

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from ____ to ____

Commission File Number 1-14523

TRIO-TECH INTERNATIONAL

(Exact name of Registrant as specified in its Charter)

California

(State or other jurisdiction of
incorporation or organization)

95-2086631

(I.R.S. Employer
Identification Number)

**Block 1008 Toa Payoh North
Unit 03-09 Singapore**

(Address of principal executive offices)

318996

(Zip Code)

Registrant's Telephone Number, Including Area Code: **(65) 6265 3300**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock, no par value

Trading Symbol
TRT

Name of each exchange
on which registered
NYSE American

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 1, 2024, there were 4,250,305 shares of the issuer's Common Stock, no par value, outstanding.

TRIO-TECH INTERNATIONAL

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FORWARD-LOOKING STATEMENTS

The discussions of Trio-Tech International's (the "Company") business and activities set forth in this Quarterly Report on Form 10-Q (this "Quarterly Report") and in other past and future reports and announcements by the Company may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and assumptions regarding future activities and results of operations of the Company. In light of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the following factors, among others, could cause actual results to differ materially from those reflected in any forward-looking statements made by or on behalf of the Company: market acceptance of Company products and services; changing business conditions or technologies and volatility in the semiconductor industry, which could affect demand for the Company's products and services; the impact of competition; problems with technology; product development schedules; delivery schedules; changes in military or commercial testing specifications which could affect the market for the Company's products and services; difficulties in profitably integrating acquired businesses, if any, into the Company; or the divestiture in the future of one or more business segments; risks associated with conducting business internationally and especially in Asia, including currency fluctuations and devaluation, currency restrictions, local laws and restrictions and possible social, political and economic instability; changes in U.S. and global financial and equity markets, including market disruptions and significant interest rate fluctuations; ongoing public health issues related to the COVID-19 pandemic both nationally and internationally; the trade tension between U.S. and China; inflation; the war in Ukraine and Russia, the war between Israel and Hamas; other economic, financial and regulatory factors beyond the Company's control and uncertainties relating to our ability to operate our business in China; uncertainties regarding the enforcement of laws and the fact that rules and regulation in China can change quickly with little advance notice, along with the risk that the Chinese government may intervene or influence our operation at any time, or may exert more control over offerings conducted overseas and/or foreign investment in China-based issuers could result in a material change in our operations, financial performance and/or the value of our common stock, no par value ("Common Stock"), or impair our ability to raise money. Other than statements of historical fact, all statements made in this Quarterly Report are forward-looking, including, but not limited to, statements regarding industry prospects, future results of operations or financial position, and statements of our intent, belief and current expectations about our strategic direction, prospective and future financial results and condition. In some cases, you can identify forward-looking statements by the use of terminology such as "may," "will," "expects," "plans," "anticipates," "estimates," "potential," "believes," "can impact," "continue," or the negative thereof or other comparable terminology. Forward-looking statements involve risks and uncertainties that are inherently difficult to predict, which could cause actual outcomes and results to differ materially from our expectations, forecasts and assumptions.

Unless otherwise required by law, we undertake no obligation to update forward-looking statements to reflect subsequent events, changed circumstances, or the occurrence of unanticipated events. You are cautioned not to place undue reliance on such forward-looking statements.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TRIO-TECH INTERNATIONAL AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (IN THOUSANDS, EXCEPT NUMBER OF SHARES)

	March 31, 2024 (Unaudited)	June 30, 2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 10,716	\$ 7,583
Short-term deposits	6,309	6,627
Trade accounts receivable, less allowance for expected credit losses of \$214 and \$217, respectively	10,083	9,804
Other receivables	1,089	939
Inventories, less provision for obsolete inventories of \$669 and \$648, respectively	2,742	2,151
Prepaid expense and other current assets	577	694
Assets held for sale	-	274
Financed sales receivable	-	16
Restricted term deposits	754	739
Total current assets	32,270	28,827
NON-CURRENT ASSETS:		
Deferred tax assets	117	100
Investment properties, net	433	474
Property, plant and equipment, net	6,081	8,344
Operating lease right-of-use assets	2,277	2,609
Other assets	149	116
Restricted term deposits	1,760	1,716
Total non-current assets	10,817	13,359
TOTAL ASSETS	\$ 43,087	\$ 42,186
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,406	\$ 1,660
Accrued expense	3,904	4,291
Contract liabilities	1,499	1,277
Income taxes payable	328	418
Current portion of bank loans payable	308	475
Current portion of finance leases	56	107
Current portion of operating leases	1,295	1,098
Total current liabilities	9,796	9,326
NON-CURRENT LIABILITIES:		
Bank loans payable, net of current portion	676	877
Finance leases, net of current portion	10	42
Operating leases, net of current portion	982	1,511
Income taxes payable, net of current portion	141	255
Deferred tax liabilities	3	10
Other non-current liabilities	27	594
Total non-current liabilities	1,839	3,289
TOTAL LIABILITIES	\$ 11,635	\$ 12,615
EQUITY		
TRIO-TECH INTERNATIONAL'S SHAREHOLDERS' EQUITY:		
Common stock, no par value, 15,000,000 shares authorized; 4,210,305 and 4,096,680 shares issued outstanding as at March 31, 2024 and June 30, 2023, respectively	\$ 13,194	12,819
Paid-in capital	5,494	5,066
Accumulated retained earnings	11,570	10,763
Accumulated other comprehensive income-translation adjustments	984	758
Total Trio-Tech International shareholders' equity	31,242	29,406
Non-controlling interest	210	165
TOTAL EQUITY	\$ 31,452	\$ 29,571
TOTAL LIABILITIES AND EQUITY	\$ 43,087	\$ 42,186

See notes to condensed consolidated financial statements.

TRIO-TECH INTERNATIONAL AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME / (LOSS)
UNAUDITED (IN THOUSANDS, EXCEPT EARNINGS PER SHARE)

	Three Months Ended		Nine Months Ended	
	Mar. 31, 2024	Mar. 31, 2023	Mar. 31, 2024	Mar. 31, 2023
Revenue				
Manufacturing	\$ 4,813	\$ 2,963	\$ 12,488	\$ 11,592
Testing services	3,796	5,697	13,606	17,709
Distribution	1,783	1,179	6,453	4,855
Real estate	6	3	19	15
	<u>10,398</u>	<u>9,842</u>	<u>32,566</u>	<u>34,171</u>
Cost of Sales				
Cost of manufactured products sold	3,594	2,451	9,252	8,825
Cost of testing services rendered	2,601	3,940	9,849	11,813
Cost of distribution	1,482	975	5,334	4,064
Cost of real estate	18	18	54	54
	<u>7,695</u>	<u>7,384</u>	<u>24,489</u>	<u>24,756</u>
Gross Margin	2,703	2,458	8,077	9,415
Operating Expenses:				
General and administrative	2,351	2,248	6,326	6,472
Selling	204	160	639	526
Research and development	89	87	305	311
Loss on disposal of property, plant and equipment	-	-	72	7
Total operating expense	<u>2,644</u>	<u>2,495</u>	<u>7,342</u>	<u>7,316</u>
Income / (Loss) from Operations	59	(37)	735	2,099
Other Income / (Expenses)				
Interest expense	(17)	(29)	(63)	(83)
Other income / (expense), net	252	40	366	(49)
Government grant	12	83	89	108
Total other income / (expense)	<u>247</u>	<u>94</u>	<u>392</u>	<u>(24)</u>
Income from Continuing Operations before Income Taxes	306	57	1,127	2,075
Income Tax Expenses	<u>(142)</u>	<u>(8)</u>	<u>(274)</u>	<u>(474)</u>
Income from Continuing Operations before Non-controlling Interest, Net of Tax	164	49	853	1,601
Discontinued Operations				
(Loss) / Income from discontinued operations, net of tax	(1)	5	3	(4)
Net Income	163	54	856	1,597
Less: net income attributable to non-controlling interest	93	61	49	215
Net Income / (Loss) Attributable to Trio-Tech International Common Shareholders	\$ 70	\$ (7)	\$ 807	\$ 1,382
Amounts Attributable to Trio-Tech International Common Shareholders:				
Income / (Loss) from continuing operations, net of tax	71	(10)	801	1,384
(Loss) / Income from discontinued operations, net of tax	(1)	3	6	(2)
Net Income / (Loss) Attributable to Trio-Tech International Common Shareholders	<u>\$ 70</u>	<u>\$ (7)</u>	<u>\$ 807</u>	<u>\$ 1,382</u>
Basic Earnings per Share:				
Basic earnings per share from continuing operations attributable to Trio-Tech International	\$ 0.02	\$ -	\$ 0.19	\$ 0.34
Basic earnings per share from discontinued operations attributable to Trio-Tech International	\$ -	\$ -	\$ -	\$ -
Basic Earnings per Share from Net Income Attributable to Trio-Tech International	<u>\$ 0.02</u>	<u>\$ -</u>	<u>\$ 0.19</u>	<u>\$ 0.34</u>
Diluted Earnings per Share:				
Diluted earnings per share from continuing operations attributable to Trio-Tech International	\$ 0.02	\$ -	\$ 0.19	\$ 0.33
Diluted earnings per share from discontinued operations attributable to Trio-Tech International	\$ -	\$ -	\$ -	\$ -
Diluted Earnings per Share from Net Income Attributable to Trio-Tech International	<u>\$ 0.02</u>	<u>\$ -</u>	<u>\$ 0.19</u>	<u>\$ 0.33</u>
Weighted average number of common shares outstanding				
Basic	4,176	4,075	4,131	4,075
Dilutive effect of stock options	106	84	143	86
Number of shares used to compute earnings per share diluted	<u>4,282</u>	<u>4,159</u>	<u>4,274</u>	<u>4,161</u>

See notes to condensed consolidated financial statements.

TRIO-TECH INTERNATIONAL AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME / (LOSS)
UNAUDITED (IN THOUSANDS)

	Three Months Ended		Nine Months Ended	
	Mar. 31,	Mar. 31,	Mar. 31,	Mar. 31,
	2024	2023	2024	2023
Comprehensive (Loss) / Income Attributable to Trio-Tech International Common Shareholders:				
Net income	\$ 163	\$ 54	\$ 856	\$ 1,597
Foreign currency translation, net of tax	(753)	166	222	521
Comprehensive (Loss) / Income	(590)	220	1,078	2,118
Less: comprehensive income / (loss) attributable to non- controlling interest	93	(85)	49	127
Comprehensive (Loss) / Income Attributable to Trio-Tech International Common Shareholders	\$ (683)	\$ 305	\$ 1,029	\$ 1,991

See notes to condensed consolidated financial statements.

TRIO-TECH INTERNATIONAL AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
UNAUDITED (IN THOUSANDS)

Nine months ended March 31, 2024

	Common Stock		Paid-in Capital	Accumulated Retained Earnings	Accumulated Other Comprehensive Income/ (Loss)	Non- controlling Interest	Total
	Shares	Amount					
		\$	\$	\$	\$	\$	\$
Balance at June 30, 2023	4,097	12,819	5,066	10,763	758	165	29,571
Stock option expense	-	-	428	-	-	-	428
Net income / (loss)	-	-	-	807	-	49	856
Exercise of stock option	113	375	-	-	-	-	375
Translation adjustment	-	-	-	-	226	(4)	222
Balance at Mar. 31, 2024	<u>4,210</u>	<u>13,194</u>	<u>5,494</u>	<u>11,570</u>	<u>984</u>	<u>210</u>	<u>31,452</u>

Nine months ended March 31, 2023

	Common Stock		Paid-in Capital	Accumulated Retained Earnings	Accumulated Other Comprehensive Income	Non- controlling Interest	Total
	Shares	Amount					
		\$	\$	\$	\$	\$	\$
Balance at June 30, 2022	4,072	12,750	4,708	9,219	1,197	128	28,002
Stock option expenses	-	-	337	-	-	-	337
Net income	-	-	-	1,382	-	215	1,597
Exercise of stock option	5	19	-	-	-	-	19
Translation adjustment	-	-	-	-	609	(88)	521
Balance at Mar. 31, 2023	<u>4,077</u>	<u>12,769</u>	<u>5,045</u>	<u>10,601</u>	<u>1,806</u>	<u>255</u>	<u>30,476</u>

See notes to condensed consolidated financial statements.

TRIO-TECH INTERNATIONAL AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (IN THOUSANDS)

	Nine Months Ended	
	Mar. 31, 2024	Mar. 31, 2023
	(Unaudited)	(Unaudited)
Cash Flow from Operating Activities		
Net income	\$ 856	\$ 1,597
Adjustments to reconcile net income to net cash flow provided by operating activities		
Depreciation and amortization	3,546	3,641
Gain on sales of property, plant and equipment	72	-
Addition / (Reversal) of provision for obsolete inventories	15	49
Stock compensation	428	337
Bad debt recovery	(5)	(15)
Accrued interest expense, net accrued interest income	(50)	(14)
Payment of interest portion of finance lease	(5)	(8)
Warranty recovery, net	12	3
Reversal of income tax provision	(7)	8
Deferred tax (benefits) / expense	(22)	100
Changes in operating assets and liabilities, net of acquisition effects		
Trade accounts receivable	(256)	613
Other receivables	(150)	129
Other assets	(34)	-
Inventories	(600)	64
Prepaid expense and other current assets	128	442
Accounts payable, accrued expense and contract liabilities	462	(180)
Income taxes payable	(254)	(271)
Other non-current liabilities	(567)	924
Operating lease liabilities	(1,056)	(1,008)
Net Cash Provided by Operating Activities	\$ 2,513	\$ 6,411
Cash Flow from Investing Activities		
Withdrawal from unrestricted term deposits, net	4,020	4,888
Investment in unrestricted term deposits, net	(3,625)	(4,990)
Additions to property, plant and equipment	(208)	(4,077)
Proceeds from disposal of assets held-for-sale	198	-
Proceeds from disposal of property, plant and equipment	71	-
Net Cash Provided by / (Used in) Investing Activities	456	(4,179)
Cash Flow from Financing Activities		
Payment on lines of credit	(961)	(1,402)
Payment of bank loans	(362)	(359)
Payment of finance leases	(82)	(92)
Proceeds from exercising stock options	375	19
Proceeds from lines of credit	952	580
Proceeds from bank loans	-	176
Net Cash Used in Financing Activities	(78)	(1,078)
Effect of Changes in Exchange Rate	301	417
Net Increase in Cash, Cash Equivalents, and Restricted Cash	3,192	1,571
Cash, Cash Equivalents, and Restricted Cash at Beginning of Period	10,038	9,376
Cash, Cash Equivalents, and Restricted Cash at End of Period	\$ 13,230	\$ 10,947
Supplementary Information of Cash Flows		
Cash paid during the period for:		
Interest	\$ 39	\$ 83
Income taxes	\$ 425	\$ 489
Reconciliation of Cash, Cash Equivalents, and Restricted Cash		
Cash	10,716	8,430
Restricted Term-Deposits in Current Assets	754	755
Restricted Term-Deposits in Non-Current Assets	1,760	1,762
Total Cash, Cash Equivalents, and Restricted Cash Shown in Statements of Cash Flows	\$ 13,230	\$ 10,947

Restricted deposits represent the amount of cash pledged to secure loans payable or trade financing granted by financial institutions, serve as collateral for public utility agreements such as electricity and water, and performance bonds related to customs duty payable. Restricted deposits are classified as current and non-current depending on whether they relate to long-term or short-term obligations. Restricted deposits of \$754 as at March 31, 2024 are classified as current assets as they relate to short-term trade financing. On the other hand, restricted deposits of \$1,760 as at March 31, 2024 are classified as non-current assets as they relate to long-term obligations and will become unrestricted only upon discharge of the obligations.

See notes to condensed consolidated financial statements.

TRIO-TECH INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS, EXCEPT EARNINGS PER SHARE AND NUMBER OF SHARES)

1. ORGANIZATION AND BASIS OF PRESENTATION

Trio-Tech International (the “Company”, or “TTI”) was incorporated in fiscal year ended June 30, 1958 under the laws of the State of California. TTI provides third-party semiconductor testing and burn-in services primarily through its laboratories in Southeast Asia. In addition, TTI operates testing facilities in the United States (“U.S.”). The Company also designs, develops, manufactures and markets a broad range of equipment and systems used in the manufacturing and testing of semiconductor devices and electronic components. In the third quarter of the fiscal year ended June 30, 2024 (“Fiscal 2024”), TTI conducted business in four business segments: Manufacturing, Testing, Distribution and Real Estate. TTI has subsidiaries in the U.S., Singapore, Malaysia, Thailand, Indonesia, Ireland and China as follows:

	Ownership	Location
Express Test Corporation (Dormant)	100%	Van Nuys, California
Trio-Tech Reliability Services (Dormant)	100%	Van Nuys, California
KTS Incorporated, dba Universal Systems (Dormant)	100%	Van Nuys, California
European Electronic Test Centre (Dormant)	100%	Dublin, Ireland
Trio-Tech International Pte. Ltd.	100%	Singapore
Universal (Far East) Pte. Ltd.*	100%	Singapore
Trio-Tech International (Thailand) Co. Ltd. *	100%	Bangkok, Thailand
Trio-Tech (Bangkok) Co. Ltd. *	100%	Bangkok, Thailand
Trio-Tech (Malaysia) Sdn. Bhd. (55% owned by Trio-Tech International Pte. Ltd.)	55%	Penang and Selangor, Malaysia
Trio-Tech (Kuala Lumpur) Sdn. Bhd. (100% owned by Trio-Tech Malaysia Sdn. Bhd.)	55%	Selangor, Malaysia
Prestal Enterprise Sdn. Bhd. (76% owned by Trio-Tech International Pte. Ltd.)	76%	Selangor, Malaysia
Trio-Tech (SIP) Co., Ltd. *	100%	Suzhou, China
Trio-Tech (Chongqing) Co. Ltd. *	100%	Chongqing, China
SHI International Pte. Ltd. (Dormant) (55% owned by Trio-Tech International Pte. Ltd.)	55%	Singapore
PT SHI Indonesia (Dormant) (95% owned by SHI International Pte. Ltd.)	52%	Batam, Indonesia
Trio-Tech (Tianjin) Co., Ltd. *	100%	Tianjin, China
Trio-Tech (Jiangsu) Co., Ltd. (51% owned by Trio-Tech (SIP) Co., Ltd.)	51%	Suzhou, China

* 100% owned by Trio-Tech International Pte. Ltd.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. All significant intercompany accounts and transactions have been eliminated in consolidation. The unaudited condensed consolidated financial statements are presented in U.S. dollars unless otherwise stated. The accompanying condensed consolidated financial statements do not include all the information and footnotes required by GAAP for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report for the fiscal year ended June 30, 2023 (“Fiscal 2023”). The Company's operating results are presented based on the translation of foreign currencies using the respective quarter's average exchange rate.

The results of operations for the nine months ended March 31, 2024 are not necessarily indicative of the results that may be expected for any other interim period or for the full year ending June 30, 2024.

Use of Estimates — The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expense during the reporting period. Among the more significant estimates included in these consolidated financial statements are the estimated allowance for credit losses on account receivables, reserve for obsolete inventory, impairments, provision of income tax, stock options and the deferred income tax asset allowance. Actual results could materially differ from those estimates.

Significant Accounting Policies. There have been no material changes to our significant accounting policies summarized in Note 1 “Basis of Presentation and Summary of Significant Accounting Policies” to our consolidated Financial Statements included in our Annual Report on Form 10-K for Fiscal 2023.

2. NEW ACCOUNTING PRONOUNCEMENTS

In June 2016, FASB issued ASU 2016-13 ASC Topic 326: Financial Instruments — Credit Losses (“ASC Topic 326”) for the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This guidance modifies the impairment model for certain financial assets by requiring use of an expected loss methodology, which will result in more timely recognition of credit losses. The Company adopted this guidance in the first quarter in fiscal 2024 under the modified retrospective basis. The adoption of this guidance did not have a significant impact on the Company's consolidated condensed financial statements.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures. The new guidance requires enhanced disclosures about significant segment expense. This standard update is effective for Company beginning in the fiscal year ending June 30, 2025 and interim period reports beginning in the first quarter of the fiscal year ending June 30, 2026. Early adoption is permitted on a retrospective basis. The Company is currently evaluating the impact of this ASU on segment disclosure.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740), Improvements to Income Tax Disclosures. The new guidance requires enhanced disclosures about income tax expense. This standard update is effective for Company beginning in the fiscal year ending June 30, 2026. Early adoption is permitted on a prospective basis. The Company is currently evaluating the impact of this ASU on annual income tax disclosures.

New pronouncements issued but not yet effective until after March 31, 2024, are not expected to have a significant effect on the Company’s consolidated financial position or results of operations.

3. TERM DEPOSITS

	Mar. 31, 2024 (Unaudited)	June 30, 2023
Short-term deposits	\$ 6,439	\$ 6,901
Currency translation effect on short-term deposits	(130)	(274)
Total short-term deposits	6,309	6,627
Restricted term deposits - Current	770	755
Currency translation effect on restricted term deposits	(16)	(16)
Total restricted term deposits - Current	754	739
Restricted term deposits - Non-current	1,849	1,763
Currency translation effect on restricted term deposits	(89)	(47)
Total restricted term deposits - Non-current	1,760	1,716
Total term deposits	\$ 8,823	\$ 9,082

Restricted deposits represent the amount of cash pledged to secure loans payable or trade financing granted by financial institutions, serve as collateral for public utility agreements such as electricity and water, and performance bonds related to customs duty payable. Restricted deposits are classified as current and non-current depending on whether they relate to long-term or short-term obligations. Restricted deposits of \$754 as at March 31, 2024 are classified as current assets as they relate to short-term trade financing. On the other hand, restricted deposits of \$1,760 as at March 31, 2024 are classified as non-current assets as they relate to long-term obligations and will become unrestricted only upon discharge of the obligations.

4. TRADE ACCOUNTS RECEIVABLE AND ALLOWANCE FOR EXPECTED CREDIT LOSSES

Accounts receivable are customer obligations due under normal trade terms. The Company performs continuing credit evaluations of its customers' financial conditions, and although management generally does not require collateral, letters of credit may be required from the customers in certain circumstances.

The allowance for trade receivable represents management's expected credit losses in our trade receivables as of the date of the financial statements. The allowance provides for probable losses that have been identified with specific customer relationships and for probable losses believed to be inherent in the trade receivables, but that have not been specifically identified.

The following table represents the changes in the allowance for expected credit losses:

	Mar. 31, 2024 (Unaudited)	June 30, 2023
Beginning	\$ 217	\$ 243
Additions charged to expense	12	9
Recovered	(17)	(20)
Currency translation effect	2	(15)
Ending	\$ 214	\$ 217

5. LOANS RECEIVABLE FROM PROPERTY DEVELOPMENT PROJECTS

The following table presents Trio-Tech (Chongqing) Co. Ltd (“TTCQ”)’s loan receivables from property development projects in China as of March 31, 2024.

	Loan Expiry Date	Loan Amount (RMB)	Loan Amount (U.S. Dollars)
Short-term loan receivables			
JiangHuai (Project – Yu Jin Jiang An)	May 31, 2013	2,000	282
Less: allowance for expected credit losses		(2,000)	(282)
Net loan receivables from property development projects		-	-
Long-term loan receivables			
Jun Zhou Zhi Ye	Oct 31, 2016	5,000	705
Less: transfer – down-payment for purchase of investment property		(5,000)	(705)
Net loan receivables from property development projects		-	-

The short-term loan receivables amounting to renminbi (“RMB”) 2,000, or approximately \$282 arose due to TTCQ entering into a Memorandum Agreement with JiangHuai Property Development Co. Ltd. (“JiangHuai”) to invest in their property development projects (Project - Yu Jin Jiang An) located in Chongqing City, China in the fiscal year ended June 30, 2011 (“Fiscal 2011”). Based on TTI’s financial policy, an allowance for expected credit losses of \$282 on the investment in JiangHuai was recorded during the fiscal year ended June 30, 2014 (“Fiscal 2014”). TTCQ did not generate other income from JiangHuai for the quarter ended March 31, 2024 or for Fiscal 2024. TTCQ is in the legal process of recovering the outstanding amount of approximately \$282.

The loan amounting to RMB 5,000, or approximately \$705, arose due to TTCQ entering into a Memorandum Agreement with JiaSheng Property Development Co. Ltd. (“JiaSheng”) to invest in their property development projects (Project B-48 Phase 2) located in Chongqing City, China in Fiscal 2011. The amount was unsecured and repayable at the end of the term. During the fiscal year ended June 30, 2015, the loan receivable was transferred to down payment for purchase of investment property that is being developed in the Singapore Themed Resort Project (See Note 8).

6. INVENTORIES

Inventories consisted of the following:

	Mar. 31, 2024 (Unaudited)	June 30, 2023
Raw materials	\$ 1,573	\$ 1,389
Work in progress	1,475	1,132
Finished goods	351	178
Less: provision for obsolete inventories	(669)	(648)
Currency translation effect	12	100
	<u>\$ 2,742</u>	<u>\$ 2,151</u>

The following table represents the changes in provision for obsolete inventories:

	Mar. 31, 2024 (Unaudited)	June 30, 2023
Beginning	\$ 648	\$ 674
Additions charged to expense	35	61
Usage – disposition	(19)	(40)
Currency translation effect	5	(47)
Ending	<u>\$ 669</u>	<u>\$ 648</u>

7. INVESTMENT PROPERTIES

The following table presents the Company's investment in properties in China as of March 31, 2024. The exchange rate is based on the market rate as of March 31, 2024.

	Investment Date / Reclassification Date	Investment Amount (RMB)	Investment Amount (USD)
Purchase of rental property – Property I – MaoYe Property	Jan 04, 2008	5,554	894
Currency translation		-	(87)
Reclassification as “Assets held for sale”	July 01, 2018	(5,554)	(807)
Reclassification from “Assets held for sale”	Mar 31, 2019	2,024	301
		2,024	301
Purchase of rental property – Property II - JiangHuai	Jan 06, 2010	3,600	580
Purchase of rental property – Property III - FuLi	Apr 08, 2010	4,025	647
Currency translation		-	(168)
Gross investment in rental property		9,649	1,360
Accumulated depreciation on rental property	Mar 31, 2024	(8,367)	(1,194)
Reclassified as “Assets held for sale”- MaoYe Property	July 01, 2018	2,822	410
Reclassification from “Assets held for sale”- MaoYe Property	Mar 31, 2019	(1,029)	(143)
		(6,574)	(927)
Net investment in property – China		3,075	433

The following table presents the Company's investment in properties in China as of June 30, 2023. The exchange rate is based on the market rate as of June 30, 2023.

	Investment Date / Reclassification Date	Investment Amount (RMB)	Investment Amount (U.S. Dollars)
Purchase of rental property – Property I – MaoYe Property	Jan 04, 2008	5,554	894
Currency translation		-	(87)
Reclassification as “Assets held for sale”	July 01, 2018	(5,554)	(807)
Reclassification from “Assets held for sale”	Mar 31, 2019	2,024	301
		2,024	301
Purchase of rental property – Property II - JiangHuai	Jan 06, 2010	3,600	580
Purchase of rental property – Property III - FuLi	Apr 08, 2010	4,025	648
Currency translation		-	(199)
Gross investment in rental property		9,649	1,330
Accumulated depreciation on rental property	Jun 30, 2023	(7,884)	(1,123)
Reclassified as “Assets held for sale”- MaoYe Property	July 01, 2018	2,822	410
Reclassification from “Assets held for sale”- MaoYe Property	Mar 31, 2019	(1,029)	(143)
		(6,091)	(856)
Net investment in property – China		3,558	474

Rental Property I - MaoYe Property

During the fiscal year ended June 30, 2008, TTCQ purchased an office in Chongqing, China from MaoYe Property Ltd. (“MaoYe”) for a total cash purchase price of RMB 5,554, or approximately \$894. During the year ended June 30, 2019, the Company sold thirteen of the fifteen units constituting the MaoYe Property. Management has decided not to sell the remaining two units of MaoYe properties in the near future, due to current conditions of the property market in China. A new lease agreement was entered into on February 1, 2023 for a period of 4 years at a monthly rate of RMB14, or approximately \$2, after termination of the previous agreement. Pursuant to the agreement, monthly rental will increase by 5% each year.

Property purchased from MaoYe generated a rental income of \$6 and \$18 during the three and nine months ended March 31, 2024, as compared to \$nil and \$8 for the same period in Fiscal 2023.

Depreciation expense for MaoYe was \$4 and \$12 during the three and nine months ended March 31, 2024, as compared to \$4 and \$12 for the same period in Fiscal 2023.

Rental Property II - JiangHuai

During the year ended June 30, 2010 ("Fiscal 2010"), TTCQ purchased eight units of commercial property in Chongqing, China from Chongqing JiangHuai Real Estate Development Co. Ltd. ("JiangHuai") for a total purchase price of RMB 3,600, or approximately \$580. As of March 31, 2024, TTCQ had not received the title deed for properties purchased from JiangHuai. While the above is not expected to affect the property's market value, the current economic situation is likely to cause delays in court to consummate the acquisition of properties.

Property purchased from JiangHuai did not generate any rental income for the three and nine months ended March 31, 2024 and 2023.

Depreciation expense for JiangHuai was \$6 and \$18 for the three and nine months ended March 31, 2024, as compared to \$7 and \$20 for the same period in last Fiscal 2023.

Rental Property III – FuLi

In Fiscal 2010, TTCQ entered into a Memorandum Agreement with Chongqing FuLi Real Estate Development Co. Ltd. ("FuLi") to purchase two commercial properties totaling 311.99 square meters ("Office Space") located in Jiang Bei District Chongqing. The total purchase price committed and paid was RMB 4,025, or approximately \$648. The development was completed, the property was transferred to TTCQ in April 2013 and the title deed was received during the third quarter of Fiscal 2014.

TTCQ is actively searching for tenants to occupy the commercial properties, which are vacant as of the date of this Report.

Properties purchased from FuLi generated a rental income of \$Nil and \$1 for the three and nine months ended March 31, 2024, as compared to \$3 and \$7 for the same period in Fiscal 2023.

Depreciation expense for FuLi was \$7 and \$21 for the three and nine months ended March 31, 2024, as compared to \$7 and \$22 for the same period in Fiscal 2023.

Summary

Total rental income for all investment properties in China was \$6 and \$19 for the three and nine months ended March 31, 2024, as compared to \$3 and \$15 for the same period in Fiscal 2023.

Depreciation expense for all investment properties in China were \$17 and \$51 for the three and nine months ended March 31, 2024, as compared to \$18 and \$54 for the same period in Fiscal 2023.

8. OTHER ASSETS

Other assets consisted of the following:

	Mar. 31, 2024 (Unaudited)	June 30, 2023
Deposits for rental and utilities and others	148	117
Currency translation effect	1	(1)
Total	\$ 149	\$ 116

*Down payment for purchase of investment properties included:

	Mar. 31, 2024	
	RMB	U.S. Dollars
Original Investment (10% of Junzhou equity)	\$ 10,000	\$ 1,606
Less: Management Fee	(5,000)	(803)
Net Investment	5,000	803
Less: Share of Loss on Joint Venture	(137)	(22)
Net Investment as Down Payment (Note *a)	4,863	781
Loans Receivable	5,000	705
Interest Receivable	1,250	176
Less: Impairment of Interest	(906)	(128)
Transferred to Down Payment (Note *b)	5,344	753
* Down Payment for Purchase of Investment Properties	10,207	1,534
Add: Effect of foreign currency exchange	-	46
Less: Provision of Impairment loss on other assets	(10,207)	(1,580)
* Down Payment for Purchase of Investment Properties	\$ -	\$ -

- a) In Fiscal 2011, the Company signed a Joint Venture agreement (the “Agreement”) with Jia Sheng Property Development Co. Ltd. (the “Developer”) to form a new company, Junzhou Co. Limited (“Joint Venture” or “Junzhou”), to jointly develop the “Singapore Themed Park” project (the “Project”). The Company paid RMB10,000 for the 10% investment in the Joint Venture. The Developer paid the Company a management fee of RMB5,000 in cash upon signing of the Agreement, with a remaining fee of RMB5,000 payable upon fulfilment of certain conditions in accordance with the Agreement. The Company further reduced its investment by RMB137, or approximately \$22, through the losses from operations incurred by the Joint Venture.

In Fiscal 2014, the Company disposed of its entire 10% interest in the Joint Venture but, to date, has not received payment in full therefor. The Company recognized a disposal based on the recorded net book value of RMB5,000, or equivalent to \$803, from net considerations paid, in accordance with GAAP under ASC Topic 845 *Non-monetary Consideration*. It is presented under “Other Assets” as non-current assets to defer the recognition of the gain on the disposal of the 10% interest in the Joint Venture investment until such time that the consideration is paid, so the gain can be ascertained.

- b) Amounts of RMB5,000, or approximately \$705, as disclosed in Note 5, plus the interest receivable on long-term loan receivable of RMB1,250, or approximately \$176, and impairment on interest of RMB906, or approximately \$128.

The shop lots are to be delivered to TTCQ upon completion of the construction of the shop lots in Singapore Themed Resort Project. The initial targeted date of completion was in Fiscal 2017. However, progress has been delayed as the developer is currently undergoing an asset reorganization process, to re-negotiate with its creditors to complete the project.

During the fourth quarter of Fiscal 2021, the Company accrued an impairment charge of \$1,580 related to the doubtful recovery of the down payment on property in the Singapore Theme Resort Project in Chongqing, China. The Company elected to take this non-cash impairment charge due to increased uncertainties regarding the project’s viability, given the developers weakening financial condition as well as uncertainties arising from the negative real-estate environment in China, implementation of control measures on real-estate lending in China and its relevant government policies, together with effects of the ongoing pandemic. The local court is verifying the documents due to the sizable number of creditors as of March 31, 2024.

9. LINES OF CREDIT

The carrying value of the Company’s lines of credit approximates its fair value because the interest rates associated with the lines of credit are adjustable in accordance with market situations when the Company borrowed funds with similar terms and remaining maturities.

The Company’s credit rating provides it with ready and adequate access to funds in global markets.

As of March 31, 2024, the Company had certain lines of credit that are collateralized by restricted deposits.

Entity with Facility	Type of Facility	Interest Rate	Credit Limitation	Unused Credit
Trio-Tech International Pte. Ltd., Singapore	Lines of Credit	Cost of Funds Rate +1.25%	\$ 3,928	\$ 3,649
Universal (Far East) Pte. Ltd.	Lines of Credit	Cost of Funds Rate +1.25%	\$ 1,853	\$ 1,828
Trio-Tech Malaysia Sdn. Bhd.	Revolving credit	Cost of Funds Rate +2%	\$ 317	\$ 317

As of June 30, 2023, the Company had certain lines of credit that are collateralized by restricted deposits.

Entity with Facility	Type of Facility	Interest Rate	Credit Limitation	Unused Credit
Trio-Tech International Pte. Ltd., Singapore	Lines of Credit	Cost of Funds Rate +1.25% to +1.3%	\$ 3,907	\$ 3,701
Universal (Far East) Pte. Ltd.	Lines of Credit	Cost of Funds Rate +1.25% to +1.3%	\$ 1,843	\$ 1,559
Trio-Tech Malaysia Sdn. Bhd.	Revolving credit	Cost of Funds Rate +2%	\$ 319	\$ 319

10. ACCRUED EXPENSE

Accrued expense consisted of the following:

	Mar. 31, 2024 (Unaudited)	June 30, 2023
Payroll and related costs	\$ 1,572	\$ 1,880
Commissions	171	158
Legal and audit	285	280
Sales tax	55	140
Utilities	241	236
Warranty	36	24
Accrued purchase of materials and property, plant and equipment	1,064	1,214
Provision for reinstatement	373	380
Other accrued expense	47	42
Currency translation effect	60	(63)
Total	\$ 3,904	\$ 4,291

11. ASSURANCE WARRANTY ACCRUAL

The Company provides for the estimated costs that may be incurred under its warranty program at the time the sale is recorded. The warranty period of the products manufactured by the Company is generally one year or the warranty period agreed upon with the customer. The Company estimates the warranty costs based on the historical rates of warranty returns. The Company periodically assesses the adequacy of its recorded warranty liability and adjusts the amounts as necessary.

	Mar. 31, 2024 (Unaudited)	June 30, 2023
Beginning	\$ 24	\$ 16
Additions charged to cost and expense	23	32
Utilization	(11)	(25)
Currency translation effect	-	1
Ending	\$ 36	\$ 24

12. BANK LOANS PAYABLE

Bank loans payable consisted of the following:

	Mar. 31, 2024 (Unaudited)	June 30, 2023
Note payable denominated in the Malaysian Ringgit for expansion plans in Malaysia, maturing in July 2028, bearing interest at the bank's prime rate less 2.00% (4.85% and 4.6% at March 31, 2024 and June 30, 2023) per annum, with monthly payments of principal plus interest through July 2028, collateralized by the acquired building with a carrying value of \$2,151 and \$2,208, as at March 31, 2024 and June 30, 2023, respectively.	\$ 677	\$ 957
Financing arrangement at fixed interest rate 3.2% per annum, with monthly payments of principal plus interest through July 2025.	54	84
Financing arrangement at fixed interest rate 3.0% per annum, with monthly payments of principal plus interest through December 2026.	135	169
Financing arrangement at fixed interest rate 3.0% per annum, with monthly payments of principal plus interest through August 2027.	118	142
Total bank loans payable	\$ 984	\$ 1,352
Current portion of bank loans payable	319	503
Currency translation effect on current portion of bank loans	(11)	(28)
Current portion of bank loans payable	308	475
Long-term portion of bank loans payable	695	933
Currency translation effect on long-term portion of bank loans	(19)	(56)
Long-term portion of bank loans payable	\$ 676	\$ 877

Future minimum payments (excluding interest) as at March 31, 2024, were as follows:

Remainder of Fiscal 2024	\$ 113
2025	260
2026	229
2027	211
Thereafter	171
Total obligations and commitments	\$ 984

Future minimum payments (excluding interest) as at June 30, 2023, were as follows:

2024	\$ 475
2025	262
2026	231
2027	212
Thereafter	172
Total obligations and commitments	\$ 1,352

13. COMMITMENTS AND CONTINGENCIES

The Company has capital commitments for capital expenditure amounting to \$369 as at March 31, 2024, as compared to capital commitment of \$Nil as at June 30, 2023.

Deposits with banks are not fully insured by the local government or agency and are consequently exposed to risk of loss. The Company believes that the probability of bank failure, causing loss to the Company, is remote.

The Company is, from time to time, the subject of litigation claims and assessments arising out of matters occurring in its normal business operations. In the opinion of management, resolution of these matters will not have a material adverse effect on the Company's consolidated financial statements.

14. BUSINESS SEGMENTS

The Company operated in four segments: the testing service industry (which performs structural and electronic tests of semiconductor devices); the designing and manufacturing of equipment (assembly of equipment that tests the structural integrity of integrated circuits and other products); distribution of various products from other manufacturers in Singapore and Asia; and the real estate segment in China.

The cost of equipment, current year investment in new equipment and depreciation expense are allocated into respective segments based on the primary purpose for which the equipment was acquired.

Corporate expenses are allocated to the four segments on a combination of factors involving revenue, manpower costs and fixed assets investments. The following segment information table includes segment operating income or loss after including corporate expense allocated to the segments, which gets eliminated in the consolidation.

The following segment Information is unaudited for the nine months ended March 31, 2024, and March 31, 2023:

Business Segment Information:

	Nine Months Ended Mar. 31,	Net Revenue	Operating Income / (Loss)	Total Assets	Depr. and Amort.	Capital Expenditures
Manufacturing	2024	\$ 12,488	\$ 447	\$ 17,740	\$ 323	\$ 49
	2023	\$ 11,592	\$ 373	\$ 15,056	\$ 365	\$ 18
Testing Services	2024	13,606	(463)	20,651	3,141	121
	2023	17,709	1,445	26,522	3,218	4,033
Distribution	2024	6,453	868	1,702	-	38
	2023	4,855	633	1,283	-	-
Real Estate	2024	19	(76)	2,429	55	-
	2023	15	(76)	1,872	58	-
Corporate & Unallocated	2024	-	(41)	565	27	-
	2023	-	(276)	641	-	26
Total Company	2024	\$ 32,566	\$ 735	\$ 43,087	\$ 3,546	\$ 208
	2023	\$ 34,171	\$ 2,099	\$ 45,374	\$ 3,641	\$ 4,077

The following segment Information is unaudited for the three months ended March 31, 2024, and March 31, 2023:

Business Segment Information:

	Three Months Ended Mar. 31,	Net Revenue	Operating Income / (Loss)	Total Assets	Depr. and Amort.	Capital Expenditures
Manufacturing	2024	\$ 4,813	\$ 298	\$ 17,740	\$ 108	\$ 11
	2023	\$ 2,963	\$ (104)	\$ 15,056	\$ 135	\$ 3
Testing Services	2024	3,796	(183)	20,651	634	1
	2023	5,697	37	26,522	1,343	66
Distribution	2024	1,783	222	1,702	-	38
	2023	1,179	151	1,283	-	-
Real Estate	2024	6	(23)	2,429	18	-
	2023	3	(34)	1,872	20	-
Corporate & Unallocated	2024	-	(255)	565	-	-
	2023	-	(87)	641	-	14
Total Company	2024	\$ 10,398	\$ 59	\$ 43,087	\$ 760	\$ 50
	2023	\$ 9,842	\$ (37)	\$ 45,374	\$ 1,498	\$ 83

Management is currently evaluating the ongoing contributions of each of its business segments to its current and future revenue and prospects, including its Testing segment. As a result, it may divest one or more business segments in the future, including its Testing segment, to enable management to concentrate on segments where it anticipates opportunities for future revenue growth, thereby maximizing shareholder value.

15. OTHER INCOME / (EXPENSE)

Other income / (expense) consisted of the following:

	Three Months Ended		Nine Months Ended	
	Mar. 31, 2024	Mar. 31, 2023	Mar. 31, 2024	Mar. 31, 2023
	Unaudited	Unaudited	Unaudited	Unaudited
Interest income	\$ 88	\$ 49	\$ 262	\$ 104
Other rental income	29	30	101	85
Exchange gain /(loss)	113	(47)	(64)	(326)
Other miscellaneous income	22	8	67	88
Total	\$ 252	\$ 40	\$ 366	\$ (49)

16. GOVERNMENT GRANTS

	Three Months Ended		Nine Months Ended	
	Mar. 31,	Mar. 31,	Mar. 31,	Mar. 31,
	2024	2023	2024	2023
	Unaudited	Unaudited	Unaudited	Unaudited
Government grant	\$ 12	\$ 83	\$ 89	\$ 108

In the three months ended March 31, 2024, the Company received government grants amounting to \$12, \$7 of which was an incentive from the Singapore government for local resident recruitment, and \$5 related to capital expenditure subsidy received from the China government. During the same period in 2023, the Company received government grants amounting to \$83, \$76 of which was an incentive from the Singapore government for local resident recruitment, and the remaining \$7 related to capital expenditure subsidy received from the China government.

In the nine months ended March 31, 2024, the Company received government grants amounting to \$89, \$19 of which was an incentive from the Singapore government for local resident recruitment, \$12 related to capital expenditure subsidy received from the China government and the \$57 from the U.S. government related to Employee Retention Credit (“ERC”). During the same period in 2023, the Company received government grants amounting to \$108, with \$86 from the Singapore government for local resident recruitment and the remaining \$22 related to capital expenditure subsidy received from the China government.

17. INCOME TAX

The provision for income taxes has been determined based upon the tax laws and rates in the countries in which we operate. The Company is subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant judgment is required in determining the provision for income taxes and income tax assets and liabilities, including evaluating uncertainties in the application of accounting principles and complex tax laws.

Due to the enactment of the Tax Cuts and Jobs Act, the Company is subject to a tax on global intangible low-taxed income (“GILTI”). GILTI is a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. Companies subject to GILTI have the option to account for the GILTI tax as a period cost if and when incurred, or to recognize deferred taxes for temporary differences including outside basis differences expected to reverse as GILTI. The Company has elected to account for GILTI as a period cost. GILTI expense was \$15 and \$30 for the three and nine months ended March 31, 2024, as compared to \$nil and \$83 for the same period in Fiscal 2023.

The Company's income tax expense was \$142 and \$274 for the three and nine months ended March 31, 2024, as compared to \$8 and \$474 for the same period in Fiscal 2023. Our effective tax rate (“ETR”) from continuing operations was 24.3% and 22.8% for nine months ended March 31, 2024 and March 31, 2023, respectively.

The Company accrues penalties and interest related to unrecognized tax benefits when necessary, as a component of penalties and interest expense, respectively. The Company had no unrecognized tax benefits or related accrued penalties or interest expense at March 31, 2024 and March 31, 2023, respectively.

In assessing the ability to realize the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on these criteria, management believes it is more likely than not the Company will not realize all of the benefits of the federal, state, and foreign deductible differences. Accordingly, a valuation allowance has been established against portion of the deferred tax assets recorded in the U.S. and various foreign jurisdictions.

18. REVENUE

The Company generates revenue primarily from three different segments: manufacturing, testing and distribution. The Company accounts for a contract with a customer when there is approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company's revenues are measured based on consideration stipulated in the arrangement with each customer, net of any sales incentives and amounts collected on behalf of third parties, such as sales taxes. The revenues are recognized as separate performance obligations that are satisfied by transferring control of the product or service to the customer.

Significant Judgments

The Company's arrangements with its customers include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. A product or service is considered distinct if it is separately identifiable from other deliverables in the arrangement and if a customer can benefit from it on its own or with other resources that are readily available to the customer.

The Company allocates the transaction price to each performance obligation on a relative standalone selling price basis ("SSP"). Determining the SSP for each distinct performance obligation and allocation of consideration from an arrangement to the individual performance obligations and the appropriate timing of revenue recognition are significant judgments with respect to these arrangements. The Company typically establishes the SSP based on observable prices of products or services sold separately in comparable circumstances to similar clients. The Company may estimate SSP by considering internal costs, profit objectives and pricing practices in certain circumstances.

Warranties, discounts and allowances are estimated using historical and recent data trends. The Company includes estimates in the transaction price only to the extent that a significant reversal of revenue is not probable in subsequent periods. The Company's products and services are generally not sold with a right of return, nor has the Company experienced significant returns from or refunds to its customers.

Manufacturing

The Company primarily derives revenue from the sale of both front-end and back-end semiconductor test equipment and related peripherals, maintenance, and support of all these products, installation and training services and the sale of spare parts. The Company's revenues are measured based on consideration stipulated in the arrangement with each customer, net of any sales incentives and amounts collected on behalf of third parties, such as sales taxes.

The Company recognizes revenue at a point in time when the Company has satisfied its performance obligation by transferring control of the product to the customer. The Company uses judgment to evaluate whether the control has transferred by considering several indicators, including whether:

- the Company has a present right to payment;
- the customer has legal title;
- the customer has physical possession;
- the customer has significant risk and rewards of ownership; and
- the customer has accepted the product, or whether customer acceptance is considered a formality based on history of acceptance of similar products (for example, when the customer has previously accepted the same equipment, with the same specifications, and when we can objectively demonstrate that the tool meets all the required acceptance criteria, and when the installation of the system is deemed perfunctory).

Not all indicators need to be met for the Company to conclude that control has transferred to the customer. In circumstances in which revenue is recognized prior to the product acceptance, the portion of revenue associated with its performance obligations of product installation and training services are deferred and recognized upon acceptance.

Majority of sales under the manufacturing segment include a 12-month warranty. The Company generally provides a limited warranty that our products comply with applicable specifications at the time of delivery. Under our standard terms and conditions of sale, liability for certain failures of product during a stated warranty period is usually limited to repair or replacement of defective parts. The Company has concluded that the warranty provided for standard products are assurance type warranties and are not separate performance obligations.

Customized products are generally more complex and, as a result, may contain unforeseen faults that could lead to additional costs for us, including increased servicing or the need to provide product modifications. Warranty provided for customized products are service warranties and are separate performance obligations. Transaction prices are allocated to this performance obligation using cost plus method. The portion of revenue associated with warranty service is deferred and recognized as revenue over the warranty period, as the customer simultaneously receives and consumes the benefits of warranty services provided by the Company.

Testing

The Company renders testing services to manufacturers and purchasers of semiconductors and other entities who either lack testing capabilities or whose in-house screening facilities are insufficient. The Company primarily derives testing revenue from burn-in services, manpower supply and other associated services. SSP is directly observable from the sales orders. Revenue is allocated to performance obligations satisfied at a point in time depending upon terms of the sales order. Generally, there is no other performance obligation other than what has been stated inside the sales order for each of these sales.

Terms of contract that may indicate potential variable consideration include warranty, late delivery penalty and reimbursement to solve non-conformance issues for rejected products. Based on historical and recent data trends, it is concluded that these terms of the contract do not represent potential variable consideration. The transaction price is not contingent on the occurrence of any future event.

Distribution

The Company distributes complementary products, made by manufacturers around the world. The Company recognizes revenue from product sales at a point in time when the Company has satisfied its performance obligation by transferring control of the product to the customer. The Company uses judgment to evaluate whether control has transferred by considering several indicators discussed above. The Company recognizes the revenue at a point in time, generally upon shipment or delivery of the products to the customer or distributors, depending upon terms of the sales order.

Contract Balances

The timing of revenue recognition, billings and collections may result in billed accounts receivable, unbilled receivables, contract assets, customer advances, deposits and contract liabilities. The Company's payment terms and conditions vary by contract type, although terms generally include a requirement of payment of 70% to 90% of total contract consideration within 30 to 60 days of shipment with the remainder payable within 30 days of acceptance. In instances where the timing of revenue recognition differs from the timing of invoicing, the Company has determined that its contracts generally do not include a significant financing component.

The following table is the reconciliation of contract balances.

	Mar. 31, 2024 (Unaudited)	June 30, 2023
Trade Accounts Receivable	10,083	9,804
Accounts Payable	2,406	1,660
Contract Liabilities	1,499	1,277

Remaining Performance Obligation

The Company had \$nil and \$55 remaining performance obligations, which represents our obligation to deliver products and services as at March 31, 2024 and June 30, 2023 respectively.

19. EARNINGS PER SHARE

Options to purchase 741,750 shares of Common Stock at exercise prices ranging from \$2.53 to \$7.76 per share were outstanding as of March 31, 2024. 140,500 stock options were excluded in the computation of diluted earnings per share ("EPS") for the three months and nine months ended March 31, 2024, because they were anti-dilutive.

Options to purchase 656,375 shares of Common Stock at exercise prices ranging from \$2.53 to \$7.76 per share were outstanding as of March 31, 2023. 285,500 stock options were excluded in the computation of diluted earnings per share ("EPS") for the three and nine months ended March 31, 2023, because they were anti-dilutive.

The following table is a reconciliation of the weighted average shares used in the computation of basic and diluted EPS for the period presented herein:

	Three Months Ended		Nine Months Ended	
	Mar. 31, 2024 (Unaudited)	Mar. 31, 2023 (Unaudited)	Mar. 31, 2024 (Unaudited)	Mar. 31, 2023 (Unaudited)
Income / (loss) attributable to Trio-Tech International common shareholders from continuing operations, net of tax	\$ 71	\$ (10)	\$ 801	\$ 1,384
(Loss) / Income attributable to Trio-Tech International common shareholders from discontinued operations, net of tax	(1)	3	6	(2)
Net income / (loss) attributable to Trio-Tech International Common Shareholders	\$ 70	\$ (7)	\$ 807	\$ 1,382
Weighted average number of common shares outstanding - basic	4,176	4,075	4,131	4,075
Dilutive effect of stock options	106	84	143	86
Number of shares used to compute earnings per share - diluted	4,282	4,159	4,274	4,161
Basic earnings per share from continuing operations attributable to Trio-Tech International	\$ 0.02	-	0.19	0.34
Basic earnings per share from discontinued operations attributable to Trio-Tech International	-	-	-	-
Basic earnings per share from net income attributable to Trio-Tech International	\$ 0.02	\$ -	\$ 0.19	\$ 0.34
Diluted earnings per share from continuing operations attributable to Trio-Tech International	\$ 0.02	-	0.19	0.33
Diluted earnings per share from discontinued operations attributable to Trio-Tech International	-	-	-	-
Diluted earnings per share from net income attributable to Trio-Tech International	\$ 0.02	\$ -	\$ 0.19	\$ 0.33

20. STOCK OPTIONS

On September 14, 2017, the Company's Board of Directors unanimously adopted the 2017 Employee Stock Option Plan (the "2017 Employee Plan") and the 2017 Directors Equity Incentive Plan (the "2017 Directors Plan") each of which was approved by the shareholders on December 4, 2017.

Assumptions

The fair value for the stock options granted to both employees and directors was estimated using the Black-Scholes option pricing model with the following weighted average assumptions, assuming:

- An expected life varying from 2.50 to 3.25 years, calculated in accordance with the guidance provided in SEC Staff bulletin No. 110 for plain vanilla options using the simplified method, since our equity shares have been publicly traded for only a limited period of time;
- A risk-free interest rate varying from 0.11% to 4.59% (2023: 0.11% to 4.17%);
- No expected dividend payments; and
- Expected volatility of 53.8% to 73.85% (2023: 47.3% to 73.85%).

2017 Employee Stock Option Plan

The Company's 2017 Employee Plan permits the grant of stock options to its employees covering up to an aggregate of 300,000 shares of Common Stock. In December 2021, the Company's Board of Directors approved an amendment to the 2017 Employee Plan to increase the shares covered thereby from 300,000 shares to an aggregate of 600,000 shares, which amendment was approved by the Company's shareholders at the annual meeting held in December 2021.

Under the 2017 Employee Plan, all options must be granted with an exercise price of no less than fair value as of the grant date and the options granted must be exercisable within a maximum of ten years after the date of grant, or such lesser period of time as is set forth in the stock option agreements. The options may be exercisable (a) immediately as of the effective date of the stock option agreement granting the option, or (b) in accordance with a schedule related to the date of the grant of the option, the date of first employment, or such other date as may be set by the Compensation Committee. Generally, options granted under the 2017 Employee Plan are exercisable within five years after the date of grant and vest over the period as follows: 25% vesting on the grant date and the remaining balance vesting in equal installments on the next three succeeding anniversaries of the grant date. The share-based compensation will be recognized in terms of the grade method on a straight-line basis for each separately vesting portion of the award. Certain option awards provide for accelerated vesting if there is a change in control (as defined in the 2017 Employee Plan).

During the nine-month period ended March 31, 2024, there were 122,500 stock options granted and 64,625 stock options exercised under 2017 Employee Plan. The Company recognized \$118 and \$208 in stock-based compensation expense during the three and nine months ended March 31, 2024, respectively.

During the nine-month period ended March 31, 2023, there were 65,000 stock options granted and 5,000 stock options exercised under 2017 Employee Plan. The Company recognized \$70 and \$124 in stock-based compensation expense during the three and nine months ended March 31, 2023, respectively.

As of March 31, 2024, there were vested stock options granted under the 2017 Employee Plan covering a total of 136,250 shares of Common Stock. The weighted-average exercise price was \$5.57 and the weighted average remaining contractual term was 3.12 years.

As of March 31, 2023, there were vested stock options granted under the 2017 Employee Plan covering a total of 134,625 shares of Common Stock. The weighted-average exercise price was \$4.49 and the weighted average remaining contractual term was 2.52 years.

A summary of option activities under the 2017 Employee Plan during the nine months ended March 31, 2024, is presented as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at July 1, 2023	216,375	\$ 4.89	2.92	\$ 140
Granted	122,500	4.96	-	-
Exercised	(64,625)	3.14	-	-
Forfeited or expired	(3,500)	3.75	-	-
Outstanding at March 31, 2024	270,750	\$ 5.35	3.68	\$ 331
Exercisable at March 31, 2024	136,250	\$ 5.57	3.12	\$ 150

A summary of the status of the Company's non-vested employee stock options during the nine months ended March 31, 2024, is presented below:

	Options	Weighted Average Grant-Date Fair Value
Non-vested at July 1, 2023	81,750	\$ 5.53
Granted	122,500	4.96
Vested	(69,750)	-
Non-vested at March 31, 2024	134,500	\$ 5.12

A summary of option activities under the 2017 Employee Plan during the nine months ended March 31, 2023, is presented as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at July 1, 2022	236,375	\$ 5.21	2.61	\$ 87
Granted	65,000	4.84	-	-
Exercised	(5,000)	3.75	-	-
Forfeited or expired	(80,000)	-	-	-
Outstanding at March 31, 2023	216,375	\$ 4.89	3.17	\$ 117
Exercisable at March 31, 2023	134,625	\$ 4.49	2.52	\$ 109

A summary of the status of the Company's non-vested employee stock options during the nine months ended March 31, 2023, is presented below:

	Options	Weighted Average Grant-Date Fair Value
Non-vested at July 1, 2022	75,875	\$ 5.98
Granted	65,000	4.77
Vested	(49,125)	-
Forfeited	(10,000)	-
Non-vested at March 31, 2023	81,750	\$ 5.53

2017 Directors Equity Incentive Plan

The 2017 Directors Plan permits the grant of options to its directors in the form of non-qualified options and restricted stock, and initially covered up to an aggregate of 300,000 shares of Common Stock. In September 2020, the Company's Board of Directors approved an amendment to the 2017 Directors Plan to increase the shares covered thereby from 300,000 shares to an aggregate of 600,000 shares, which amendment was approved by the Company's shareholders at the annual meeting held in December 2020. In October 2023, the Company's Board of Directors approved an amendment to the 2017 Directors Plan to increase the shares covered thereby from 600,000 shares to an aggregate of 900,000 shares, which amendment was approved by the Company's shareholders at the annual meeting held in December 2023.

Under the 2017 Directors Plan, the exercise price of the non-qualified options is required to be 100% of the fair value of the underlying shares on the grant date. The options have five-year contractual terms and are exercisable immediately as of the grant date.

During the nine-month period ended March 31, 2024, the Company granted 100,000 stock options and 49,000 stock options under 2017 Directors Plan. The Company recognized \$220 stock-based compensation expense during the three and nine months ended March 31, 2024, respectively.

During the nine-month period ended March 31, 2023, the Company granted 100,000 stock options and no stock options exercised under 2017 Directors Plan. The Company recognized \$213 stock-based compensation expense during the three and nine months ended March 31, 2023, respectively.

As all the stock options granted under the 2017 Directors Plan vest immediately on the date of grant, there were no unvested stock options granted under the 2017 Directors Plan as of March 31, 2024, or March 31, 2023.

As of March 31, 2024, there were vested stock options granted under the 2017 Directors Plan covering a total of 471,000 shares of Common Stock. The weighted average exercise price was \$5.08 and the weighted average remaining contractual term was 2.87 years.

As of March 31, 2023, there were vested stock options granted under the 2017 Directors Plan covering a total of 440,000 shares of Common Stock. The weighted average exercise price was \$4.80 and the weighted average remaining contractual term was 2.68 years.

A summary of option activities under the 2017 Directors Plan during the nine months ended March 31, 2024, is presented as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at July 1, 2023	420,000	\$ 4.91	2.91	\$ 309
Granted	100,000	5.01	-	-
Exercised	(49,000)	3.51	-	-
Forfeited or expired	-	-	-	-
Outstanding at March 31, 2024	471,000	\$ 5.08	2.87	\$ 744
Exercisable at March 31, 2024	471,000	\$ 5.08	2.87	\$ 744

A summary of option activities under the 2017 Directors Plan during the nine months period ended March 31, 2023, is presented as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at July 1, 2022	420,000	\$ 5.10	2.85	\$ 228
Granted	100,000	4.51	-	-
Exercised	-	-	-	-
Forfeited or expired	(80,000)	5.98	-	-
Outstanding at March 31, 2023	440,000	\$ 4.80	2.68	\$ 303
Exercisable at March 31, 2023	440,000	\$ 4.80	2.68	\$ 303

21. LEASES

Company as Lessor

Operating leases under which the Company is the lessor arise from leasing the Company's commercial real estate investment property to third parties. Initial lease terms generally range from 12 to 60 months. Depreciation expense for assets subject to operating leases is taken into account primarily on the straight-line method over a period of 20 years in amounts necessary to reduce the carrying amount of the asset to its estimated residual value. Depreciation expense relating to the property held as investments in operating leases was \$51 and \$54 for the nine months ended March 31, 2024 and March 31, 2023, respectively.

Future minimum rental income in China and Thailand to be received from Fiscal 2024 to the fiscal year ended June 30, 2027 ("Fiscal 2027") on non-cancelable operating leases is contractually due as follows as of March 31, 2024:

Remainder of Fiscal 2024	\$ 34
2025	136
2026	45
2027	16
	\$ 231

Future minimum rental income in China and Thailand to be received from Fiscal 2024 to Fiscal 2027 on non-cancelable operating leases is contractually due as follows as of June 30, 2023:

2024	\$ 141
2025	141
2026	46
2027	16
	\$ 344

Sales-type leases under which the Company is the lessor arise from the lease of four units of chiller systems. The Company classifies its lease arrangements at inception of the arrangement. The lease term is three years, contains an automatic transfer of title at the end of the lease term and a guarantee of residual value at the end of the lease term. The customer is required to pay for executory cost such as taxes.

Financing receivables, consisting of net investment in sales-type leases and receivables from financed sales of 4 units of chiller systems are as follows:

Components of Lease Balances	Mar. 31, 2024 (Unaudited)	June 30, 2023
Assets		
Gross financial sales receivable	\$ -	\$ 17
Unearned finance income	-	(1)
Financed sales receivable	\$ -	\$ 16
Net financed sales receivables due within one year	\$ -	\$ 16
Net financed sales receivables due after one year	\$ -	\$ -
	-	16

As of March 31, 2024, Company's financed sale receivable has been fully collected.

As of June 30, 2023, the financed sale receivables had a weighted average effective interest rate of 11.16% and weighted average remaining lease term of 0.75 years.

Company as Lessee

The Company is the lessee under operating leases for corporate offices and research and development facilities with remaining lease terms of one year to four years and finance leases for plant and equipment.

Supplemental balance sheet information related to leases was as follows (in thousands):

Components of Lease Balances	Mar. 31, 2024 (Unaudited)	June 30, 2023
Finance Leases (Plant and Equipment)		
Plant and equipment, at cost	\$ 1,500	\$ 1,734
Accumulated depreciation	(932)	(1,075)
Plant and Equipment, Net	\$ 568	\$ 659
Current portion of finance leases	\$ 56	\$ 107
Net of current portion of finance leases	10	42
Total Finance Lease Liabilities	\$ 66	\$ 149
Operating Leases (Corporate Offices, Research and Development Facilities)		
Operating lease right-of-use assets, Net	\$ 2,277	\$ 2,609
Current portion of operating leases	1,295	1,098
Net of current portion of operating leases	982	1,511
Total Operating Lease Liabilities	\$ 2,277	\$ 2,609

	Three Months Ended		Nine Months Ended	
	Mar. 31, 2024 (Unaudited)	Mar. 31, 2023 (Unaudited)	Mar. 31, 2024 (Unaudited)	Mar. 31, 2023 (Unaudited)
Lease Cost				
Finance lease cost:				
Interest on finance lease	\$ 1	\$ 2	\$ 6	\$ 8
Amortization of right-of-use assets	13	46	69	138
Total finance lease cost	<u>14</u>	<u>48</u>	<u>75</u>	<u>146</u>
Operating Lease Costs	\$ 393	\$ 384	\$ 1,147	\$ 1,133

Other information related to leases was as follows (in thousands except lease term and discount rate):

	Nine Months Ended	
	Mar. 31, 2024 (Unaudited)	Mar. 31, 2023 (Unaudited)
Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating cash flows from finance leases	\$ (5)	\$ (8)
Operating cash flows from operating leases	(1,056)	(1,008)
Finance cash flows from finance leases	(82)	(92)
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	732	932
Weighted-Average Remaining Lease Term:		
Finance leases	1.07	1.59
Operating leases	1.83	2.58
Weighted-Average Discount Rate:		
Finance leases	2.82%	3.22%
Operating leases	5.58%	5.68%

As of March 31, 2024, the maturities of the Company's operating and finance lease liabilities are as follow:

	Operating Lease Liabilities	Finance Lease Liabilities
Fiscal Year		
Remainder of Fiscal 2024	390	25
2025	1,253	33
2026	669	11
Thereafter	88	-
Total future minimum lease payments	\$ 2,400	\$ 69
Less: amount representing interest	(123)	(3)
Present value of net minimum lease payments	\$ 2,277	\$ 66
Presentation on statement of financial position		
Current	1,295	56
Non-Current	982	10

As of June 30, 2023, future minimum lease payments under finance leases and noncancelable operating leases were as follows:

	Operating Lease Liabilities	Finance Lease Liabilities
Fiscal Year		
2024	1,321	112
2025	846	33
2026	570	12
Thereafter	64	-
Total future minimum lease payments	2,801	157
Less: amount representing interest	(192)	(8)
Present value of net minimum lease payments	2,609	149
Presentation on statement of financial position		
Current	1,098	107
Non-Current	1,511	42

22. FAIR VALUE OF FINANCIAL INSTRUMENTS APPROXIMATE CARRYING VALUE

In accordance with ASC Topics 825 and 820, the following presents assets and liabilities measured and carried at fair value and classified by level of fair value measurement hierarchy:

There were no transfers between Levels 1 and 2 during the nine months ended March 31, 2024 and 2023.

Term deposits (Level 2) – The carrying amount approximates fair value because of the short maturity of these instruments.

Restricted term deposits (Level 2) – The carrying amount approximates fair value because of the short maturity of these instruments.

Lines of credit (Level 3) – The carrying value of the lines of credit approximates fair value due to the short-term nature of the obligations.

Bank loans payable (Level 3) – The carrying value of the Company's bank loans payable approximates its fair value as the interest rates associated with long-term debt is adjustable in accordance with market situations when the Company borrowed funds with similar terms and remaining maturities.

23. CONCENTRATION OF CUSTOMERS

The Company had three major customers that accounted for the following revenue and trade account receivables:

	For the Nine Months Ended Mar. 31,	
	2024 (Unaudited)	2023 (Unaudited)
Revenue		
- Customer A	19.8%	34.0%
- Customer B	16.5%	11.2%
- Customer C	13.3%	13.6%
Trade Account Receivables		
- Customer A	18.2%	35.8%
- Customer B	17.8%	7.8%
- Customer C	20.3%	18.6%

24. COMPARATIVE FIGURES

Certain amounts in the prior periods presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported net income.

TRIO-TECH INTERNATIONAL AND SUBSIDIARIES

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

Overview

The following should be read in conjunction with the condensed consolidated financial statements and notes in Item 1 above and with the audited consolidated financial statements and notes, the information under the headings "Management's discussion and analysis of financial condition and results of operations" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023 ("Fiscal 2023").

Trio-Tech International ("TTI") was incorporated in 1958 under the laws of the State of California. As used herein, the term "Trio-Tech" or "Company" or "we" or "us" or "Registrant" includes Trio-Tech International and its subsidiaries unless the context otherwise indicates. Our mailing address and executive offices are located at Block 1008 Toa Payoh North, Unit 03-09 Singapore 318996, and our telephone number is (65) 6265 3300.

The Company is a provider of reliability test equipment and services to the semiconductor industry. Our customers rely on us to verify that their semiconductor components meet or exceed the rigorous reliability standards demanded for automotive electronics, industrial electronics, computing and data storage, consumer electronics, and communication markets. We act as a global one-stop solution for our customers by designing and building reliability test solutions and offering comprehensive testing services through our testing laboratories in Asia and the United States ("U.S.").

During the nine months ended March 31, 2024, TTI generated approximately 100% of its revenue from its three core business segments in the test and measurement industry, i.e., manufacturing of test equipment ("Manufacturing"), testing services ("Testing") and distribution of test equipment and electronic components ("Distribution"). Management is currently evaluating the ongoing contributions of each of its business segments to its current and future revenue and prospects, including its Testing segment. As a result, it may divest one or more business segments in the future, including its Testing segment, to enable management to concentrate on segments where it anticipates opportunities for future revenue growth, thereby maximizing shareholder value.

Manufacturing

TTI develops and manufactures an extensive range of test equipment used in the "front-end" and the "back-end" manufacturing processes of semiconductors. Our equipment includes leak detectors, autoclaves, centrifuges, burn-in systems and boards, HAST testers, temperature-controlled chucks, wet benches and more. We also act as an extended development team of Integrated Device Manufacturers ("IDMs") and Fabless semiconductor companies in the testing process with our expert technical skills, especially in the New Product Introduction ("NPI") process.

Testing

TTI provides comprehensive electrical, environmental, and burn-in testing services to semiconductor manufacturers in our testing laboratories in Asia and the U.S. Our customers include both manufacturers and end users of semiconductor and electronic components who look to us when they decide to outsource their testing process. We also support the asset-light strategy of our customers by setting up test facilities and providing component level, package level and system level testing services with expert technology that improves the productivity of our customers. The independent tests are performed to industry and customer specific standards.

Distribution

In addition to marketing our proprietary products, we distribute complementary products made by manufacturers around the world. The products include environmental chambers, mechanical shock and vibration testers, and other semiconductor equipment. We also distribute a wide range of components such as connectors, sockets, cables, LCD displays and touch screen panels. We act as value-added resellers by enhancing the value of the distributed products by customizing each to the needs of our customers through our expert engineering, integration, and sub-assembly services. We also support our customers as their extended research & development arm in product design, leveraging the expert skills of our component engineers and design engineers.

Real Estate

Our real estate ("Real Estate") segment generates rental income and investment income from real estate investments made in Chongqing, China.

Critical Accounting Estimates & Policies

The preparation of our Condensed Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions in applying our accounting policies that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base these estimates and assumptions on historical experience and evaluate them on an ongoing basis to ensure that they remain reasonable under current conditions. Actual results could differ from those estimates. We discuss the development and selection of the critical accounting estimates with the Audit Committee of our Board of Directors on a quarterly basis, and the Audit Committee has reviewed our related disclosure in this Quarterly Report on Form 10-Q.

There have been no material changes in our critical accounting estimates and policies since our Annual Report on Form 10-K for Fiscal 2023. Refer to Note 1 “Basis of Presentation and Summary of Significant Accounting Policies” to our Condensed Consolidated Financial Statements for additional details. In addition, please refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained in Part II, Item 7 of our Annual Report on Form 10-K for Fiscal 2023 for a complete description of our critical accounting policies and estimates.

Third Quarter Fiscal Year 2024 Highlights

- Total revenue increased by \$556, or 5.6%, to \$10,398 in the third quarter of Fiscal 2024, compared to \$9,842 for the same period in Fiscal 2023.
- Manufacturing segment revenue increased by \$1,850, or 62.4% to \$4,813 for the third quarter of Fiscal 2024, compared to \$2,963 for the same period in Fiscal 2023.
- Testing segment revenue decreased by \$1,901, or 33.4%, to \$3,796 for the third quarter of Fiscal 2024, compared to \$5,697 for the same period in Fiscal 2023.
- Distribution segment revenue increased by \$604, or 51.2%, to \$1,783 for the third quarter of Fiscal 2024, compared to \$1,179 for the same period in Fiscal 2023.
- Real estate segment rental revenue increased by \$3, or 100.0% to \$6 for the third quarter of Fiscal 2024, compared to \$3 for the same period in Fiscal 2023.
- The overall gross profit margin increased by 1.0% to 26.0% for the third quarter of Fiscal 2024, from 25.0% for the same period in Fiscal 2023.
- General and administrative expense increased by \$103, or 4.6%, to \$2,351 for the third quarter of Fiscal 2024, from \$2,248 for the same period in Fiscal 2023.
- Selling expense increased by \$44, or 27.5%, to \$204 for the third quarter of Fiscal 2024, from \$160 for the same period in Fiscal 2023.
- Other income increased by \$212, or 530.0%, to \$252 for the third quarter of Fiscal 2024, from other income of \$40 for the same period in Fiscal 2023.
- Income from operations was \$59 for the third quarter of Fiscal 2024, an increase of \$96 as compared to loss from operations of \$37 for the same period in Fiscal 2023.
- Income tax expense was \$142 in the third quarter of Fiscal 2024, an increase of \$134 as compared to \$8 in the same period in Fiscal 2023.
- During the third quarter of Fiscal 2024, income from continuing operations before non-controlling interest, net of tax was \$164, as compared to income from continuing operations before non-controlling interest of \$49 for the same period in Fiscal 2023.
- Net income attributable to non-controlling interest for the third quarter of Fiscal 2024 was \$93, an increase of \$32 as compared to net profit of \$61 in the same period in Fiscal 2023.
- Basic earnings per share for the third quarter of Fiscal 2024 was \$0.02, as compared to earnings per share of \$nil in the same period in Fiscal 2023.
- Diluted earnings per share for the third quarter of Fiscal 2024 was \$0.02, as compared to earnings per share of \$nil in the same period in Fiscal 2023.
- Total assets increased by \$901 to \$43,087 as of March 31, 2024, compared to \$42,186 as of June 30, 2023.
- Total liabilities decreased by \$980 to \$11,635 as of March 31, 2024, compared to \$12,615 as of June 30, 2023.

Results of Operations and Business Outlook

The following table sets forth our revenue components for both three and nine months ended March 31, 2024 and 2023.

Revenue Components	Three Months Ended		Nine Months Ended	
	Mar. 31, 2024 (Unaudited)	Mar. 31, 2023 (Unaudited)	Mar. 31, 2024 (Unaudited)	Mar. 31, 2023 (Unaudited)
Manufacturing	46.3%	30.1%	38.3%	33.9%
Testing Services	36.5	57.9	41.8	51.8
Distribution	17.1	12.0	19.8	14.2
Real Estate	0.1	-	0.1	0.1
Total	100%	100.0%	100%	100.0%

Revenue for the three and nine months ended March 31, 2024, was \$10,398 and \$32,566, respectively, an increase of \$556 and a decrease of \$1,605, respectively, when compared to the revenue of \$9,842 and \$34,171 for the same period of Fiscal 2023. As a percentage, revenue increased by 5.6% and decreased by 4.7% for the three and nine months ended March 31, 2024, when compared to revenue for the same period of Fiscal 2023.

Revenue within our four current segments for the three and nine months ended March 31, 2024, is discussed below.

Manufacturing Segment

Revenue in the Manufacturing segment as a percentage of total revenue was 46.3% and 38.3% for the three and nine months ended March 31, 2024, respectively, an increase of 16.2% and 4.4% of total revenue when compared to 30.1% and 33.9% in the same period of Fiscal 2023. Total Manufacturing segment revenue increased by \$1,850 to \$4,813 from \$2,963 and increased by \$896 to \$12,488 from \$11,592 for the three and nine months ended March 31, 2024, respectively.

Revenue in the Manufacturing segment has been on a downward trend since the beginning of the calendar year 2023 due to a decline in semiconductor industry capital spending. There was a demand recovery in the first quarter of Fiscal 2024, resulting in a strong backlog in the Manufacturing segment. The fulfillment of part of this backlog has contributed to improved manufacturing revenue in the current quarter and the trend is expected to continue in the next quarter.

During the three and nine months ended March 31, 2024, one customer contributed 36.2% and 18.0%, respectively, to the total Manufacturing segment revenue.

Testing Segment

Revenue in the Testing segment as a percentage of total revenue was 36.5% and 41.8% for the three months and nine months ended March 31, 2024, respectively, a decrease of 21.4% and 10.0% of total revenue when compared to 57.9% and 51.8% in the same period of Fiscal 2023. Total Testing segment revenue decreased by \$1,901 and \$4,103 to \$3,796 and \$13,606 for the three and nine months ended March 31, 2024, respectively, as compared to the same periods of Fiscal 2023.

The decrease in revenue in the Testing segment reflects the drop in volume amidst a challenging semiconductor market environment. We see signs of recovery with increased volume in the fourth quarter of Fiscal 2024, compared to the current quarter.

The Revenue in the Testing segment from one customer accounted for 31.2% and 41.6% of our revenue in the Testing segment for the three months ended March 31, 2024 and 2023, respectively, and 33.9% and 44.3% of our total revenue in the Testing segment for the nine months ended March 31, 2024 and 2023, respectively. Demand for testing services varies from country to country, depending on any changes taking place in the market and our customers' forecasts. As it is challenging to forecast fluctuations in the market accurately, management believes it is necessary to maintain testing facilities in close proximity to the customers in order to make it convenient for them to send us their newly manufactured parts for testing and to enable us to maintain a share of the market.

Distribution Segment

Revenue in the Distribution segment was 17.1% and 19.8% as a percentage of total revenue for the three and nine months ended March 31, 2024, respectively, an increase of 5.1% and 5.6%, compared to the same period of Fiscal 2023. Total revenue increased by \$604 to \$1,783 and increased by \$1,598 to \$6,453 from \$1,179 and \$4,855 for the three and nine months ended March 31, 2024, respectively, compared to the same period of Fiscal 2023.

There has been a demand recovery in the Distribution segment, reflecting an increase in demand for electronics components and display products from our customers compared to the same period of Fiscal 2023.

The revenue in the Distribution segment from one customer accounted for 81.2% and 66.8% of our revenue in the Distribution segment for the three months ended March 31, 2024 and 2023, respectively, and 83.2% and 78.7% of our total revenue in the Distribution segment for the nine months ended March 31, 2024 and 2023, respectively. Demand for the Distribution segment varies depending on the demand for our customers' products, the changes taking place in the market, and our customers' forecasts. Hence it is difficult to forecast fluctuations in the market accurately.

Real Estate Segment

Revenue increased to \$6 and \$19 from \$3 and \$15 for the three and nine months ended March 31, 2024, compared to the same period of Fiscal 2023.

Uncertainties and Remedies

There are several influencing factors which create uncertainties when forecasting performance, such as the changing nature of technology, specific customer requirements, decline in demand for certain types of burn-in devices or equipment, decline in demand for testing services and fabrication services, and other factors. One factor that influences uncertainty is the highly competitive nature of the semiconductor industry. Additionally, certain customers are unable to provide a forecast of the products required in the upcoming weeks, rendering it, difficult to plan adequate resources needed to meet these customers' requirements because of short lead time and last-minute order confirmation. This will normally result in a lower margin for these products as it is often more expensive to purchase materials in a short time frame. However, the Company has taken certain actions and formulated certain plans to deal with and to help mitigate these unpredictable factors. For example, to meet manufacturing customers' demands upon short notice, the Company maintains higher inventories but continues to work closely with its customers to avoid stockpiling. We believe that we have improved customer service through our efforts to keep our staff up to date on the newest technology and stressing the importance of understanding and meeting the stringent requirements of our customers. Finally, the Company is exploring new markets and products, looking for new customers, and upgrading and improving burn-in technology while at the same time searching for improved testing methods for higher technology chips.

The Company's primary exposure to movements in foreign currency exchange rates relates to non-U.S. dollar-denominated sales and operating expense in its subsidiaries. Strengthening of the United States dollar ("U.S. Dollar") relative to foreign currencies adversely affects the U.S. Dollar value of the Company's foreign currency-denominated sales and earnings, and generally leads the Company to raise international pricing, potentially reducing demand for the Company's products. Margins on sales of the Company's products in foreign countries and on sales of products that include components obtained from foreign suppliers could be materially adversely affected by foreign currency exchange rate fluctuations. In some circumstances, for competitive or other reasons, the Company may decide not to raise local prices to fully offset the U.S. Dollar's strengthening, or at all, which would adversely affect the U.S. Dollar value of the Company's foreign currency-denominated sales and earnings. Conversely, a strengthening of foreign currencies relative to the U.S. Dollar, while generally beneficial to the Company's foreign currency denominated sales and earnings, could cause the Company to reduce international pricing, thereby limiting the benefit. Additionally, strengthening of foreign currencies may also increase the Company's cost of product components denominated in those currencies, thus adversely affecting gross margins.

As of March 2024, although we have seen improvements in both our operations and those of our suppliers, we may continue to experience supply shortages as well as inflationary cost pressures in at least the near term. Risks and uncertainties related to supply chain challenges, and inflationary pressures may continue to negatively impact our revenue and gross margin. We continue to monitor and evaluate the business impact to react proactively.

On August 9, 2022, the CHIPS and Science Act of 2022 (CHIPS Act) was enacted in the United States. The CHIPS Act will provide financial incentives to the semiconductor industry which are primarily directed at manufacturing activities within the U.S. We continue to evaluate the business impact and potential opportunities related to the CHIPS Act. As of date, we do not see any direct effect of the CHIPS Act on the Company in the foreseeable future.

Comparison of the Three Months Ended March 31, 2024, and March 31, 2023

The following table sets forth certain consolidated statements of income data as a percentage of revenue for the three months ended March 31, 2024 and 2023 respectively:

	Three Months Ended March 31,	
	2024 (Unaudited)	2023 (Unaudited)
Revenue	100.0%	100.0%
Cost of sales	74.0%	75.0%
Gross Margin	26.0%	25.0%
Operating expense		
General and administrative	22.6%	22.8%
Selling	2.0%	1.6%
Research and development	0.8%	0.9%
Total operating expense	25.4%	25.3%
Income / (Loss) from Operations	0.6%	(0.3)%

Overall Gross Margin

Overall gross margin as a percentage of revenue increased by 1.0% to 26.0% for the three months ended March 31, 2024, from 25% for the same period of Fiscal 2023. Gross profits increased by \$245 to \$2,703 for the three months ended March 31, 2024, from \$2,458 for the same period in Fiscal 2023.

Gross profit margin as a percentage of revenue in the Manufacturing segment increased by 8% to 25.3% for the three months ended March 31, 2024, as compared to 17.3% for the same period in Fiscal 2023. In absolute dollar amounts, gross profit in the Manufacturing segment for the three months ended March 31, 2024, was \$1,219, indicating an increase of \$707, compared to \$512 in the same period in Fiscal 2023. The increase in gross profit margin is attributed to increased sales coupled with higher proportion of system sales with higher margins.

Gross profit margin as a percentage of revenue in the Testing segment increased marginally by 0.7% to 31.5% for the three months ended March 31, 2024, compared to 30.8% in the same period in Fiscal 2023. The company managed to maintain its gross profit margin at the same level despite a decline in revenue, attributed to effective cost control measures implemented across the company and reduced depreciation charges since some of the assets in China operations were fully depreciated as at end of previous quarter. These assets continue to be used in business and derive economic benefits. A significant portion of the cost of sales in Testing segment are fixed costs. As the demand for services and factory utilization decrease, the fixed costs are spread over the decreased output, which will impact adversely the gross profit margin. In absolute dollar amounts, gross profit in the Testing segment decreased by \$562 to \$1,195 for the three months ended March 31, 2024, from \$1,757 for the same period in Fiscal 2023.

Gross profit margin of the Distribution segment is not only affected by the market price of the products we distribute, but also the mix of products we distribute, which frequently changes because of fluctuations in market demand. Gross profit margin as a percentage of revenue in the Distribution segment decreased marginally by 0.4% to 16.9% for the three months ended March 31, 2024, from 17.3% in the same period in Fiscal 2023. In absolute dollar amounts, gross profit in the Distribution segment for the three months ended March 31, 2024, was \$301, indicating an increase of \$97, compared to \$204 in the same period in Fiscal 2023. The strong demand for electronics components and display products from our customers has contributed to the increase in gross profit margin.

In absolute dollar amounts, gross loss in the Real Estate segment was \$12 for three months ended March 31, 2024, as compared to \$15 for the same period in Fiscal 2023.

Operating Expense

Operating expense for the three months ended March 31, 2024 and 2023 was as follows:

	Three Months Ended March 31,	
	2024 (Unaudited)	2023 (Unaudited)
General and administrative	\$ 2,351	\$ 2,248
Selling	204	160
Research and development	89	87
Loss on disposal of property, plant and equipment	-	-
Total	\$ 2,644	\$ 2,495

General and administrative expense increased by \$103, or 4.6%, from \$2,248 to \$2,351 for the three months ended March 31, 2024, compared to the same period in Fiscal 2023. The increase in general and administrative expense was mainly attributable to higher professional fee and remuneration related expenses compared to same period of Fiscal 2023.

Selling expense increased by \$44, or 27.5%, from \$160 to \$204 for the three months ended March 31, 2024, compared to the same period in Fiscal 2023. The increase in selling expense was primarily attributable to an increase in travel costs due to increased business travel in the third quarter of Fiscal 2024, compared to the same quarter of Fiscal 2023.

Income / (Loss) from Operations

Income from operations was \$59 for the three months ended March 31, 2024, an increase of \$96, compared to loss of \$37 from operations for the same period in Fiscal 2023. The increase was mainly due to the increased revenue and gross profit in absolute dollars amount in the Manufacturing segment.

Interest Expense

Interest expense for the three months ended March 31, 2024 and 2023 was as follows:

	Three Months Ended March 31,	
	2024	2023
	(Unaudited)	(Unaudited)
Interest expense	\$ 17	\$ 29

Interest expense was \$17 for the three months ended March 31, 2024, a decrease of \$12, or 41.4%, compared to \$29 for the same period of Fiscal 2023 due to lower utilization of credit facilities. As of March 31, 2024, the Company had an unused line of credit of \$5,794 as compared to \$5,608 at March 31, 2023.

Other Income

Other Income for the three months ended March 31, 2024 and 2023 was as follows:

	Three Months Ended March 31,	
	2024	2023
	(Unaudited)	(Unaudited)
Interest income	\$ 88	\$ 49
Other rental income	29	30
Exchange gain / (loss)	113	(47)
Other miscellaneous income	22	8
Total	\$ 252	\$ 40

Other income increased by \$212 from \$40 to \$252 for the three months ended March 31, 2024 compared to the same period in Fiscal 2023. The increase was primarily contributed by favorable foreign currency impact and an increase in interest income earned in the three months ended March 31, 2024 compared to the same period in Fiscal 2023.

Government Grant

	Three Months Ended March 31,	
	2024	2023
	(Unaudited)	(Unaudited)
Government Grant	\$ 12	\$ 83

In the three months ended March 31, 2024, the Company received government grants amounting to \$12, \$7 of which was an incentive from the Singapore government for local resident recruitment, and \$5 related to capital expenditure subsidy received from the China government. During the same period in 2023, the Company received government grants amounting to \$83, \$76 of which was an incentive from the Singapore government for local resident recruitment, and the remaining \$7 related to capital expenditure subsidy received from the China government.

Income Tax Expense

The Company's income tax expense was \$142 and \$8 for the three months ended March 31, 2024, and 2023, respectively. Income tax expense increased due to higher net income resulting from increase in revenue discussed above coupled with higher withholding tax incurred for the period.

Non-controlling Interest

As of March 31, 2024, we held a 55% interest in Trio-Tech (Malaysia) Sdn. Bhd., Trio-Tech (Kuala Lumpur) Sdn. Bhd., SHI International Pte. Ltd., and 52% interest in PT. SHI Indonesia. We also held a 76% interest in Prestal Enterprise Sdn. Bhd and 51% interest in Trio-tech JiangSu Co. Ltd. The share of non-controlling interest in the net gain from the subsidiaries for the three months ended March 31, 2024 was \$93, an increase of \$32 compared to the share of non-controlling interest in the net income from the subsidiaries of \$61 for the same period of Fiscal 2023. The increase in the net income shared by non-controlling interest in the subsidiaries was attributable to the increase in net income generated by the Company's China operations.

Net Income / (Loss) Attributable to Trio-Tech International Common Shareholders

Net income attributable to Company's common shareholders was \$39 for the three months ended March 31, 2024, a change of \$46, compared to a net loss of \$7 for the same period in Fiscal 2023.

Earnings per Share

Basic earnings per share from continuing operations were \$0.02 and \$nil for three months ended March 31, 2024 and March 31, 2023 respectively. Basic earnings per share from discontinued operations were \$nil for three months ended March 31, 2024 and March 31, 2023 respectively.

Diluted earnings per share from continuing operations were \$0.02 and \$nil for three months ended March 31, 2024 and March 31, 2023. Diluted earnings per share from discontinued operations were \$nil for three months ended March 31, 2024 and March 31, 2023.

Segment Information

The revenue, gross margin, and income / (loss) from operations for each segment during the third quarter of Fiscal 2024 and Fiscal 2023 are presented below. As the revenue and gross margin for each segment were discussed in the previous section, only the comparison of income / (loss) from operations is discussed below.

Manufacturing Segment

The revenue, gross margin and income / (loss) from operations for the Manufacturing segment for the three months ended March 31, 2024 and 2023 were as follows:

	Three Months Ended March 31,	
	2024 (Unaudited)	2023 (Unaudited)
Revenue	\$ 4,813	\$ 2,963
Gross margin	25.3%	17.3%
Income / (Loss) from operations	\$ 298	\$ (104)

Income from operations from the Manufacturing segment was \$298 compared to loss from operations of \$104 in the same period in Fiscal 2023. The increase in income from operations was mainly due to an increase in gross margin attributable to higher system and equipment sales that generate higher margins. Operating expense was \$921 and \$616 for the three months ended March 31, 2024 and 2023, respectively. The increase in operating expense incurred in three months ended March 31, 2024 compared to the same period in Fiscal 2023 was mainly attributable to higher remuneration expenses due to improved performance, business travel and entertainment expenses, and an increased allocation of corporate expenses.

Testing Segment

The revenue, gross margin, and (loss) / income from operations for the Testing segment for the three months ended March 31, 2024 and 2023 were as follows:

	Three Months Ended March 31,	
	2024	2023
	(Unaudited)	(Unaudited)
Revenue	\$ 3,796	\$ 5,697
Gross margin	31.5%	30.8%
(Loss) / Income from operations	\$ (183)	\$ 37

Loss from operations in the Testing segment for the three months ended March 31, 2024, was \$183, a decrease of \$220 from income from operations of \$37 in the same period in Fiscal 2023. The decrease was mainly attributable to a decrease in gross profit due to lower revenue. Operating expense was \$1,378 and \$1,720 for the three months ended March 31, 2024 and 2023, respectively. The decrease in operating expense incurred in three months ended March 31, 2024 compared to the same period in Fiscal 2023 was mainly due to effective cost control measures implemented across Test operations in response to drop in volume, coupled with lower corporate expenses allocated to the Testing segment due to drop in revenue.

Distribution Segment

The revenue, gross margin, and income from operations for the Distribution segment for the three months ended March 31, 2024 and 2023 were as follows:

	Three Months Ended March 31,	
	2024	2023
	(Unaudited)	(Unaudited)
Revenue	\$ 1,783	\$ 1,179
Gross margin	16.8%	17.3%
Income from operations	\$ 222	\$ 151

Income from operations in the Distribution segment for three months ended March 31, 2024 was \$222, compared to \$151 for the same period in Fiscal 2023. The increase of \$71 was mainly due to an increase in gross margin attributable to higher distribution revenue. Operating expense was \$78 and \$53 for the three months ended March 31, 2024 and 2023, respectively. The increase in operating expense primarily resulted from an increase in corporate expenses.

Real Estate Segment

The revenue, gross margin and loss from operations for the Real Estate segment for the three months ended March 31, 2024 and 2023 were as follows:

	Three Months Ended March 31,	
	2024	2023
	(Unaudited)	(Unaudited)
Revenue	\$ 6	\$ 3
Gross margin	(200)%	(500)%
Loss from operations	\$ (23)	\$ (34)

Loss from operations in the Real Estate segment for the three months ended March 31, 2024, was \$23 compared to \$34 for the same period of Fiscal 2023. Operating expense was \$11 and \$19 for three months ended March 31, 2024 and 2023 respectively.

Corporate

The loss from operations for corporate for the three months ended March 31, 2024, and 2023 was as follows:

	Three Months Ended March 31,	
	2024	2023
	(Unaudited)	(Unaudited)
Loss from operations	\$ (255)	\$ (87)

Corporate operating loss was \$255 for the three months ended March 31, 2024, compared to loss of \$87 in the same period in Fiscal 2023. The increase in Corporate operating loss for the three months ended March 31, 2024 was due to higher stock compensation expenses and higher professional fee incurred in comparison to the same quarter of Fiscal 2023.

Comparison of the Nine Months Ended March 31, 2024, and March 31, 2023

The following table sets forth certain consolidated statements of income data as a percentage of revenue for the nine months ended March 31, 2024 and 2023, respectively:

	Nine Months Ended	
	Mar. 31, 2024	Mar. 31, 2023
Revenue	100.0%	100.0%
Cost of sales	75.2	72.4
Gross Margin	24.8%	27.6%
Operating expense:		
General and administrative	19.5%	18.9%
Selling	2.0	1.5
Research and development	0.9	0.9
Loss on disposal of property, plant and equipment	0.2	-
Total operating expense	22.6%	21.3%
Income from Operations	2.2%	6.3%

Overall Gross Margin

Overall gross margin as a percentage of revenue decreased by 2.8% to 24.8% for the nine months ended March 31, 2024, compared to 27.6% in the same period of Fiscal 2023. Gross profits decreased by \$1,338 to \$8,077 for the nine months ended March 31, 2024, from \$9,415 for the same period of Fiscal 2023.

Gross profit margin as a percentage of revenue in the Manufacturing segment increased by 2% to 25.9% for the nine months ended March 31, 2024, from 23.9% in the same period of Fiscal 2023. Gross profit in absolute value increased by \$469 to \$3,236 for the nine months ended March 31, 2024 compared to \$2,767 for the same period of Fiscal 2023. The gross profit increased primarily due to an increase in system and equipment sales that generates higher margins in the nine months ended March 31, 2024 compared to the same period of Fiscal 2023.

Gross profit margin as a percentage of revenue in the Testing segment decreased by 5.7% to 27.6% for the nine months ended March 31, 2024, from 33.3% in the same period of Fiscal 2023. Gross profit in the Testing segment decreased by \$2,139 to \$3,757 for the nine months ended March 31, 2024, from \$5,896 for the same period of Fiscal 2023 due to lower margins in the Testing segment resulting from lower demand. The gross margin was negatively impacted by the decrease in revenue across all test operations where a significant portion of our cost of goods sold are fixed, and as the demand for services and factory utilization decrease, the fixed costs are spread over the decreased output, which reduces the gross profit margin.

Gross profit margin as a percentage of revenue in the Distribution segment was 17.3% for the nine months ended March 31, 2024, compared to 16.3% in the same period of Fiscal 2023. Gross profit in the Distribution segment for the nine months ended March 31, 2024, was \$1,119, an increase of \$328 compared to \$791 in the same period of Fiscal 2023. The increase in gross profit was due to the increase in distribution sales compared to the same period of Fiscal 2023.

Gross loss in the Real Estate segment decreased by \$4 to \$35 for the nine months ended March 31, 2024, from \$39 in the same period of Fiscal 2023.

Operating Expense

Operating expense for the nine months ended March 31, 2024 was as follows:

	Nine Months Ended	
	Mar. 31, 2024 (Unaudited)	Mar. 31, 2023 (Unaudited)
General and administrative	\$ 6,326	\$ 6,472
Selling	639	526
Research and development	305	311
Loss on disposal of plant and equipment	72	7
Total	\$ 7,342	\$ 7,316

General and administrative expense decreased by \$146, or 2.2%, from \$6,472 to \$6,326 for the nine months ended March 31, 2024, compared to the same period of Fiscal 2023. The decrease in general and administrative expense was mainly attributable to the lower remuneration related expenses in Malaysia and China operation which was partially offset by higher stock compensation expenses and professional fee incurred in nine months ended March 31, 2024.

Selling expense increased by \$113, or 21.5%, for the nine months ended March 31, 2024, from \$526 to \$639 compared to the same period of Fiscal 2023. The increase in selling expense was primarily attributable to an increase in commission because of an increase in commissionable revenue and increased business travel.

Income from Operations

Income from operations was \$735 for the nine months ended March 31, 2024, compared to \$2,099 for the same period of Fiscal 2023. The decrease was mainly due to the decrease in revenue, coupled with a decrease in gross profit margin in the Testing segment, as discussed earlier.

Interest Expense

Interest expense for the nine months ended March 31, 2024 and 2023 were as follows:

	Nine Months Ended	
	Mar. 31,	Mar. 31,
	2024	2023
	(Unaudited)	(Unaudited)
Interest expense	\$ 63	\$ 83

Interest expense decreased by \$20 to \$63 from \$83 for the nine months ended March 31, 2024, compared to the same period of Fiscal 2023 due to lower utilization of credit facilities.

Other Income / (Expense)

Other income / (expense) for the nine months ended March 31, 2024 and 2023 was as follows:

	Nine Months Ended	
	Mar. 31,	Mar. 31,
	2024	2023
	(Unaudited)	(Unaudited)
Interest income	\$ 262	\$ 104
Other rental income	101	85
Exchange gain / (loss)	(64)	(326)
Other miscellaneous income	67	88
Total	\$ 366	\$ (49)

Other income for the nine months ended March 31, 2024 was \$366, an increase of \$415 compared to other expense of \$49 for the same period of Fiscal 2023. The increase was mainly contributed by favorable foreign currency impact and an increase in interest income.

Government Grant

	Nine Months Ended	
	March 31,	
	2024	2023
	(Unaudited)	(Unaudited)
Government Grant	\$ 89	\$ 108

In the nine months ended March 31, 2024, the Company received government grants amounting to \$89, \$19 of which was an incentive from the Singapore government for local resident recruitment, \$12 related to capital expenditure subsidy received from the China government and the \$57 from the U.S. government related to Employee Retention Credit ("ERC"). During the same period in 2023, the Company received government grants amounting to \$108, with \$86 from the Singapore government for local resident recruitment and the remaining \$22 related to capital expenditure subsidy received from the China government.

Income Tax Expenses

Income tax expense for the nine months ended March 31, 2024 was \$274, a decrease of \$200 compared to \$474 for the same period of Fiscal 2023. The decrease in income tax expense was primarily due to a decrease in the taxable income across the Company in the nine months ended March 31, 2024.

Non-controlling Interest

As of March 31, 2024, we held a 55% interest in Trio-Tech (Malaysia) Sdn. Bhd., Trio-Tech (Kuala Lumpur) Sdn. Bhd., SHI International Pte. Ltd., and 52% interest in PT. SHI Indonesia. We also held a 76% interest in Prestal Enterprise Sdn. Bhd and 51% interest in Trio-Tech JiangSu Co. Ltd. The net gain attributable to the non-controlling interest in these subsidiaries for the nine months ended March 31, 2024, was \$49 a change of \$166, compared to a net income of \$215 for the same period of Fiscal 2023. The decrease was attributable to the decrease in net income generated by the China operation in the first two quarters of the fiscal year.

Net Income Attributable to Trio-Tech International Common Shareholders

Net income was \$776 for the nine months ended March 31, 2024, a decrease of \$606 compared to a net income of \$1,382 for the same period of Fiscal 2023. The decrease was mainly due to the decrease in revenue and gross margin. However, the decrease was partially offset by an increase in other income.

Earnings per Share

Basic earnings per share from continuing operations was \$0.19 for the nine months ended March 31, 2024, compared to \$0.34 for the same period in Fiscal 2023. Basic earnings per share from discontinued operations were \$nil for both the nine months ended March 31, 2024 and 2023.

Diluted earnings per share from continuing operations was \$0.19 for the nine months ended March 31, 2024, compared to \$0.33 for the same period of Fiscal 2023. Diluted earnings per share from discontinued operations were \$nil for both the nine months ended March 31, 2024 and 2023.

Segment Information

The revenue, gross profit margin, and income / (loss) from operations in each segment for the nine months ended March 31, 2024 and 2023, respectively, are presented below. As the segment revenue and gross margin for each segment have been discussed in the previous section, only the comparison of income / (loss) from operations is discussed below.

Manufacturing Segment

The revenue, gross margin and income from operations for the Manufacturing segment for the nine months ended March 31, 2024 and 2023 were as follows:

	Nine Months Ended	
	Mar4. 31,	Mar. 31,
	2024	2023
	(Unaudited)	(Unaudited)
Revenue	\$ 12,488	\$ 11,592
Gross margin	25.9%	23.9%
Income from operations	\$ 447	\$ 373

Income from operations from the Manufacturing segment was \$447 for the nine months ended March 31, 2024, an increase of \$74 as compared to \$373 in the same period of Fiscal 2023 due to an increase in gross profit resulting from higher revenue and partially offset by the increase in operating expense. The Manufacturing segment's operating expense was \$2,789 and \$2,392 for the nine months ended March 31, 2024 and 2023, respectively. The increase in operating expense incurred in three months ended March 31, 2024 compared to the same period in Fiscal 2023 was mainly attributable to higher remuneration expense due to improved performance, business travel and entertainment expenses, and an increased allocation of corporate expenses.

Testing Segment

The revenue, gross margin and (loss) / income from operations for the Testing segment for the nine months ended March 31, 2024 and 2023 were as follows:

	Nine Months Ended	
	Mar. 31, 2024	Mar. 31, 2023
	(Unaudited)	(Unaudited)
Revenue	\$ 13,606	\$ 17,709
Gross margin	27.6%	33.3%
(Loss) / Income from operations	\$ (463)	\$ 1,445

Loss from operations in the Testing segment for the nine months ended March 31, 2024, was \$463, a decrease of \$1,908 compared to an income from operations of \$1,445 in the same period of Fiscal 2023 mainly due to lower gross profit resulting from lower revenue. The decrease in gross profit of \$2,139 was partially offset by a decrease in operating expense of \$232. Operating expense was \$4,220 and \$4,452 for the nine months ended March 31, 2024 and 2023, respectively.

Distribution Segment

The revenue, gross margin and income from operations for the Distribution segment for the nine months ended March 31, 2024 and 2023 were as follows:

	Nine Months Ended	
	Mar. 31, 2024	Mar. 31, 2023
	(Unaudited)	(Unaudited)
Revenue	\$ 6,453	\$ 4,855
Gross margin	17.6%	16.3%
Income from operations	\$ 868	\$ 633

Income from operations in the Distribution segment for the nine months ended March 31, 2024 was \$868, an increase of \$235 compared to \$633 in the same period of Fiscal 2023. The increase in operating income was primarily due to an increase in gross margin by \$328, which was partially offset with an increase in operating expense of \$95. Operating expense was \$251 and \$156 for the nine months ended March 31, 2024 and 2023, respectively. The increase in operating expense was mainly contributed by business travel and entertainment expenses, and an increased allocation of corporate expenses.

Real Estate Segment

The revenue, gross margin and loss from operations for the Real Estate segment for the nine months ended March 31, 2024 and 2023 were as follows:

	Nine Months Ended	
	Mar. 31, 2024	Mar. 31, 2023
	(Unaudited)	(Unaudited)
Revenue	\$ 19	\$ 15
Gross margin	184.2%	260.0%
Loss from operations	\$ (76)	\$ (76)

Loss from operations in the Real Estate segment for the nine months ended March 31, 2024 was \$76 for both nine months ended Mar 31, 2024 and Mar 31, 2023.

Corporate

The loss from operations for corporate for the nine months ended March 31, 2024 and 2023 were as follows:

	Nine Months Ended	
	Mar. 31,	Mar. 31,
	2024	2023
	(Unaudited)	(Unaudited)
Loss from operations	\$ (41)	\$ (276)

Corporate operating loss was \$41 for the nine months ended March 31, 2024, compared to loss of \$276 in the same period in Fiscal 2023. Annual budgeted corporate expenses are used for expense allocations in the first half of the fiscal year and any surplus or deficit in allocations are reviewed and adjusted over the third and fourth quarters of the fiscal year based on actual corporate expenses incurred for the year.

Financial Condition

During the nine months ended March 31, 2024, total assets increased by \$901 to \$43,087 compared to \$42,186 as of June 30, 2023. The increase was primarily due to an increase in inventories, cash and cash equivalents, other receivables, trade account receivable, deferred tax assets, other assets and restricted term deposits partially offset by a decrease in property, plant and equipment, investment properties, short term deposits, prepaid expenses and other current assets, assets held for sale and operating right-of-use assets.

Cash and cash equivalents were \$10,716 at March 31, 2024, reflecting an increase of \$3,133 from \$7,583 as at June 30, 2023. This increase is attributed primarily due to cash generated from operations, and the collection of customer deposits in Singapore and China operations during the nine months ended March 31, 2024.

Short-term deposits were \$6,309 at March 31, 2024, reflecting a decrease of \$318 from \$6,627 as at June 30, 2023. The decrease was mainly attributed to the maturity of short-term deposits in the Singapore operation during the nine months ended March 31, 2024 which is reflected in the cash and cash equivalents.

The trade accounts receivable balance as of March 31, 2024 increased by \$279 to \$10,083, from \$9,804 as at June 30, 2023, primarily due to an increase in revenue from customers that have longer credit term in Singapore operations. The number of days' sales outstanding in accounts receivables for the group was 95 days and 82 days at the end of the third quarter of Fiscal 2024 and the end of Fiscal 2023, respectively.

Other receivables at March 31, 2024, were \$1,089, an increase of \$150, compared to \$939 as at June 30, 2023. The increase was mainly due to higher advance payments made to suppliers and refundable services taxes in the Singapore operation.

Inventories at March 31, 2024, were \$2,742, an increase of \$591, compared to \$2,151 as at June 30, 2023. The increase in inventories mainly attributed to the increased backlog in the Manufacturing segment attributable to our Singapore operations which are expected to be delivered over the next quarter.

Prepaid expense was \$577 as at March 31, 2024. This mainly related to the prepayment for insurance, rental and software license fee.

Investment properties' net in China was \$433 at March 31, 2024 and \$474 as at June 30, 2023. The decrease was primarily due to the foreign currency exchange movement between June 30, 2023 and March 31, 2024.

Property, plant and equipment decreased by \$2,263 from \$8,344 at June 30, 2023, to \$6,081 as at March 31, 2024, mainly due to the depreciation charged for the period and the foreign currency exchange movement between June 30, 2023 and March 31, 2024.

Other assets increased by \$33 to \$149 as at March 31, 2024 compared to \$116 at June 30, 2023. Other assets mainly comprise of rental and utilities deposits. The increase was mainly contributed by a downpayment made for building improvements in the Thailand operation.

Accounts payable increased by \$746 to \$2,406 at March 31, 2024, compared to \$1,660 at June 30, 2023 which was in line with the increase in inventories.

Accrued expense decreased by \$387 to \$3,904 at March 31, 2024, as compared to \$4,291 at June 30, 2023. The decrease in accrued expense was mainly due to decrease in accrued purchases and decrease in payroll related accruals in Singapore and Malaysia operation.

Contract liabilities increased by \$222 to \$1,499 at March 31, 2024 as compared to \$1,277 at June 30, 2023 due to the increase in customers' deposits received in the Singapore and China operations.

Bank loans payable decreased by \$368 to \$984 as of March 31, 2024, as compared to \$1,352 as of June 30, 2023. The decrease in bank loans payable was mainly due to the repayment of bank loans in our Malaysia operations.

Finance leases decreased by \$83 to \$66 at March 31, 2024, as compared to \$149 at June 30, 2023. This was due to the repayments of leases in our Singapore and Malaysia operations.

Operating lease right-of-use assets and the corresponding lease liability decreased by \$332 to \$2,277 at March 31, 2024, as compared to \$2,609 at June 30, 2023. This was due to the repayment made and the operating lease expense charged for the period partially offset by a new lease arrangement entered by Malaysia and China operations.

Other non-current liabilities decreased by \$567 to \$27 as at March 31, 2024, as compared to \$594 as at June 30, 2023. The decrease was mainly due to a decrease in accruals relating to acquisition of property, plant and equipment in the China operations. The remaining accrual has a term of less than 12 months as at March 31, 2024, thereby being reclassified to current liabilities.

Liquidity Comparison

Net cash provided by operating activities decreased by \$3,898 to an inflow of \$2,513 for the nine months ended March 31, 2024, from an inflow of \$6,411 for the same period in Fiscal 2023. The decrease in net cash flow provided by operating activities was primarily due to lower net income generated of \$856 compared to the same period of Fiscal 2023 and lower receipts from trade receivables and other receivables by \$1,148, higher cash outflow for inventories by \$664, higher prepaid expense and other current assets by \$314, and higher cash outflow from other non-current liabilities by \$1,491. These are partially offset by lower cash outflow for accounts payables, accrued expense and contract liabilities of \$642.

Net cash provided by investing activities increased by \$4,635 to \$456 for the nine months ended March 31, 2024 compared with the same period in Fiscal 2023. The increase in cash inflow was primarily due to cash inflow of \$497 from maturity of unrestricted term deposits coupled with lower capital expenditure of \$3,869 for nine months ended March 31, 2024.

Net cash used in financing activities for the nine months ended March 31, 2024, was \$78, representing a decrease of \$1,000, compared to cash outflow of \$1,078 during the nine months ended March 31, 2023. The decrease in cash outflow for financing activities was mainly due to settlement of lines of credit of \$ 929 relating to the prior year in nine months ended March 31, 2023. In the nine months ended March 31, 2024, lines of credit of \$ 952 were availed and were settled within the same period. Proceeds from exercising stock options during that period amounted to \$375, which was \$356 higher compared to the same period in Fiscal 2023.

The Company filed a shelf registration statement with the Securities and Exchange Commission, pursuant to which we may raise capital of \$10,000,000 of any combination of securities (common stock, warrants, debt securities or units) for expansion of the Company's testing capacity and working capital purposes if necessary.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation was carried out by the Company's Chief Executive Officer and Chief Financial Officer of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of March 31, 2024, the end of the period covered by this Form 10-Q. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective at a reasonable level.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the fiscal quarter ended March 31, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

TRIO-TECH INTERNATIONAL
PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 1A. RISK FACTORS

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

31.1	Rule 13a-14(a) Certification of Principal Executive Officer of Registrant
31.2	Rule 13a-14(a) Certification of Principal Financial Officer of Registrant
32	Section 1350 Certification
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TRIO-TECH INTERNATIONAL

By: /s/ Srinivasan Anitha
SRINIVASAN ANITHA
Chief Financial Officer
(Principal Financial Officer)
Dated: May 13, 2024

CERTIFICATIONS

I, S. W. Yong, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trio-Tech International, a California corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 13, 2024

/s/ S. W. Yong

S. W. Yong, Chairman and Chief Executive Officer
(Principal Executive Officer)

I, Srinivasan Anitha, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trio-Tech International, a California corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 13, 2024

/s/ Srinivasan Anitha

Srinivasan Anitha , Chief Financial Officer (Principal Financial Officer)

SECTION 1350 CERTIFICATION

Each of the undersigned, S.W. Yong, Chairman and Chief Executive Officer of Trio-Tech International, a California corporation (the “Company”), and Srinivasan Anitha, Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his or her knowledge (1) the quarterly report on Form 10-Q of the Company for the three months ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ S. W. Yong

Name: S. W. Yong

Title: Chairman and Chief Executive Officer

Dated: May 13, 2024

/s/ Srinivasan Anitha

Name: Srinivasan Anitha

Title: Chief Financial Officer

Dated: May 13, 2024

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.