



28.07.2022

Changes in the respeggt business model

Dear system partners, dear supporters of respeggt,

With this letter we would like to inform you about recent changes in the respeggt system. These changes are the result of market developments, technological advances and respeggt's constant efforts to keep the risks and barriers to entry as low as possible for all system partners.

All of the following changes will be implemented for **new orders received after 1 August 2022**:

Changing the business model

We started with a price per respeggt egg marketed, followed by a price per respeggt laying hen. Both systems were necessary to reach the point today where laying hen owners would like to pay for the gender identification in the hatching egg together with the pullet bill. We welcome this development and are happy to comply with these wishes.

Accordingly, all orders submitted via a respeggt sexing centre or at a partner hatchery with SELEGGT technology from 01.08.2022 will be invoiced according to the new business model.

For all orders received after 01.08.2022, respeggt will invoice the price for the gender identification in the hatching egg per female hatching egg directly to the hatchery. In this way, the rearing and laying farms receive an invoice from the hatchery for the animals and the gender identification in the hatching egg.

This new cooperation with the hatcheries also changes the ordering process for chicks or pullets from the SELEGGT process. Orders for such animals can now be placed **directly with the hatcheries** and no longer with respeggt or a respeggt sexing centre. The hatcheries then use an order tool provided by respeggt for internal quantity planning with respeggt. The SCMS, which was previously used for ordering respeggt chicks/ pullets from the packing centres, will no longer be used for orders, as these will be handled entirely by the hatcheries.

Changes to supply chain verification

respeggt continues to offer the option of supply chain verification. This **must be ordered when ordering animals at the hatchery**.

After successful completion of the supply chain verification, i.e. after submission of all required documents, as well as a visit of our respeggt coordinator to the farm, the laying hen farm receives an **allowance of EURO 0.05** per housed respeggt laying hen from respeggt, if the SELEGGT process was applied.

A supply chain verification offers the farmer the advantage that the added value "Free of Chick Culling" is controlled by respeggt. This additional assurance enables the use of the respeggt heart label "Free of Chick Culling" and the stamp on the egg. The label can be applied to fresh egg packaging as well as to egg products and foodstuffs containing eggs. respeggt is also happy to support self-marketers and food retailers with flyers and promotional material for customer communication.

It is still possible to have alternative processes of gender identification in the hatching egg (PLANTegg and In Ovo processes) verified by respeggt. The requirements for this have not been changed. From 01.08.2022 only the price of this verification will be **reduced to EURO 0.10** per ordered laying hen. If the respeggt supply chain verification has been successfully completed,



these laying flocks will also receive a corresponding respeggt certificate, which entitles table eggs, egg products and foodstuffs made from them to bear the respeggt heart label "Free of Chick Culling". For flocks larger than 50,000 laying hens, the verification costs remain constant at a maximum of EURO 5,000.

If a supply chain verification has been ordered from a hatchery, the order confirmation and invoice to the farmer/packing centre will always contain the following passage:

respeggt animals with supply chain verification.

Marketing with the respeggt heart label "Free of Chick Culling" is permitted.

If the SELEGGT process was used but **no** accompanying respeggt supply chain verification was ordered, the order confirmation and invoice to the farmer/packing centre must always contain the following passage:

SELEGGT animals without supply chain verification.

Marketing with respeggt heart label "Free of Chick Culling" not allowed.

Hatcheries are obliged to use this passage to provide clarity to farmers/packing centres. Signing of consent forms is now only necessary if supply chain verification has been ordered. The rearing organisation, laying hen farm and packing centre must then sign a declaration of consent.

Expansion of capacities

Today, gender identification in the hatching egg with the SELEGGT process takes place in respeggt sexing centres or partner hatcheries.

As you can see from our latest press releases, a SELEGGT system is currently being installed at LOHMANN Deutschland in Ankum (DE), as well as a second SELEGGT Circuit at Verbeek Broederij B.V. (NL).

Orders for chicks from **LOHMANN Deutschland** or **Verbeek Broederij** should be placed directly with the two hatcheries.

The respeggt sexing centre in Barneveld is to serve its original purpose of a research and development facility again in the long term. Therefore, the capacities there will not be further expanded and will be reduced in the long term. However, as there is still great interest in the market for a respeggt sexing centre, respeggt has decided to use a **second hatchery in Warder** in the Netherlands as a respeggt sexing centre. The start-up is planned for September 2022. Both respeggt sexing centres are operated by respeggt and SELEGGT NL BV respectively.

Orders for chicks or pullets from a supply chain from the SELEGGT process in a respeggt sexing centre will take place directly via the hatcheries from 1 August 2022.

Compensation for Avian influenza

As communicated in December 2021, respeggt has formulated an offer to farmers in the event of a Avian influenza cull. In order to be able to implement this offer in the new business model, the following general conditions will apply:

If a respeggt verified laying flock from a supply chain with the SELEGGT process is required by the authorities to be culled due to Avian influenza during rearing or before the 50th week of life of the laying hens, respeggt will **not invoice** the hatchery for the gender identification of an identical replacement flock.

respeggt must be presented with the official culling order because of the AI. It is an "identical replacement flock" if it is ordered from the hatchery immediately after the culling in the same



number of animals and for the same house from the SELEGGT process with a respeggt supply chain verification.

The offer and the regulations described herein are subject to change and may be unilaterally revoked by respeggt at any time.

Relaunch of our website and information material

In the course of our new business model, we have also decided to adapt our website. Until recently, we worked with two websites, www.respeggt.com for consumers and www.respeggt-group.com for system partners. In order to simplify communication, the contents of both websites have now been combined on one website. So today we only use www.respeggt.com. In the "System Partners" section you will find all the content on our new business model, as well as various documents for download.



We hope that these changes will enable us to meet current market requirements even better and that nothing will stand in the way of the expansion of the SELEGGT process and the respeggt range of services!

If you have any questions, please do not hesitate to contact us at info@respeggt.com.

With kind regards,

Your respeggt team