

Zytronic rocked by unexpected problems in gaming market after bankruptcy of key sector player

Touchscreen tech specialist Zytronic says it is experiencing unexpected turmoil in the international gaming market which will impact on its results.

The Tyneside firm, which makes systems for the likes of slot machines and video jukeboxes installed in casinos, bars and clubs, gave an update to investors on the London Stock Exchange in which it said gambling firm Aruze Gaming America's (AGA) filing for Chapter 11 bankruptcy in the US had impacted two of its customers. The move has caused difficulties for Zytronic, which is trying to recover £300,000 of goods from two customers, Aruze Philippines Manufacturing Inc (APMI) and a South Korean display system integrator used by APMI to purchase touch products.

From its Blaydon base, Zytronic said it had been receiving weekly updates from APMI and that it had come to the decision the amounts should be treated as doubtful debts and that it would fully write down goods manufactured and in progress for the two companies.

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An update from the firm said: "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.”

In addition to the AGA challenges, Zytronic pointed to one of its customers realising it was over-stocked with its curved touch sensors which means first half revenues for 2023 will be below management expectations. Other orders from that customer are now expected to be delayed, possibly until next year.

Investors were told the two issues had impacted first half performance and dampened expected improvements in the second half. The firm is now anticipating first half revenue of about £4.7m and full year of between £8m-£8.8m. Earlier this year management [reported](#) that global supply chain issues were creating a shortage of certain components – including critical semiconductor chips – and the trend had forced the firm to buy materials on the “grey market” at a higher price or cannibalise existing finished stock.

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