



RNS

Trading Statement

TRADING UPDATE

[ZYTRONIC PLC](#)

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Zytronic plc

("Zytronic" or the "Company", together with Zytronic Displays Ltd "the Group")

Trading Update

Zytronic, a leading specialist manufacturer of touch sensors, provides the following trading update ahead of the planned release of its Interim Results on 16 May 2023.

Trading conditions to the end of April 2023 continue to be impacted by the numerous headwinds previously reported on, most recently on 9 February 2023 at the time of the AGM. As well as the continuing decline in the contribution from the Group's Financial segment, Zytronic is now experiencing unpredicted significant turmoil in its Gaming market.

The sources of volatility in Gaming have been two-fold. First, one customer has recognised an over-stocking position of Zytronic curved touch sensors, supplied during the year to 30 September 2022 ("FY22"), resulting in first half revenues of the current financial year ("FY23") not being recognised at the level that management expected. Any other associated orders for this customer are now expected to be delayed, possibly into the start of financial year 2024 ("FY24"). Second, the position has been more significantly exacerbated by other customers whose end market customer is Aruze Gaming America Inc ("AGA"), which in February 2023 filed a voluntary petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the State of Nevada.

This Chapter 11 filing has affected the recovery of approximately £0.3m in aggregate of trade receivables from two sources, originally due in February and March 2023, one being a direct AGA affiliate, Aruze Philippines Manufacturing Inc. ("APMI") and the second being a South Korean display system integrator, used by APMI to purchase Zytronic touch products and supply them as an integrated touch monitor solution to APMI.

Although Zytronic has been closely monitoring the situation with weekly updates from APMI, the Board believes it should now take a prudent and conservative position and recognise these amounts as doubtful debts, as well as fully writing down goods manufactured and in progress for existing purchase orders that were due for delivery to these parties, being £0.2m of stock value. The Group is currently seeking to recover all of these amounts.

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Zytronic had until recently expected further order placements for products for AGA as an end customer over the second half period, for delivery before the year end, from two of its display integrator customers in South Korea. Management now considers that these orders will not materialise. Overall, the Zytronic Board does not anticipate that Gaming segment revenues will recover in terms of performance before the end of the current financial year.

The above factors have therefore not only had a significant impact on management's expectations for the first half performance, but also the predicted improvement that management had expected would occur in the second half.

As a result, Zytronic now expects to report first half FY23 revenue of approximately £4.7m, and top line performance for the year as a whole of approximately £8.0m - £8.8m.

The Company's balance sheet remains strong with net cash as at 30 April 2023 of £5.4m (30 September 2022: £6.4m).

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 (which forms part of domestic UK law pursuant to the European Union (Withdrawal) Act 2018).

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About Zytronic

Zytronic is a world-renowned developer and manufacturer of a unique range of internationally award-winning, optically transparent, interactive touch sensor overlay products for use with electronic displays in industrial, self-service and public access equipment.

Zytronic's products employ a sensing solution that is readily configurable and embedded in a laminate core that offers significant durability, environmental stability and optical enhancement benefits to meet systems-specific design requirements.

Zytronic has continually developed process and technological know-how and IP since the late 1990s around two sensing methodologies: the first being single touch self-capacitive, which Zytronic markets as PCT™ ("Projected Capacitive Technology"), and the second being multi-touch, multi-user mutual-capacitive which Zytronic markets as MPCT™ ("Mutual Projected Capacitive Technology"), in which Zytronic holds 12 internationally granted patents.

Zytronic operates from a single site near Newcastle-upon-Tyne in the United Kingdom, providing its manufactured products globally through a number of sales channel partners. Zytronic is relatively



unique in the touch eco-system as it offers a complete one-stop solution including the processing internally of the form and factor of the glass and film substrates, the assembly of the associated touch overlay products in environmentally controlled cleanrooms to customers' specific requirements, and the development of the bespoke firmware, software and electronic hardware which links the manufactured touch interactive overlays to a customer's integrated system and product.

For more information about the Group's technologies and products, please see www.zytronic.co.uk and for information about the Group, please see www.zytronicplc.com.

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