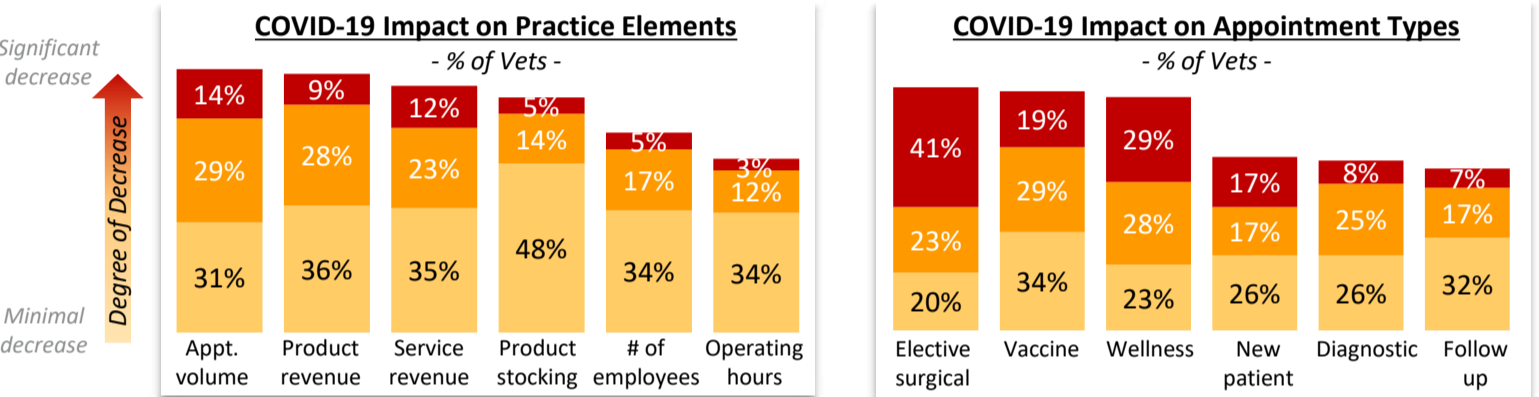




Impact of COVID-19 on U.S. Veterinary Clinics

Navigating Veterinary Care Through a Global Pandemic

Across the US, COVID-19 has had a substantial impact on Vet clinics, their clients and patients alike. As state-mandated quarantines have forced Vet clinics to adapt to a new norm, providing quality care while maintaining business profitability has proven difficult. Vets and manufacturers can continue to work together to navigate through these unprecedented times.



- Vets reported COVID-19's largest impact on their appointment volume, product revenue, service revenue, and product stocking
- ≥80% of Vets stated a decrease in elective surgical visits, vaccine visits and wellness exams
- While there was some degree of decline across most appointment types, 28-45% of Vets reported some degree of increase in sick visits, emergency non-surgical visits and new patient visits

91%
of clinics have increased clinic sanitation protocol

89%
of clinics have implemented distance appointments

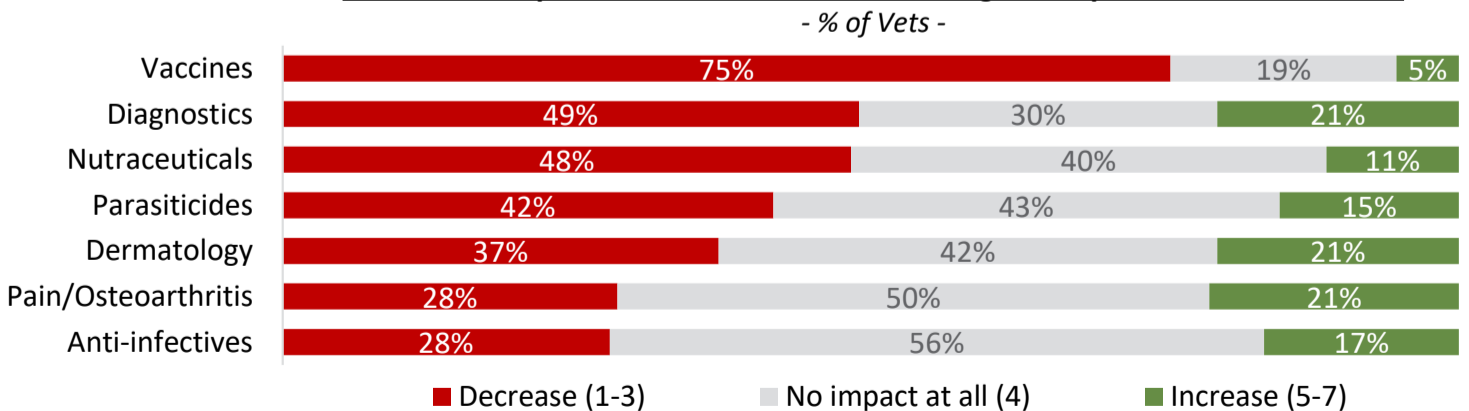
64%
of clinics have started offering phone/web consults

28%
of clinics have provided live telemedicine appointments

of pet owners typically given an in-clinic administered product were switched to an at-home alternative medication due to COVID-19; Vets anticipate **72%** will revert to their prior treatment once their practice returns to its normal routine

- Amongst all therapeutic product areas, client demand for vaccines was negatively impacted the most, followed by diagnostics and nutraceuticals

COVID-19 Impact on Client Demand Among Therapeutic Product Areas



Scale: 1-7 (1=Significant decrease, 4= No impact at all, 7=Significant increase)

This survey was conducted among 151 companion animal veterinarians across the US. This survey was fielded between April 23rd and April

COVID-19 Impact on Client Purchasing Channels by Therapeutic Area

Total Clinic Affiliated Sales

- In-clinic pharmacy
- Clinic affiliated online pharmacy
- Cumulative Clinic Sales

Total Non-Clinic Affiliated Sales

- Non-clinic affiliated online pharmacy
- Non-clinic affiliated brick & mortar pharmacy

Distribution of Product Purchase by Purchasing Channel

Therapeutic Product Area Sales Breakout

- % of client purchases -

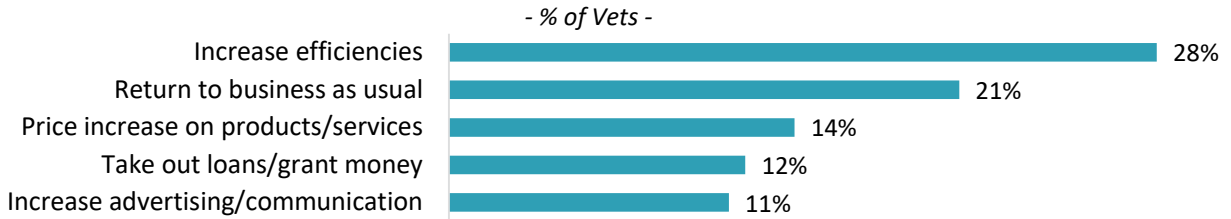


In response to COVID-19, Vets have implemented permanent solutions to ensure clinic affiliated sales... *“We are starting an affiliated online pharmacy and hopefully through marketing [it], this will help avoid out-of-hospital purchases.”*

Although Vets report ~5% loss of clinic affiliated pharmacy sales during COVID-19, once clinic routines return to normal **Vets only anticipate a 1-2% overall loss of sales** to retail pharmacy channels.

- Vets plan on increasing efficiencies, implement price increases, take out loans/apply for grants and increase marketing efforts in an attempt to compensate for lost revenue due to COVID-19
- **21%** of Vets anticipate no change to clinic routine other than returning to business as usual to recoup lost revenue

Vets' Action Plans in Response to Lost Revenue due to COVID-19



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Cutting staff hours and decreasing appointment times to allow more appointments during the day.

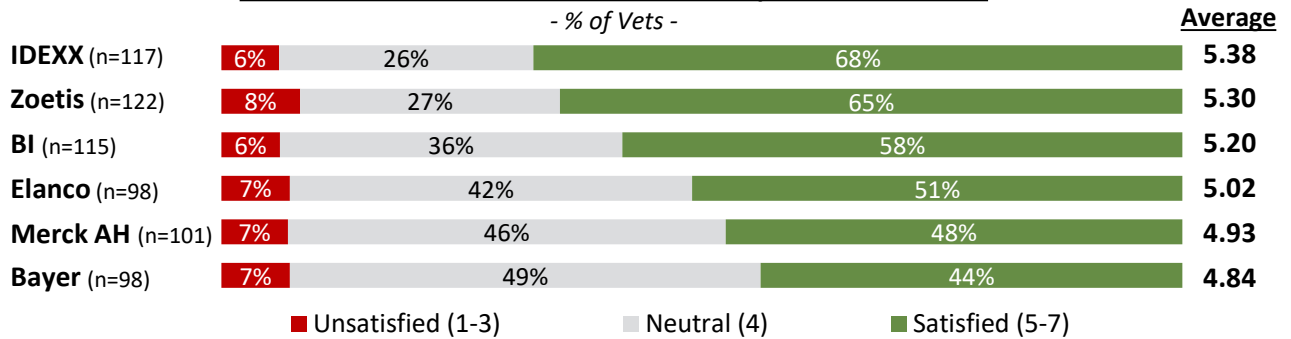
Offer extended hours to play catch up, have promotions to draw folks in with their pets, and look into payment plans.

Try to raise prices and increase staff to keep up on the back log of routine visits.

”

- Overall, Vets were satisfied with manufacturers' response to help Vet clinics during the COVID-19 pandemic

Vets' Satisfaction with Manufacturers' Response to COVID-19



Scale: 1-7 (1=Extremely unsatisfied, 4=Neutral, 7=Extremely satisfied)

- Thinking ahead to when Vet clinics return to their normal routine, Vets hoped manufacturers would offer different types of support for their companion animal clinic. The top 3 were:

26% Discounts/Incentives

Payment deferral, limited or no interest accrual on late payments. Accept returns of expired product.

25% Deferred Billing

Considering the financial impact, any kind of value added/discount programs would be appreciated.

15% Check-ins/Support

It would be great to see an increase in rebates for clients so we can pass these along to clients, which will hopefully help drive traffic to us.

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Foster | Rosenblatt – Key Takeaways



- While Vets report a slight decrease across clinic revenue streams, they **do not anticipate current losses impacting long-term practice sales**
- In order for Vets to **transition back to a normal routine and to recapture lost revenue**, they are looking to manufacturers for support in the form of discounts or incentives and deferred billing

Written by Foster|Rosenblatt