Medicaid (disposed of January 1, 2022) and Medicare Supplement customers.

(4) International Health excludes medical customers served by less than 100% owned subsidiaries and customers that are part of the businesses to be sold pursuant to the Chubb Transaction. Prior year lives have been restated to conform to this presentation.

(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 and Medicare Supplement as managed care alternatives to publicly funded health care programs. The segment also offers individual health insurance coverage both on and off the public exchanges.
~ the International Health market segment is focused on health care coverage in our international markets, as well as health care benefits for globally mobile individuals and employees of multinational organizations.

(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
Cigna Healthcare
Unpaid Claims Liability (unaudited)

(Dollars in millions)	Three Months Ended March 31,		Year Ended
	2022	2021 [1]	December 31, 2021
Beginning balance	$ 4,261	$ 3,695	$ 3,695
Less: Reinsurance and other amounts recoverable	261	237	237
Beginning balance, net	4,000	3,458	3,458
Incurred costs related to:			
Current year	8,024	7,755	31,755
Prior years	(276)	(233)	(219)
Total incurred	7,748	7,522	31,536
Paid costs related to:			
Current year	4,634	4,640	27,929
Prior years	2,822	2,555	3,065
Total paid	7,456	7,195	30,994
Ending balance, net	4,292	3,785	4,000
Add: Reinsurance and other amounts recoverable	199	242	261
Ending balance [2]	$ 4,491	$ 4,027	$ 4,261

(1) Amounts have been restated to reflect updated segment reporting. See Basis of Presentation section for further description of this change.

(2) 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, 2022, expected to be filed on May 6, 2022.

Cigna Corporation
Corporate and Other Operations
Results (unaudited)

(Dollars in millions)	Three Months Ended March 31,		
	2022	2021 [1]	% Change
Revenues			
Total revenues and eliminations [2]	$ (870)	$ (702)	(24) %
Expenses			
Total expenses and eliminations excluding special items [2]	(1,058)	(898)	(18)
Special items	52	2	N/M
Total expenses and eliminations [2]	(1,006)	(896)	(12)
Income (loss) from operations	136	194	(30)
Interest expense and other	(300)	(317)	5
Debt extinguishment costs	—	(131)	N/M
Net realized investment gains (losses)	(16)	(27)	41
Loss before income taxes	(180)	(281)	36
Pre-tax adjustments required to reconcile adjusted income (loss) from operations			
Pre-tax (income) attributable to noncontrolling interests	(5)	(6)	
Net realized investment (gains) losses	16	27	
Amortization of acquired intangible assets	—	4	
Special items	52	133	
Pre-tax adjusted loss from operations	$ (117)	$ (123)	5 %

(1) Amounts have been restated to reflect updated segment reporting. See Basis of Presentation section for further description of this change.

(2) Includes amounts for elimination of intercompany revenues and expenses.

Cigna Corporation
Consolidated Balance Sheets (unaudited)

(Dollars in millions)	As of March 31, 2022	As of December 31, 2021		As of March 31, 2022	As of December 31, 2021
Assets			**Liabilities**		
Current Assets			**Current Liabilities**		
Cash and cash equivalents	$ 4,424	$ 5,081	Current insurance and contractholder liabilities	$ 5,673	$ 5,318
Investments	731	920	Pharmacy and other service costs payable	15,235	15,309
Accounts receivable, net	16,003	15,071	Accounts payable	6,632	6,655
Inventories	3,500	3,722	Accrued expenses and other liabilities	7,833	7,322
Other current assets	1,042	1,283	Short-term debt	2,173	2,545
Assets of businesses held for sale [1]	9,693	10,057	Liabilities of businesses held for sale [1]	6,116	6,423
Total current assets	35,393	36,134	Total current liabilities	43,662	43,572
Long-term investments	17,693	18,438	Non-current insurance and contractholder liabilities	12,167	12,563
Reinsurance recoverables [2]	4,937	4,970	Deferred tax liabilities, net	8,110	8,346
Deferred policy acquisition costs	719	677	Other non-current liabilities	3,346	3,762
Property and equipment	3,661	3,692	Long-term debt	31,013	31,125
Goodwill	45,804	45,811	Separate account liabilities	8,148	8,337
Other intangible assets	33,714	34,102	Total liabilities	106,446	107,705
Other assets	2,541	2,728			
Separate account assets	8,148	8,337	Redeemable noncontrolling interests	55	54
			Shareholders' Equity		
			Common stock	4	4
			Additional paid-in capital	29,736	29,574
			Accumulated other comprehensive loss	(1,492)	(884)
			Retained earnings	33,420	32,593
			Less: treasury stock, at cost	(15,581)	(14,175)
			Total shareholders' equity	46,087	47,112
			Other noncontrolling interests	22	18
			Total equity	46,109	47,130
Total assets	$ 152,610	$ 154,889	Total liabilities and equity	$ 152,610	$ 154,889

(1) The assets and liabilities in the life, accident, and supplemental businesses to be sold pursuant to the Chubb Transaction have been classified as held for sale as of March 31, 2022 and December 31, 2021. For additional information regarding the sale of these businesses, see the Assets and Liabilities of Businesses Held for Sale footnote in Cigna's Form 10-Q for the three months ended March 31, 2022, expected to be filed on May 6, 2022.

(2) Includes $4.52 billion as of March 31, 2022 and $4.56 billion as of December 31, 2021 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,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,198	$ 1,171
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	717	715
Realized investment (gains) losses, net	319	(1)
Deferred income tax (benefit)	(138)	(35)
Debt extinguishment costs	—	131
Net changes in assets and liabilities, net of non-operating effects:		
Accounts receivable	(983)	(1,420)
Inventories	222	247
Deferred policy acquisition costs	(41)	(60)
Reinsurance recoverable and other assets	443	40
Insurance liabilities	396	443
Pharmacy and other service costs payable	(74)	415
Accounts payable and accrued expenses and other liabilities	34	(637)
Other, net	(63)	84
Net cash provided by operating activities	2,030	1,093
Net cash (used in) investing activities	(324)	(717)
Net cash (used in) financing activities [(1)]	(2,171)	(4,051)
Effect of foreign currency rate changes on cash, cash equivalents and restricted cash	(23)	(26)
Net (decrease) in cash, cash equivalents and restricted cash	(488)	(3,701)
Cash, cash equivalents and restricted cash January 1, [(2)]	5,548	10,245
Cash, cash equivalents and restricted cash March 31,	$ 5,060	$ 6,544
Cash and cash equivalents reclassified to Assets of businesses held for sale	(591)	—
Cash, cash equivalents and restricted cash March 31, per Consolidated Balance Sheets [(3)]	$ 4,469	$ 6,544

(1) Includes $1.4 billion for stock repurchases and $0.5 billion borrowing of commercial paper for the three months ended March 31, 2022.

(2) Includes restricted cash of $19 million reported in Other assets and $23 million reported in Long-term investments, and cash and cash equivalents of $425 million reported in Assets of businesses held for sale as of January 1, 2022.

(3) Includes restricted cash of $45 million reported in Long-term investments as of March 31, 2022.