Q2 2024 ACTUAL RESULTS

CVS Health Corporation (the "Company") uses non-GAAP financial measures to analyze underlying business performance and trends. The Company believes that providing these non-GAAP financial measures enhances the Company's and investors' ability to compare the Company's past financial performance with its current performance. These non-GAAP financial measures are provided as supplemental information to the financial measures the Company discloses that are calculated and presented in accordance with GAAP. Non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures determined or calculated in accordance with GAAP. The Company's definitions of its non-GAAP financial measures may not be comparable to similarly titled measurements reported by other companies.

Non-GAAP financial measures such as consolidated adjusted operating income, adjusted earnings per share ("EPS") and adjusted income attributable to CVS Health exclude from the relevant GAAP metrics, as applicable: amortization of intangible assets, net realized capital gains or losses and other items, if any, that neither relate to the ordinary course of the Company's business nor reflect the Company's underlying business performance.

LEVERAGE RATIO CALCULATION

The Company defines Leverage Ratio as Adjusted Net Debt divided by adjusted earnings before interest, tax, depreciation and amortization (Adjusted EBITDA). Adjusted Net Debt is defined as short-term debt and total long-term debt, including the current portion of long-term debt (GAAP measure), plus the current and long-term portion of operating lease liabilities (GAAP measure) reported on the Company's unaudited condensed consolidated balance sheets, plus the present value of payments related to agreements to resolve substantially all opioid claims against the Company (the “opioid litigation liabilities”), less cash and cash equivalents held by the parent company or nonrestricted subsidiaries. Adjusted EBITDA is defined as the trailing twelve months of (i) net income (GAAP measure) plus income taxes, interest, depreciation and amortization plus (ii) operating lease costs, and (iii) other items, if any, that neither relate to the ordinary course of the Company’s business nor reflect the Company’s underlying business performance such as acquisition-related transaction and integration costs, opioid litigation charges, restructuring charges, office real estate optimization charges, losses on assets held for sale and any other items specifically identified herein. The following are reconciliations of total debt to Adjusted Net Debt and net income to Adjusted EBITDA as well as a calculation of Adjusted Net Debt to Adjusted EBITDA as of June 30, 2024 and December 31, 2023:

Adjusted Net Debt-to-EBITDA

Adjusted Net Debt

	As of	
In millions	**June 30, 2024**	December 31, 2023
Total debt (GAAP Measure) (1)	**$ 66,374**	$ 61,610
Operating lease liabilities (GAAP Measure) (2)	**17,448**	17,775
Opioid litigation liabilities (3)	**2,964**	3,198
Less: Cash & cash equivalents held by the parent Company or nonrestricted subsidiaries	**(2,911)**	(735)
Adjusted Net Debt	**$ 83,875**	$ 81,848

(1) Represents short-term debt and total long-term debt as of June 30, 2024 and December 31, 2023.

(2) Represents the current and long-term portion of operating lease liabilities reported on the Company's unaudited condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023.

(3) Represents the net present value of payments related to agreements to resolve substantially all opioid claims against the Company by certain states and governmental entities as of June 30, 2024 and December 31, 2023.

Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures

Adjusted EBITDA

	Trailing Twelve Months Ended	
In millions	**June 30, 2024**	December 31, 2023
Net income (GAAP Measure)	**$ 7,204**	$ 8,368
Income tax provision	**2,437**	2,805
Interest expense	**2,831**	2,658
Depreciation and amortization	**4,550**	4,366
EBITDA	**17,022**	18,197
Operating lease cost (1)	**2,477**	2,532
Acquisition-related transaction and integration costs (2)	**449**	487
Opioid litigation charge (3)	**100**	—
Restructuring charges (4)	**11**	507
Office real estate optimization charges (5)	**10**	46
Loss on assets held for sale (6)	**—**	349
Adjusted EBITDA	**$ 20,069**	$ 22,118

(1) Represents operating lease cost for the trailing twelve-month period ended June 30, 2024 and the trailing twelve-month period ended December 31, 2023, respectively.

(2) The acquisition-related transaction and integration costs relate to the acquisitions of Signify Health, Inc. ("Signify Health") and Oak Street Health, Inc. ("Oak Street Health").

(3) The opioid litigation charge relates to a change in the Company's accrual related to ongoing opioid litigation matters.

(4) The restructuring charges are primarily comprised of severance and employee-related costs, asset impairment charges and a stock-based compensation charge. During the second quarter of 2023, the Company developed an enterprise-wide restructuring plan intended to streamline and simplify the organization, improve efficiency and reduce costs. In connection with the development of this plan and the acquisitions of Signify Health and Oak Street Health, the Company also conducted a strategic review of its various transformation initiatives and determined that it would terminate certain initiatives.

(5) The office real estate optimization charges primarily relate to the abandonment of leased real estate and the related right-of-use assets and property and equipment in connection with the planned reduction of corporate office real estate space in response to the Company's new flexible work arrangement.

(6) The loss on assets held for sale relates to the Company's long-term care ("LTC") reporting unit within the Pharmacy & Consumer Wellness segment. During 2022, the Company determined that its LTC business was no longer a strategic asset and committed to a plan to sell it, at which time the LTC business met the criteria for held-for-sale accounting and its net assets were accounted for as assets held for sale. During the first quarter of 2023, a loss on assets held for sale was recorded to write down the carrying value of the LTC business to the Company's best estimate of the ultimate selling price which reflected its estimated fair value less costs to sell. As of the third quarter of 2023, the Company determined the LTC business no longer met the criteria for held-for-sale accounting and accordingly the net assets associated with the LTC business were reclassified to held and used at their respective fair values.

Adjusted Net Debt-to-EBITDA

	As of	
In millions (except leverage ratio)	**June 30, 2024**	December 31, 2023
Adjusted Net Debt	**$ 83,875**	$ 81,848
Adjusted EBITDA	**$ 20,069**	$ 22,118
Adjusted Net Debt-to-EBITDA	**~4.18x**	~3.70x

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by or on behalf of the Company. The information on pages 5 to 8 of this document is forward-looking. By their nature, all forward-looking statements are not guarantees of future performance or results and are subject to risks and uncertainties that are difficult to predict and/or quantify. Actual results may differ materially from those contemplated by the forward-looking statements due to the risks and uncertainties described in our Securities and Exchange Commission ("SEC") filings, including those set forth in the Risk Factors section and under the heading "Cautionary Statement Concerning Forward-Looking Statements" in our most recently filed Annual Report on Form 10-K, our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 and our Current Reports on Form 8-K.

You are cautioned not to place undue reliance on the Company's forward-looking statements. The Company's forward-looking statements are and will be based upon management's then-current views and assumptions regarding future events and operating performance, and are applicable only as of the dates of such statements. The Company does not assume any duty to update or revise forward-looking statements, whether as a result of new information, future events, uncertainties or otherwise.

FULL-YEAR 2024

ADJUSTED EARNINGS PER SHARE

GAAP diluted EPS and Adjusted EPS, respectively, are calculated by dividing net income attributable to CVS Health and adjusted income attributable to CVS Health by the Company's weighted average diluted shares outstanding. The Company defines adjusted income attributable to CVS Health as net income attributable to CVS Health (GAAP measure) excluding the impact of amortization of intangible assets, net realized capital gains or losses and other items, if any, that neither relate to the ordinary course of the Company's business nor reflect the Company's underlying business performance, such as acquisition-related transaction and integration costs, opioid litigation charges, restructuring charges, office real estate optimization charges, losses on assets held for sale and the corresponding tax benefit or expense related to the items excluded from adjusted income attributable to CVS Health, as well as any other items specifically identified herein.

The following are reconciliations of projected GAAP diluted EPS to projected Adjusted EPS:

	2024E		2023
	Low	High	Actual
In millions, except per share amounts	Per Common Share		
Net income attributable to CVS Health (GAAP measure)	$ 4.95	$ 5.20	$ 6.47
Non-GAAP adjustments:			
Amortization of intangible assets	1.60	1.60	1.48
Net realized capital losses	0.09	0.09	0.38
Acquisition-related transaction and integration costs (1)	0.19	0.18	0.38
Opioid litigation charge (2)	0.08	0.08	—
Restructuring charges (3)	—	—	0.39
Office real estate optimization charges (4)	—	—	0.04
Loss on assets held for sale (5)	—	—	0.27
Tax impact of non-GAAP adjustments (6)	(0.51)	(0.50)	(0.67)
Adjusted income attributable to CVS Health	$ 6.40	$ 6.65	$ 8.74
Weighted average diluted shares outstanding	1,262	1,262	1,290

(1) During 2024 and 2023, the acquisition-related transaction and integration costs relate to the acquisitions of Signify Health and Oak Street Health.

(2) During 2024, the opioid litigation charge relates to a change in the Company's accrual related to ongoing opioid litigation matters.

(3) During 2023, the restructuring charges are primarily comprised of severance and employee-related costs, asset impairment charges and a stock-based compensation charge. During the second quarter of 2023, the Company developed an enterprise-wide restructuring plan intended to streamline and simplify the organization, improve efficiency and reduce costs. In connection with the development of this plan and the acquisitions of Signify Health and Oak Street Health, the Company also conducted a strategic review of its various transformation initiatives and determined that it would terminate certain initiatives.

(4) During 2023, the office real estate optimization charges primarily relate to the abandonment of leased real estate and the related right-of-use assets and property and equipment in connection with the planned reduction of corporate office real estate space in response to the Company's new flexible work arrangement.

(5) During 2023, the loss on assets held for sale relates to the Company's LTC reporting unit within the Pharmacy & Consumer Wellness segment. During 2022, the Company determined that its LTC business was no longer a strategic asset and committed to a plan to sell it, at which time the LTC business met the criteria for held-for-sale accounting and its net assets were accounted for as assets held for sale. During the first quarter of 2023, a loss on assets held for sale was recorded to write down the carrying value of the LTC business to the Company's best estimate of the ultimate selling price which reflected its estimated fair value less costs to sell. As of the third quarter of 2023, the Company determined the LTC business no longer met the criteria for held-for-sale accounting and accordingly the net assets associated with the LTC business were reclassified to held and used at their respective fair values.

(6) Represents the corresponding tax benefit or expense related to the items excluded from Adjusted EPS above. The nature of each non-GAAP adjustment is evaluated to determine whether a discrete adjustment should be made to the adjusted income tax provision.

ADJUSTED OPERATING INCOME

The Company defines adjusted operating income as operating income (GAAP measure) excluding the impact of amortization of intangible assets, net realized capital gains or losses and other items, if any, that neither relate to the ordinary course of the Company's business nor reflect the Company's underlying business performance, such as acquisition-related transaction and integration costs, opioid litigation charges, restructuring charges, office real estate optimization charges and losses on assets held for sale. The Company's chief operating decision maker ("CODM") uses adjusted operating income as its principal measure of segment performance as it enhances the CODM's ability to compare past financial performance with current performance and analyze underlying business performance and trends. The consolidated measure is not determined in accordance with GAAP and should not be considered a substitute for, or superior to, the most directly comparable GAAP measure, consolidated operating income. The following are reconciliations of projected operating income to projected adjusted operating income:

FULL-YEAR 2024

CONSOLIDATED

	Year Ending December 31,		
	2024E		2023
In millions	**Low**	**High**	Actual
Operating income (GAAP measure)	**$ 11,282**	**$ 11,692**	$ 13,743
Amortization of intangible assets	**2,020**	**2,020**	1,905
Net realized capital losses	**108**	**108**	497
Acquisition-related transaction and integration costs (1)	**240**	**230**	487
Opioid litigation charge (2)	**100**	**100**	—
Restructuring charges (3)	**—**	**—**	507
Office real estate optimization charges (4)	**—**	**—**	46
Loss on assets held for sale (5)	**—**	**—**	349
Adjusted operating income	**$ 13,750**	**$ 14,150**	$ 17,534

(1) During 2024 and 2023, the acquisition-related transaction and integration costs relate to the acquisitions of Signify Health and Oak Street Health.

(2) During 2024, the opioid litigation charge relates to a change in the Company's accrual related to ongoing opioid litigation matters.

(3) During 2023, the restructuring charges are primarily comprised of severance and employee-related costs, asset impairment charges and a stock-based compensation charge. During the second quarter of 2023, the Company developed an enterprise-wide restructuring plan intended to streamline and simplify the organization, improve efficiency and reduce costs. In connection with the development of this plan and the acquisitions of Signify Health and Oak Street Health, the Company also conducted a strategic review of its various transformation initiatives and determined that it would terminate certain initiatives.

(4) During 2023, the office real estate optimization charges primarily relate to the abandonment of leased real estate and the related right-of-use assets and property and equipment in connection with the planned reduction of corporate office real estate space in response to the Company's new flexible work arrangement.

(5) During 2023, the loss on assets held for sale relates to the Company's LTC reporting unit within the Pharmacy & Consumer Wellness segment. During 2022, the Company determined that its LTC business was no longer a strategic asset and committed to a plan to sell it, at which time the LTC business met the criteria for held-for-sale accounting and its net assets were accounted for as assets held for sale. During the first quarter of 2023, a loss on assets held for sale was recorded to write down the carrying value of the LTC business to the Company's best estimate of the ultimate selling price which reflected its estimated fair value less costs to sell. As of the third quarter of 2023, the Company determined the LTC business no longer met the criteria for held-for-sale accounting and accordingly the net assets associated with the LTC business were reclassified to held and used at their respective fair values.

HEALTH CARE BENEFITS SEGMENT

	Year Ending December 31,		
	2024E		2023
In millions	**Low**	**High**	Actual
Operating income (GAAP measure)	**$ 1,000**	**$ 1,300**	$ 3,949
Amortization of intangible assets	**1,169**	**1,169**	1,177
Net realized capital losses	**81**	**81**	402
Office real estate optimization charges (1)	**—**	**—**	49
Adjusted operating income	**$ 2,250**	**$ 2,550**	$ 5,577

(1) During 2023, the office real estate optimization charges primarily relate to the abandonment of leased real estate and the related right-of-use assets and property and equipment in connection with the planned reduction of corporate office real estate space in response to the Company's new flexible work arrangement.

HEALTH SERVICES SEGMENT

	Year Ending December 31,		
	2024E		2023
In millions	**Low**	**High**	Actual
Operating income (GAAP measure)	**$ 6,598**	**$ 6,648**	$ 6,842
Amortization of intangible assets	**602**	**602**	465
Office real estate optimization charges (1)	**—**	**—**	5
Adjusted operating income	**$ 7,200**	**$ 7,250**	$ 7,312

(1) During 2023, the office real estate optimization charges primarily relate to the abandonment of leased real estate and the related right-of-use assets and property and equipment in connection with the planned reduction of corporate office real estate space in response to the Company's new flexible work arrangement.

PHARMACY & CONSUMER WELLNESS SEGMENT

	Year Ending December 31,		
	2024E		2023
In millions	**Low**	**High**	Actual
Operating income (GAAP measure)	**$ 5,454**	**$ 5,504**	$ 5,349
Amortization of intangible assets	**246**	**246**	260
Net realized capital losses	**—**	**—**	5
Loss on assets held for sale (1)	**—**	**—**	349
Adjusted operating income	**$ 5,700**	**$ 5,750**	$ 5,963

(1) During 2023, the loss on assets held for sale relates to the Company's LTC reporting unit within the Pharmacy & Consumer Wellness segment. During 2022, the Company determined that its LTC business was no longer a strategic asset and committed to a plan to sell it, at which time the LTC business met the criteria for held-for-sale accounting and its net assets were accounted for as assets held for sale. During the first quarter of 2023, a loss on assets held for sale was recorded to write down the carrying value of the LTC business to the Company's best estimate of the ultimate selling price which reflected its estimated fair value less costs to sell. As of the third quarter of 2023, the Company determined the LTC business no longer met the criteria for held-for-sale accounting and accordingly the net assets associated with the LTC business were reclassified to held and used at their respective fair values.

ADJUSTED EFFECTIVE INCOME TAX RATE

The following are reconciliations of the projected effective income tax rate to the projected adjusted effective income tax rate:

CONSOLIDATED

	Year Ending December 31,	
	2024	2023
	Estimated	Actual
Effective income tax rate (GAAP measure)	**25.2 %**	25.1 %
Impact of non-GAAP adjustments [1]	**0.1**	(0.6)
Adjusted effective income tax rate	**25.3 %**	24.5 %

(1) Removes the corresponding tax benefit or expense related to the items excluded from adjusted income attributable to CVS Health for the year ended December 31, 2023 and projected adjusted income attributable to CVS Health for the year ending December 31, 2024 in the Company's second quarter 2024 earnings press release that neither relate to the ordinary course of the Company's business nor reflect the Company's underlying business performance, such as amortization of intangible assets, net realized capital losses, acquisition-related transaction and integration costs, opioid litigation charges, restructuring charges, office real estate optimization charges and losses on assets held for sale. The nature of each non-GAAP adjustment is evaluated to determine whether a discrete adjustment should be made to the adjusted income tax provision.