Q4 and Full-Year 2025 Earnings
Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures

2025 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), less a fifty percent equity credit for junior subordinated notes outstanding, plus the current and long-term portion of operating lease liabilities (GAAP measure) reported on the Company's 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 (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 integration costs, goodwill impairment charges, Health Care Delivery clinic closure charges, opioid litigation charges, office real estate optimization charges, certain legacy litigation charges, losses on Accountable Care assets, restructuring charges, gains on early extinguishment of debt, the gain on deconsolidation of subsidiary 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 December 31, 2025 and 2024:

Adjusted Net Debt-to-EBITDA

Adjusted Net Debt

	As of December 31,	
In millions	**2025**	2024
Total debt (GAAP Measure) [(1)]	**$ 64,570**	$ 66,270
Equity credit for junior subordinated notes [(2)]	**(1,500)**	(1,500)
Operating lease liabilities (GAAP Measure) [(3)]	**15,380**	16,650
Opioid litigation liabilities [(4)]	**2,610**	3,103
Less: Cash & cash equivalents held by the parent company or nonrestricted subsidiaries	**(2,751)**	(3,750)
Adjusted Net Debt	**$ 78,309**	$ 80,773

Q4 and Full-Year 2025 Earnings
Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures

Adjusted EBITDA

In millions	Year Ended December 31, 2025	Year Ended December 31, 2024
Net income (GAAP Measure)	**$ 1,728**	$ 4,586
Income tax provision	**408**	1,562
Interest expense	**3,119**	2,958
Depreciation and amortization	**4,606**	4,597
EBITDA	**9,861**	13,703
Operating lease cost (5)	**2,403**	2,423
Acquisition-related integration costs (6)	**117**	243
Goodwill impairment (7)	**5,725**	—
Health Care Delivery clinic closure charge (8)	**83**	—
Opioid litigation charges (9)	**320**	100
Office real estate optimization charges (10)	**10**	30
Legacy litigation charges (11)	**1,220**	—
Loss on Accountable Care assets (12)	**288**	—
Restructuring charges (13)	**—**	1,179
Gain on early extinguishment of debt (14)	**—**	(491)
Gain on deconsolidation of subsidiary (15)	**(483)**	—
Adjusted EBITDA	**$ 19,544**	$ 17,187

Adjusted Net Debt-to-EBITDA

In millions (except leverage ratio)	As of December 31, 2025	As of December 31, 2024
Adjusted Net Debt	**$ 78,309**	$ 80,773
Adjusted EBITDA	**$ 19,544**	$ 17,187
Adjusted Net Debt-to-EBITDA	**~4.01x**	~4.70x

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 the following pages 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 the Company's most recently filed Annual Report on Form 10-K and its other filings with the SEC.

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.

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 integration costs, goodwill impairment charges, Health Care Delivery clinic closure charges, opioid litigation charges, office real estate optimization charges, certain legacy litigation charges, losses on Accountable Care assets, the gain on deconsolidation of subsidiary, the tax benefit from a worthless stock deduction 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:

	Year Ending December 31,		
	2026E		2025
	Low	**High**	Actual
In millions, except per share amounts	**Per Common Share**		
Net income attributable to CVS Health (GAAP measure)	**$ 5.94**	**$ 6.14**	$ 1.39
Non-GAAP adjustments:			
Amortization of intangible assets	**1.35**	**1.35**	1.56
Net realized capital losses	—	—	0.03
Acquisition-related integration costs (6)	**0.06**	**0.06**	0.09
Goodwill impairment (7)	—	—	4.50
Health Care Delivery clinic closure charge (8)	—	—	0.07
Opioid litigation charges (9)	—	—	0.25
Office real estate optimization charges (10)	—	—	0.01
Legacy litigation charges (11)	—	—	0.96
Loss on Accountable Care assets (12)	—	—	0.23
Gain on deconsolidation of subsidiary (15)	—	—	(0.38)
Tax benefit from worthless stock deduction (16)	—	—	(1.51)
Tax impact of other non-GAAP adjustments (17)	**(0.35)**	**(0.35)**	(0.45)
Adjusted income attributable to CVS Health	**$ 7.00**	**$ 7.20**	$ 6.75
Weighted average diluted shares outstanding	**1,285**	**1,285**	1,271

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 integration costs, goodwill impairment charges, Health Care Delivery clinic closure charges, opioid litigation charges, office real estate optimization charges, certain legacy litigation charges and losses on Accountable Care assets. 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:

CONSOLIDATED

	Year Ending December 31,		
	2026E		2025
In millions	**Low**	**High**	Actual
Operating income (GAAP measure)	**$ 13,260**	**$ 13,600**	$ 4,660
Amortization of intangible assets	**1,730**	**1,730**	1,976
Net realized capital losses	**—**	**—**	44
Acquisition-related integration costs (6)	**80**	**80**	117
Goodwill impairment (7)	—	—	5,725
Health Care Delivery clinic closure charge (8)	—	—	83
Opioid litigation charge (9)	—	—	320
Office real estate optimization charges (10)	—	—	10
Legacy litigation charges (11)	—	—	1,220
Loss on Accountable Care assets (12)	—	—	288
Adjusted operating income	**$ 15,070**	**$ 15,410**	$ 14,443

HEALTH CARE BENEFITS SEGMENT

	Year Ending December 31,		
	2026E		2025
In millions	**Low**	**High**	Actual
Operating income (GAAP measure)	**$ 2,642**	**$ 2,982**	$ 1,793
Amortization of intangible assets	**938**	**938**	1,155
Net realized capital gains	—	—	(13)
Office real estate optimization charges (10)	—	—	4
Adjusted operating income	**$ 3,580**	**$ 3,920**	$ 2,939

HEALTH SERVICES SEGMENT

	Year Ending December 31,	
	2026E	2025
In millions	**At Least**	Actual
Operating income (GAAP measure)	**$ 6,724**	$ 220
Amortization of intangible assets	526	569
Net realized capital gains	—	(25)
Goodwill impairment (7)	—	5,725
Health Care Delivery clinic closure charge (8)	—	83
Legacy litigation charge (11)	—	291
Loss on Accountable Care assets (12)	—	288
Adjusted operating income	**$ 7,250**	$ 7,151

PHARMACY & CONSUMER WELLNESS SEGMENT

	Year Ending December 31,	
	2026E	2025
In millions	**At Least**	Actual
Operating income (GAAP measure)	**$ 5,826**	$ 4,860
Amortization of intangible assets	**264**	249
Office real estate optimization charges (10)	**—**	2
Legacy litigation charges (11)	**—**	929
Adjusted operating income	**$ 6,090**	$ 6,040

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,	
	2026	2025
	Estimated	Actual
Effective income tax rate (GAAP measure)	**25.4 %**	19.1 %
Impact of non-GAAP adjustments and other tax items (17)	**(0.1)**	6.3
Adjusted effective income tax rate	**25.3 %**	25.4 %

Endnotes

(1) Represents short-term debt and total long-term debt as of December 31, 2025 and December 31, 2024.

(2) Represents a 50% equity credit related to the Company's issuance of $3.0 billion of junior subordinated notes in December 2024.

(3) Represents the current and long-term portion of operating lease liabilities reported on the Company's consolidated balance sheets as of December 31, 2025 and December 31, 2024.

(4) 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 December 31, 2025 and December 31, 2024.

(5) Represents operating lease cost for the years ended December 31, 2025 and December 31, 2024.

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

(7) The goodwill impairment charge relates to the Health Care Delivery reporting unit within the Health Services segment.

(8) The Health Care Delivery clinic closure charge primarily relates to the write down of long-lived assets in connection with the planned closure of certain existing Oak Street Health clinics in 2026, as well as associated severance and employee-related costs expected to be incurred.

(9) The opioid litigation charges relate to changes in the Company's accrual related to ongoing opioid litigation matters.

(10) 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 Company's evaluation of corporate office real estate space in response to its ongoing flexible work arrangement.

(11) The legacy litigation charges relate to two court decisions associated with the Company's past business practices.

In April 2025, a jury found Omnicare, LLC ("Omnicare") and CVS Health Corporation liable in connection with alleged violations of the federal False Claims Act related to dispensing practices by Omnicare from 2010, prior to its acquisition by the Company in 2015, through 2018. Accordingly, the Company recorded a litigation charge of $387 million during the first quarter of 2025. During the second quarter of 2025, the Company recorded a charge of $542 million, reflecting penalties assessed under the False Claims Act.

In June 2025, a court found certain subsidiaries of CVS Health Corporation liable for damages in connection with a complaint filed in February 2014, in which the government declined to intervene, related to pharmacy benefit management direct and indirect remuneration reporting practices for two clients from 2010 through 2016, which the Company has since modified. In connection with this court decision, the Company recorded a litigation charge of $291 million during the second quarter of 2025.

(12) The loss on Accountable Care assets represents the pre-tax loss on the divestiture of the Company's Medicare Shared Savings Program ("MSSP") operations, which the Company sold in March 2025, as well as costs incurred in connection with the process of winding down the Company's Accountable Care Organization Realizing Equity, Access, and Community Health ("ACO REACH") operations.

(13) The restructuring charges are primarily comprised of a store impairment charge, corporate workforce optimization costs, including severance and employee-related costs, a stock-based compensation charge and other asset impairment and related charges associated with the discontinuation of certain non-core assets. During the third quarter of 2024, the Company finalized an enterprise-wide restructuring plan intended to streamline and simplify the organization, improve efficiency and reduce costs. In connection with this restructuring plan, the Company completed a strategic review of its retail business and determined that it planned to close additional retail stores in 2025, and, accordingly, it recorded a store impairment charge to write down the associated lease right-of-use assets and property and equipment. In addition, during the third quarter of 2024, the Company also conducted a review of its various strategic assets and determined that it would discontinue the use of certain non-core assets, at which time impairment losses were recorded to write down the carrying value of these assets to the Company's best estimate of their fair value.

(14) The gain on early extinguishment of debt relates to the Company's repayment of approximately $2.6 billion of its outstanding senior notes in December 2024, pursuant to its tender offer for such senior notes.

(15) The gain on deconsolidation of subsidiary relates to Omnicare, a wholly-owned indirect subsidiary of CVS Health Corporation, and certain of its subsidiary entities (collectively, the "Omnicare Entities"). In September 2025, the Omnicare Entities voluntarily initiated Chapter 11 proceedings under the U.S. Bankruptcy Code, at which time the Company determined that it no longer retained control of the Omnicare Entities and deconsolidated the subsidiaries.

(16) Following the voluntarily initiation of Chapter 11 proceedings described above, it was determined that the Company's investment in a subsidiary became worthless in 2025. Consequently, the Company recognized a related net tax benefit of approximately $1.9 billion in the aggregate during the three months and year ended December 31, 2025.

(17) 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. During the year ended December 31, 2025, the Company's adjusted income tax provision also excludes the impact of the net tax benefit from worthless stock deduction described above.