**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, 2022

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**<br>(State or other jurisdiction of incorporation or organization) | **95-2086631**<br>(I.R.S. Employer Identification Number) |
| **Block 1008 Toa Payoh North**<br>**Unit 03-09 Singapore**<br>(Address of principal executive offices) | **318996**<br>(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 | Trading Symbol | Name of each exchange On which registered |
|---|---|---|
| Common Stock, no par value | TRT | 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 nonaccelerated 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 12b2 of the Exchange Act. (Check one):

| | | | |
|---|---|---|---|
| Large Accelerated Filer | ☐ | Accelerated Filer | ☐ |
| Non-Accelerated Filer | ☐ | Smaller reporting company | ☒ |
| | | Emerging growth company | ☐ |

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, 2022, there were 4,029,180 shares of the issuer’s Common Stock, no par value, outstanding.

**TRIO-TECH INTERNATIONAL**

**INDEX TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION, OTHER INFORMATION AND SIGNATURE**

## FORWARD-LOOKING STATEMENTS

The discussions of Trio-Tech International's (the "Company") business and activities set forth in this Form 10-Q 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; 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; the trade tension between U.S. and China; 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 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, 2022 (Unaudited) | June 30, 2021 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 7,478 | $ 5,836 |
| Short-term deposits | 4,953 | 6,651 |
| Trade accounts receivable, less allowance for doubtful accounts of $253 and $311, respectively | 10,585 | 8,293 |
| Other receivables | 735 | 325 |
| Contract assets | 594 | 337 |
| Inventories, less provision for obsolete inventories of $709 and $679, respectively | 2,272 | 2,080 |
| Prepaid expenses and other current assets | 732 | 418 |
| Financed sales receivable | 21 | 19 |
| **Total current assets** | **27,370** | **23,959** |
| NONCURRENT ASSETS: | | |
| Deferred tax assets | 189 | 217 |
| Investment properties, net | 636 | 681 |
| Property, plant and equipment, net | 9,107 | 9,531 |
| Operating lease right-of-use assets | 2,602 | 1,876 |
| Other assets | 141 | 262 |
| Restricted term deposits | 1,735 | 1,741 |
| Financed sales receivable | 23 | 39 |
| **Total noncurrent assets** | **14,433** | **14,347** |
| **TOTAL ASSETS** | **$ 41,803** | **$ 38,306** |
| | | |
| **LIABILITIES** | | |
| CURRENT LIABILITIES: | | |
| Lines of credit | $ 523 | $ 72 |
| Accounts payable | 2,220 | 3,702 |
| Accrued expenses | 3,870 | 2,690 |
| Contract liabilities | 1,172 | 673 |
| Income taxes payable | 476 | 314 |
| Current portion of bank loans payable | 493 | 439 |
| Current portion of finance leases | 136 | 197 |
| Current portion of operating leases | 758 | 672 |
| **Total current liabilities** | **9,648** | **8,759** |
| NONCURRENT LIABILITIES: | | |
| Bank loans payable, net of current portion | 1,470 | 1,621 |
| Finance leases, net of current portion | 152 | 253 |
| Operating leases, net of current portion | 1,844 | 1,204 |
| Income taxes payable, net of current portion | 281 | 385 |
| Other noncurrent liabilities | 31 | 31 |
| **Total noncurrent liabilities** | **3,778** | **3,494** |
| **TOTAL LIABILITIES** | **$ 13,426** | **$ 12,253** |
| | | |
| **EQUITY** | | |
| TRIO-TECH INTERNATIONAL'S SHAREHOLDERS' EQUITY: | | |
| Common stock, no par value, 15,000,000 shares authorized; 4,029,180 shares issued outstanding as at March 31, 2022 and 3,913,055 shares as at June 30, 2021, respectively | $ 12,607 | $ 12,178 |
| Paid-in capital | 4,692 | 4,233 |
| Accumulated retained earnings | 8,429 | 6,824 |
| Accumulated other comprehensive income-translation adjustments | 2,392 | 2,399 |
| **Total Trio-Tech International shareholders' equity** | 28,120 | 25,634 |
| Noncontrolling interest | 257 | 419 |
| **TOTAL EQUITY** | **$ 28,377** | $ 26,053 |
| **TOTAL LIABILITIES AND EQUITY** | **$ 41,803** | $ 38,306 |

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, 2022 | Mar. 31, 2021 | Mar. 31, 2022 | Mar. 31, 2021 |
| **Revenue** | | | | |
| Manufacturing | $ 3,097 | $ 3,130 | $ 10,187 | $ 9,324 |
| Testing services | 4,417 | 3,504 | 13,983 | 10,018 |
| Distribution | 3,620 | 1,467 | 8,038 | 3,790 |
| Real estate | 4 | 11 | 23 | 22 |
| | 11,138 | 8,112 | 32,231 | 23,154 |
| **Cost of Sales** | | | | |
| Cost of manufactured products sold | 2,530 | 2,148 | 7,838 | 6,855 |
| Cost of testing services rendered | 3,169 | 2,651 | 9,141 | 7,651 |
| Cost of distribution | 2,945 | 1,234 | 6,651 | 3,142 |
| Cost of real estate | 20 | 19 | 58 | 58 |
| | 8,664 | 6,052 | 23,688 | 17,706 |
| **Gross Margin** | 2,474 | 2,060 | 8,543 | 5,448 |
| **Operating Expenses:** | | | | |
| General and administrative | 2,378 | 1,923 | 6,305 | 5,245 |
| Selling | 146 | 123 | 449 | 356 |
| Research and development | 80 | 79 | 293 | 277 |
| Gain on disposal of property, plant and equipment | - | - | - | (1) |
| Total operating expenses | 2,604 | 2,125 | 7,047 | 5,877 |
| **(Loss)/ Income from Operations** | **(130)** | **(65)** | **1,496** | **(429)** |
| **Other Income / (Expenses)** | | | | |
| Interest expenses | (31) | (25) | (87) | (96) |
| Other income, net | 127 | 273 | 669 | 627 |
| Total other income | 96 | 248 | 582 | 531 |
| **(Loss) / Income from Continuing Operations before Income Taxes** | **(34)** | **183** | **2,078** | **102** |
| **Income Tax Expenses** | **(170)** | **(118)** | **(503)** | **(125)** |
| (Loss) / Income from continuing operations before non-controlling interest, net of tax | (204) | 65 | 1,575 | (23) |
| **Discontinued Operations** | | | | |
| Income / (loss) from discontinued operations, net of tax | - | 1 | 5 | (26) |
| **NET (LOSS) / INCOME** | **(204)** | **66** | **1,580** | **(49)** |
| Less: net income / (loss) attributable to noncontrolling interest | (37) | (112) | (25) | (454) |
| **Net (Loss) / Income Attributable to Trio-Tech International Common Shareholders** | **$ (167)** | **$ 178** | **$ 1,605** | **$ 405** |
| **Amounts Attributable to Trio-Tech International Common Shareholders:** | | | | |
| (Loss) / Income from continuing operations, net of tax | (167) | 177 | 1,603 | 418 |
| Income / (Loss) from discontinued operations, net of tax | - | 1 | 2 | (13) |
| **Net (Loss) / Income Attributable to Trio-Tech International Common Shareholders** | **$ (167)** | **$ 178** | **$ 1,605** | **$ 405** |
| **Basic (Loss) / Earnings per Share:** | | | | |
| Basic (loss) / earnings per share from continuing operations attributable to Trio-Tech International | $ (0.04) | $ 0.05 | $ 0.40 | $ 0.11 |
| Basic earnings per share from discontinued operations attributable to Trio-Tech International | $ - | $ - | $ - | $ - |
| **Basic (Loss) / Earnings per Share from Net Income Attributable to Trio-Tech International** | **$ (0.04)** | **$ 0.05** | **$ 0.40** | **$ 0.11** |
| **Diluted (Loss) / Earnings per Share:** | | | | |
| Diluted (loss) / earnings per share from continuing operations attributable to Trio-Tech International | $ (0.04) | $ 0.04 | $ 0.38 | $ 0.10 |
| Diluted earnings per share from discontinued operations attributable to Trio-Tech International | $ - | $ - | $ - | $ - |
| **Diluted (Loss) / Earnings per Share from Net Income Attributable to Trio-Tech International** | **$ (0.04)** | **$ 0.04** | **$ 0.38** | **$ 0.10** |
| Weighted average number of common shares outstanding | | | | |
| Basic | 3,949 | 3,913 | 3,949 | 3,913 |
| Dilutive effect of stock options | 272 | 133 | 191 | 117 |
| Number of shares used to compute earnings per share diluted | 4,221 | 4,046 | 4,140 | 4,030 |

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, 2022 | Mar. 31, 2021 | Mar. 31, 2022 | Mar. 31, 2021 |
| **Comprehensive Income Attributable to Trio-Tech International Common Shareholders:** | | | | |
| Net (loss) / income | $ (204) | $ 66 | $ 1,580 | $ (49) |
| Foreign currency translation, net of tax | 16 | (468) | (22) | 1,115 |
| **Comprehensive (Loss) / Income** | (188) | (402) | 1,558 | 1,066 |
| Less: comprehensive loss attributable to noncontrolling interest | (46) | (136) | (40) | (455) |
| **Comprehensive (Loss) / Income Attributable to Trio-Tech International Common Shareholders** | $ (142) | $ (266) | $ 1,598 | $ 1,521 |

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, 2022

| | Common Stock | | | | Accumulated Other | | |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | Paid-in Capital | Accumulated Retained Earnings | Comprehensive Income | Non-controlling Interest | Total |
| | | $ | $ | $ | $ | $ | $ |
| Balance at June 30, 2021 | 3,913 | 12,178 | 4,233 | 6,824 | 2,399 | 419 | 26,053 |
| Stock option expenses | - | - | 459 | - | - | - | 459 |
| Net income / (loss) | - | - | - | 1,605 | - | (25) | 1,580 |
| Dividend declared by subsidiary | - | - | - | - | - | (122) | (122 ) |
| Exercise of stock option | 116 | 429 | - | - | - | - | 429 |
| Translation adjustment | - | - | - | - | (7) | (15) | (22) |
| Balance at Mar. 31, 2022 | 4,029 | 12,607 | 4,692 | 8,429 | 2,392 | 257 | 28,377 |

Nine months ended March 31, 2021

| | Common Stock | | | | Accumulated Other | | |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | Paid-in Capital | Accumulated Retained Earnings | Comprehensive Income | Non-controlling Interest | Total |
| | | $ | $ | $ | $ | $ | $ |
| Balance at June 30, 2020 | 3,673 | 11,424 | 3,363 | 8,036 | 1,143 | 1,180 | 25,146 |
| Stock option expenses | - | - | 144 | - | - | - | 144 |
| Net income / (loss) | - | - | - | 405 | - | (454) | (49) |
| Dividend declared by subsidiary | - | - | - | - | - | (189) | (189 ) |
| Exercise of stock option | 240 | 754 | - | - | - | - | 754 |
| Translation adjustment | - | - | - | - | 1,116 | (1) | 1,115 |
| Balance at Mar. 31, 2021 | 3,913 | 12,178 | 3,507 | 8,441 | 2,259 | 536 | 26,921 |

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, 2022 (Unaudited) | Nine Months Ended Mar. 31, 2021 (Unaudited) |
|---|---|---|
| **Cash Flow from Operating Activities** | | |
| Net income / (loss) | **$ 1,580** | **$ (49)** |
| Adjustments to reconcile net income to net cash flow provided by operating activities | | |
| Depreciation and amortization | 2,263 | 2,224 |
| Stock compensation | 459 | 144 |
| Addition / (reversal) of provision for obsolete inventories | 25 | (2) |
| Bad debt recovery, net of allowance charged | (61) | (15) |
| Accrued interest expense, net (accrued interest income) | 85 | (18) |
| Payment of interest portion of finance lease | (20) | (32) |
| Gain on sale of property, plant and equipment | - | (1) |
| Dividend income | - | (32) |
| Dividend received | - | 32 |
| Reversal of income tax provision | (18) | - |
| Deferred tax benefit | (7) | (70) |
| Changes in operating assets and liabilities, net of acquisition effects | | |
| Trade accounts receivable | (2,214) | (1,013) |
| Other receivables | (688) | 320 |
| Other assets | 134 | (33) |
| Inventories | (233) | (624) |
| Prepaid expenses and other current assets | (312) | (76) |
| Accounts payable and accrued expenses | 242 | 754 |
| Income taxes payable | 145 | (44) |
| Operating lease liabilities | (801) | (565) |
| **Net Cash Provided by Operating Activities** | **579** | **900** |
| | | |
| **Cash Flow from Investing Activities** | | |
| Proceeds from disposal of property, plant and equipment | | - |
| Proceeds from sale of asset held for sale | | - |
| Withdrawal of unrestricted deposit | 3,761 | 1,166 |
| Investment in unrestricted term deposits, net | (2,079) | (1,370) |
| Additions to property, plant and equipment | (1,144) | (621) |
| **Net Cash Provided by/ (Used in) Investing Activities** | **538** | **(825)** |
| | | |
| **Cash Flow from Financing Activities** | | |
| Payment on lines of credit | (1,025) | (174) |
| Payment of bank loans | (322) | (296) |
| Payment of principal portion of finance leases | (168) | (192) |
| Dividends paid to noncontrolling interest | (122) | (189) |
| Proceeds from bank loan | 255 | 189 |
| Proceeds from exercise stock options | 429 | 754 |
| Proceeds from lines of credit | 1,463 | 187 |
| Proceeds from principal of finance leases | - | - |
| **Net Cash Provided by Financing Activities** | **510** | **279** |
| | | |
| **Effect of Changes in Exchange Rate** | 9 | 753 |
| | | |
| **Net Increase in Cash, Cash Equivalents, and Restricted Cash** | **1,636** | **1,107** |
| **Cash, Cash Equivalents, and Restricted Cash at Beginning of Period** | **7,577** | **5,810** |
| **Cash, Cash Equivalents, and Restricted Cash at end of Period** | **$ 9,213** | **$ 6,917** |
| | | |
| **Supplementary Information of Cash Flows** | | |
| Cash paid during the period for: | | |
| Interest | $ 84 | $ 69 |
| Income taxes | $ 342 | $ 203 |
| | | |
| **Reconciliation of Cash, Cash Equivalents, and Restricted Cash** | | |
| **Cash** | **7,478** | **5,178** |
| **Restricted Term-Deposits in Noncurrent Assets** | **1,735** | **1,739** |
| **Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statements of Cash Flows** | **$ 9,213** | **$ 6,917** |

See notes to condensed consolidated financial statements.

Amounts included in restricted deposits represent the amount of cash pledged to secure loans payable or trade financing granted by financial institutions and serve as collateral for public utility agreements such as electricity and water. Restricted deposits are classified as noncurrent assets as they relate to long-term obligations and will become unrestricted only upon discharge of the obligations.

**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" hereafter) was incorporated in fiscal year 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. 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 fiscal year 2022, TTI conducted business in four business segments: Manufacturing, Testing Services, 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.<br>(55% owned by Trio-Tech International Pte. Ltd.) | 55% | Penang and Selangor, Malaysia |
| Trio-Tech (Kuala Lumpur) Sdn. Bhd.<br>(100% owned by Trio-Tech Malaysia Sdn. Bhd.) | 55% | Selangor, Malaysia |
| Prestal Enterprise Sdn. Bhd.<br>(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)<br>(55% owned by Trio-Tech International Pte. Ltd) | 55% | Singapore |
| PT SHI Indonesia (Dormant)<br>(100% owned by SHI International Pte. Ltd.) | 55% | Batam, Indonesia |
| Trio-Tech (Tianjin) Co., Ltd. * | 100% | Tianjin, China |
| Trio-Tech (Jiangsu) 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. 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, 2021. The Company's operating results are presented based on the translation of foreign currencies using the respective quarter's average exchange rate.

Certain accounting matters that generally require consideration of forecasted financial information were assessed regarding impacts from the COVID-19 pandemic as of March 31, 2022, and through the Quarterly Report dated May 16, 2022 using reasonably available information as of those dates. Those accounting matters assessed included, but were not limited to, allowance for doubtful accounts, the carrying value of long-lived tangible assets and the valuation allowances for tax assets. While the assessments resulted in no material impacts to the consolidated financial statements as of and for the quarter ended March 31, 2022, the Company believes the full impact of the pandemic remains uncertain and the Company will continue to assess if ongoing developments related to the pandemic may cause future material impacts to our consolidated financial statements. As of March 31, 2022, the Company had cash and cash equivalents and short-term deposits totaling $12,431 and unused lines of credit of $5,158. We finance operations primarily through our existing cash balances, cash collected from operations, bank borrowings and capital lease financing. We believe these sources are sufficient to fund our operations for the foreseeable future. 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, 2021.

**Basis of Presentation and Summary of Significant Accounting Policies**

The Company's core businesses — testing services, manufacturing and distribution — operate in a volatile industry, whereby its average selling prices and product costs are influenced by competitive factors. These factors create pressures on sales, costs, earnings and cash flows, which will impact liquidity.

All dollar amounts in the consolidated financial statements and in the notes herein are presented in thousands of United States dollars (US$'000) unless otherwise designated.

*Liquidity* — The Company earned net income attributable to common shareholders of $1,605 and earned net income attributable to common shareholders of $405 for the nine months ended March 31, 2022, and March 31, 2021, respectively.

*Foreign Currency Translation and Transactions* — The U.S. dollar is the functional currency of the U.S. parent company. The Singapore dollar, the national currency of Singapore, is the primary currency of the economic environment in which the operations in Singapore are conducted. The Company also has business entities in Malaysia, Thailand, China and Indonesia of which the Malaysian ringgit ("RM"), Thai baht, Chinese renminbi ("RMB") and Indonesian rupiah, are the national currencies. The Company uses the U.S. dollar for financial reporting purposes.

The Company translates assets and liabilities of its subsidiaries outside the U.S. into U.S. dollars using the rate of exchange prevailing at the period end, and the consolidated statements of operations and comprehensive income or loss is translated at average rates during the reporting period. Adjustments resulting from the translation of the subsidiaries' financial statements from foreign currencies into U.S. dollars are recorded in shareholders' equity as part of accumulated other comprehensive gain - translation adjustments. Gains or losses resulting from transactions denominated in currencies other than functional currencies of the Company's subsidiaries are reflected in income for the reporting period.

*Use of Estimates* — The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 expenses during the reporting period. Among the more significant estimates included in these consolidated financial statements are the estimated allowance for doubtful account receivables, reserve for obsolete inventory, impairments, provision of income tax, stock options and the deferred income asset allowance. Actual results could materially differ from those estimates.

*Revenue Recognition* — The Company follows ASU No. 2014-09, ASC Topic 606, *Revenue from Contracts with Customers* ("ASC Topic 606"). This standard update outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

We apply a five-step approach as defined in ASC Topic 606 in determining the amount and timing of revenue to be recognized: (1) identifying the contract with customer; (2) identifying the performance obligations in the contracts; (3) determining the transaction price; (4) allocating the transaction price to the performance obligations in the contract; and (5) recognizing revenue when the corresponding performance obligation is satisfied.

Revenue derived from testing services is recognized when testing services are rendered. Revenue generated from sale of products in the manufacturing and distribution segments are recognized when persuasive evidence of an arrangement exists, delivery of the products has occurred, customer acceptance has been obtained (which means the significant risks and rewards of ownership have been transferred to the customer), the price is fixed or determinable and collectibility is reasonably assured. Certain customers can request for installation and training services to be performed for certain products sold in the manufacturing segment. These services are mainly for helping customers with the test runs of the machines sold and are considered a separate performance obligation. Such services can be provided by other entities as well and these do not significantly modify the product. The Company recognizes the revenue at a point in time when the Company has satisfied its performance obligation.

In the real estate segment: (1) revenue from property development is earned and recognized on the earlier of the dates when the underlying property is sold or upon the maturity of the agreement; if this amount is uncollectible, the agreement empowers the repossession of the property, and (2) rental revenue is recognized on a straight-line basis over the terms of the respective leases. This means that, with respect to a particular lease, actual amounts billed in accordance with the lease during any given period may be higher or lower than the amount of rental revenue recognized for the period. Straight-line rental revenue is commenced when the tenant assumes possession of the leased premises. Accrued straight-line rents receivable represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with lease agreements.

*GST / Indirect Taxes* — The Company's policy is to present taxes collected from customers and remitted to governmental authorities on a net basis. The Company records the amounts collected as a current liability and relieves such liability upon remittance to the taxing authority without impacting revenues or expenses.

*Trade Accounts Receivables and Allowance for Doubtful Accounts* — During the normal course of business, the Company extends unsecured credit to its customers in all segments. Typically, credit terms require payment to be made between 30 to 90 days from the date of the sale. The Company generally does not require collateral from our customers.

The Company's management considers the following factors when determining the collectibility of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. The Company includes any account balances that are determined to be uncollectible, along with a general reserve, in the overall allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on the information available to management, the Company believed that its allowance for doubtful accounts was adequate as of March 31, 2022, and June 30, 2021.

*Warranty Costs* — The Company provides for the estimated costs that may be incurred under its warranty program at the time the sale is recorded in its manufacturing segment. The Company estimates 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.

*Cash and Cash Equivalents* — The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

*Term Deposits* — Term deposits consist of bank balances and interest-bearing deposits having maturities of three to six months.

*Restricted Term Deposits* — The Company held certain term deposits in the Singapore and Malaysia operations which were considered restricted, as they were held as security against certain facilities granted by the financial institutions

*Inventories* — Inventories in the Company's manufacturing and distribution segments, consisting principally of raw materials, works in progress, and finished goods, are stated at the lower of cost, using the first-in, first-out ("FIFO") method, or market value. The semiconductor industry is characterized by rapid technological change, short-term customer commitments and rapid fluctuations in demand. Provisions for estimated excess and obsolete inventory are based on our regular reviews of inventory quantities on hand and the latest forecasts of product demand and production requirements from our customers. Inventories are written down for not-saleable, excess or obsolete raw materials, works-in-process and finished goods by charging such write-downs to cost of sales. In addition to write-downs based on newly introduced parts, statistics and judgments are used for assessing provisions of the remaining inventory based on salability and obsolescence.

*Property, Plant and Equipment and Investment Properties* — Property, plant and equipment and investment properties are stated at cost, less accumulated depreciation and amortization. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. Amortization of leasehold improvements is provided for over the lease terms or the estimated useful lives of the assets, whichever is shorter, using the straight-line method.

Maintenance, repairs and minor renewals are charged directly to expense as incurred. Additions and improvements to the assets are capitalized. When assets are disposed of, the related cost and accumulated depreciation thereon are removed from the accounts and any resulting gain or loss is included in the consolidated statements of operations and comprehensive income or loss.

*Long-Lived Assets and Impairment* – The Company's business requires heavy investment in manufacturing facilities and equipment that are technologically advanced but can quickly become significantly underutilized or rendered obsolete by rapid changes in demand.

The Company evaluates the long-lived assets, including property, plant and equipment and investment property, for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Factors considered important that could result in an impairment review include significant underperformance relative to expected historical or projected future operating results, significant changes in the manner of use of the assets or the strategy for our business, significant negative industry or economic trends, and a significant decline in the stock price for a sustained period of time. Impairment is recognized based on the difference between the fair value of the asset and its carrying value, and fair value is generally measured based on discounted cash flow analysis if there is significant adverse change.

The Company applies the provisions of ASC Topic 360, *Accounting for the Impairment or Disposal of Long-Lived Assets* ("ASC Topic 360"), to property, plant and equipment. ASC Topic 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted cash flows expected to result from the use and eventual disposition of the assets. Whenever any such impairment exists, an impairment loss will be recognized for the amount by which the carrying value exceeds the fair value.

*Leases - Company as Lessee*

Accounting Standards Codification Topic 842 ("ASC Topic 842") introduced new requirements to increase transparency and comparability among organizations for leasing transactions for both lessees and lessors. It requires a lessee to record a right-of-use asset and a lease liability for all leases with terms longer than 12 months. These leases will be either finance or operating, with classification affecting the pattern of expense recognition.

The Company applies the guidance in ASC Topic 842 to its individual leases of assets. When the Company receives substantially all the economic benefits from and directs the use of specified property, plant and equipment, the transactions give rise to leases. The Company's classes of assets include real estate leases.

Operating leases are included in operating lease right-of-use ("ROU") assets under the noncurrent asset portion of our consolidated balance sheets and under the current portion and noncurrent liabilities portion of our consolidated balance sheets. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the related lease. Finance leases are included in property, plant and equipment under the noncurrent asset portion of our consolidated balance sheets and under the current portion and noncurrent liabilities portion of our consolidated balance sheets.

The Company has elected the practical expedient within ASC Topic 842 to not separate lease and non-lease components within lease transactions for all classes of assets. Additionally, the Company has elected the short-term lease exception for all classes of assets, does not apply the recognition requirements for leases of 12 months or less, and recognizes lease payments for short-term leases as expense either straight-line over the lease term or as incurred depending on whether the lease payments are fixed or variable. These elections are applied consistently for all leases.

When discount rates implicit in leases cannot be readily determined, the Company uses the applicable incremental borrowing rate at lease commencement to perform lease classification tests on lease components and to measure lease liabilities and ROU assets. The incremental borrowing rate used by the Company was based on baseline rates and adjusted by the credit spreads commensurate with the Company's secured borrowing rate over a similar term. At each reporting period when there is a new lease initiated, the rates established for that quarter will be used.

*Leases - Company as Lessor*

All the leases under which the Company is the lessor will continue to be classified as operating leases and sales-type leases under the standard.

*Comprehensive Income or Loss* — ASC Topic 220, *Reporting Comprehensive Income* ("ASC Topic 220"), establishes standards for reporting and presentation of comprehensive income or loss and its components in a full set of general-purpose consolidated financial statements. The Company has chosen to report comprehensive income or loss in the statements of operations. Comprehensive income or loss is comprised of net income or loss and all changes to shareholders' equity except those due to investments by owners and distributions to owners.

*Income Taxes* — The Company accounts for income taxes using the liability method in accordance with ASC Topic 740, *Accounting for Income Taxes* ("ASC Topic 740"). ASC Topic 740 requires an entity to recognize deferred tax liabilities and assets. Deferred tax assets and liabilities are recognized for the future tax consequence attributable to the difference between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements, which will result in taxable or deductible amounts in future years. Further, the effects of enacted tax laws or rate changes are included as part of deferred tax expenses or benefits in the period that covers the enactment date.

The calculation of tax liabilities involves dealing with uncertainties in the application of complex global tax regulations. The Company recognizes potential liabilities for anticipated tax audit issues in the U.S. and other tax jurisdictions based on its estimate of whether, and the extent to which, additional taxes will be due. If payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period when the Company determines the liabilities are no longer necessary. If the estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense would result.

*Retained Earnings* — It is the intention of the Company to reinvest earnings of its foreign subsidiaries in the operations of those subsidiaries. These taxes are undeterminable at this time. The amount of earnings retained in subsidiaries was $17,803 and $16,683 at March 31, 2022, and June 30, 2021 respectively.

*Stock-based compensation* — The Company calculates compensation expense related to stock option awards made to employees and directors based on the fair value of stock-based awards on the date of grant. The Company determines the grant date fair value of our stock option awards using the Black-Scholes option pricing model and for awards without performance conditions, the related stock-based compensation is recognized over the period in which a participant is required to provide service in exchange for the stock-based award, which is generally four years. The Company recognizes stock-based compensation expense in the consolidated statements of shareholders' equity based on awards ultimately expected to vest. Forfeitures are estimated on the date of grant and revised if actual or expected forfeiture activity differs materially from original estimates.

Determining the fair value of stock-based awards at the grant date requires significant judgment. The determination of the grant date fair value of stock-based awards using the Black-Scholes option pricing model is affected by our estimated common stock fair value as well as other subjective assumptions including the expected term of the awards, the expected volatility over the expected term of the awards, expected dividend yield and risk-free interest rates. The assumptions used in our option pricing model represent management's best estimates and are as follows:

- Fair Value of Common Stock. We determined the fair value of each share of underlying common stock based on the closing price of our common stock on the date of grant.

- Expected Term. The expected term of employee stock options reflects the period for which we believe the option will remain outstanding based on historical experience and future expectations.

- Expected Volatility. We base expected volatility on our historical information over a similar expected term.

*(Loss) / Earnings per Share* — Computation of basic earnings per share is conducted by dividing net income available to common shares (numerator) by the weighted average number of common shares outstanding (denominator) during a reporting period. Computation of diluted earnings per share gives effect to all dilutive potential common shares outstanding during a reporting period. In computing diluted earnings per share, the average market price of common shares for a reporting period is used in determining the number of shares assumed to be purchased from the exercise of stock options.

*Fair Values of Financial Instruments* — Carrying values of trade account receivables, accounts payable, accrued expenses, and term deposits approximate their fair value due to their short-term maturities. Carrying values of the Company's lines of credit and long-term debt are considered to approximate their fair value because the interest rates associated with the lines of credit and long-term debt are adjustable in accordance with market situations when the Company tries to borrow funds with similar terms and remaining maturities. See Note 22 for detailed discussion of the fair value measurement of financial instruments.

ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC Topic 820") defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The financial assets and financial liabilities that require recognition under the guidance include available-for-sale investments, employee deferred compensation plan and foreign currency derivatives. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of us. Unobservable inputs are inputs that reflect our assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. As such, fair value is a market-based measure considered from the perspective of a market participant who holds the asset or owes the liability rather than an entity-specific measure. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1—Valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Financial assets utilizing Level 1 inputs include U.S. treasuries, most money market funds, marketable equity securities and our employee deferred compensation plan;

- Level 2—Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly. Financial assets and liabilities utilizing Level 2 inputs include foreign currency forward exchange contracts, most commercial paper and corporate notes and bonds; and

- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

*Concentration of Credit Risk* — Financial instruments that subject the Company to credit risk compose trade account receivables. The Company performs ongoing credit evaluations of its customers for potential credit losses. The Company generally does not require collateral. The Company believes that its credit policies do not result in significant adverse risk and historically it has not experienced significant credit related losses.

*Investments* — The Company (a) evaluates the sufficiency of the total equity at risk, (b) reviews the voting rights and decision-making authority of the equity investment holders as a group, and whether there are any guaranteed returns, protection against losses, or capping of residual returns within the group, and (c) establishes whether activities within the venture are on behalf of an investor with disproportionately few voting rights in making this Variable Interest Entity ("VIE") determination. The Company would consolidate an investment that is determined to be a VIE if it was the primary beneficiary. The primary beneficiary of a VIE is determined by a primarily qualitative approach, whereby the variable interest holder, if any, has the power to direct the VIE's most significant activities and is the primary beneficiary. A new accounting standard became effective and changed the method by which the primary beneficiary of a VIE is determined. Through a primarily qualitative approach, the variable interest holder who has the power to direct the VIE's most significant activities is determined to be the primary beneficiary. To the extent that the investment does not qualify as VIE, the Company further assesses the existence of a controlling financial interest under a voting interest model to determine whether the investment should be consolidated.

*Equity Method* — The Company analyzes its investments to determine if they should be accounted for using the equity method. Management evaluates both Common Stock and in-substance Common Stock to determine whether they give the Company the ability to exercise significant influence over operating and financial policies of the investment even though the Company holds less than 50% of the Common Stock and in-substance Common Stock. The net income of the investment, if any, will be reported as "Equity in earnings of unconsolidated joint ventures, net of tax" in the Company's consolidated statements of operations and comprehensive income.

*Cost Method* — Investee companies not accounted for under the consolidation or the equity method of accounting are accounted for under the cost method of accounting. Under this method, the Company's share of the earnings or losses of such investee companies is not included in the consolidated balance sheet or statements of operations and comprehensive income or loss. However, impairment charges are recognized in the consolidated statements of operations and comprehensive income or loss. If circumstances suggest that the value of the investee company has subsequently recovered, such recovery is not recorded.

*Loan Receivables from Property Development Projects* — The loan receivables from property development projects are classified as current assets, carried at face value, and are individually evaluated for impairment. The allowance for loan losses reflects management's best estimate of probable losses determined principally on the basis of historical experience and specific allowances for known loan accounts. All loans or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for losses.

Interest income on the loan receivables from property development projects are recognized on an accrual basis. Discounts and premiums on loans are amortized to income using the interest method over the remaining period to contractual maturity. The amortization of discounts into income is discontinued on loans that are contractually 90 days past due or when collection of interest appears doubtful.

*Contingent Liabilities* — Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates that a potential material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

*Consolidation of subsidiaries*- A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group elects voting interest entity model (referred to as the "VOE" model) in consolidation as the Group has a controlling financial interest in an entity. A controlling financial interest is generally based on the concept that a reporting entity should have the unilateral right to make the significant financial and operating decisions of an entity without regard to probability. In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

The consolidated financial statements of Group include the accounts of Trio-Tech International and its subsidiaries. Intercompany transactions and balances have been eliminated.

**2. NEW ACCOUNTING PRONOUNCEMENTS**

In March 2020, FASB issued ASU 2020-04 ASC Topic 848: *Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by the discontinuation of the London Interbank Offered Rate ("LIBOR") or by another reference rate expected to be discontinued. The amendments are effective for all entities as of March 12, 2020, and the Company may elect to apply the amendments prospectively through December 31, 2022. The Company has completed its assessment and concluded that this update has no significant impact to the Company's consolidated financial statements.

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. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. ASC Topic 326 is effective for the Company for annual periods beginning after December 15, 2022. The Company has completed its assessment and concluded that this update has no significant impact to the Company's consolidated financial statements.

Other new pronouncements issued but not yet effective until after March 31, 2022, are not expected to have a significant effect on the Company's consolidated financial position or results of operations.

### 3. TERM DEPOSITS

| | Mar. 31, 2022 (Unaudited) | June 30, 2021 |
|---|---|---|
| Short-term deposits | $ 4,961 | $ 6,353 |
| Currency translation effect on short-term deposits | (8) | 298 |
| **Total short-term deposits** | **4,953** | **6,651** |
| Restricted term deposits | 1,736 | 1,682 |
| Currency translation effect on restricted term deposits | (1) | 59 |
| **Total restricted term deposits** | **1,735** | **1,741** |
| **Total term deposits** | **$ 6,688** | **$ 8,392** |

Restricted deposits represent the amount of cash pledged to secure loans payable to financial institutions and 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 noncurrent assets, as they relate to long-term obligations and will become unrestricted only upon discharge of the obligations. Short-term deposits represent bank deposits, which do not qualify as cash equivalents.

### 4. TRADE ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

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.

Senior management reviews accounts receivable on a periodic basis to determine if any receivables will potentially be uncollectible. Management includes any accounts receivable balances that are determined to be uncollectible in the allowance for doubtful accounts. After all reasonable attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on the information available, management believed the allowance for doubtful accounts as of March 31, 2022, and June 30, 2021, was adequate.

The following table represents the changes in the allowance for doubtful accounts:

| | Mar. 31, 2022 (Unaudited) | June 30, 2021 |
|---|---|---|
| Beginning | $ 311 | $ 314 |
| Additions charged to expenses | 44 | 5 |
| Recovered | (105) | (14) |
| Write-off | - | (16) |
| Currency translation effect | 3 | 22 |
| **Ending** | **$ 253** | **$ 311** |

**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, 2022.

| | 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 | 314 |
| Less: allowance for doubtful receivables | | (2,000) | (314) |
| **Net loan receivables from property development projects** | | - | - |
| | | | |
| **Long-term loan receivables** | | | |
| Jun Zhou Zhi Ye | Oct 31, 2016 | 5,000 | 788 |
| Less: transfer – downpayment for purchase of investment property | | (5,000) | (788) |
| **Net loan receivables from property development projects** | | - | - |

The short-term loan receivables amounting to renminbi ("RMB") 2,000, or approximately $314 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 fiscal 2011. Based on TTI's financial policy, a provision for doubtful receivables of $314 on the investment in JiangHuai was recorded during fiscal 2014. TTCQ did not generate other income from JiangHuai for the quarter ended March 31, 2022 or for the fiscal year ended June 30, 2021. TTCQ is in the legal process of recovering the outstanding amount of approximately $314.

The loan amounting to RMB 5,000, or approximately $788, 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. The book value of the loan receivable approximates its fair value. During fiscal year 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, 2022 (Unaudited) | June 30, 2021 |
|---|---|---|
| Raw materials | $ 1,340 | $ 1,152 |
| Work in progress | 1,332 | 1,218 |
| Finished goods | 319 | 325 |
| Less: provision for obsolete inventories | (709) | (679) |
| Currency translation effect | (10) | 64 |
| | **$ 2,272** | **$ 2,080** |

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

| | Mar. 31, 2022 (Unaudited) | June 30, 2021 |
|---|---|---|
| Beginning | $ 679 | $ 678 |
| Additions charged to expenses | 25 | 13 |
| Usage – disposition | - | (28) |
| Currency translation effect | 5 | 16 |
| **Ending** | **$ 709** | **$ 679** |

**7. INVESTMENT PROPERTIES**

The following table presents the Company's investment in properties in China (with estimated 20 years useful life in years) as of March 31, 2022. The exchange rate is based on the market rate as of March 31, 2022.

| | 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, 2019 | (5,554) | (807) |
| Reclassification from "Assets held for sale" | Mar 31, 2020 | 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 | | - | (15) |
| Gross investment in rental property | | 9,649 | 1,514 |
| Accumulated depreciation on rental property | Mar 31, 2022 | (7,402) | (1,145) |
| 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) |
| | | (5,488) | (878) |
| **Net investment in property – China** | | **4,161** | **636** |

The following table presents the Company's investment in properties in China (with estimated 20 years useful life in years) as of June 30, 2021. The exchange rate is based on the market rate as of June 30, 2021.

| | 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" | Jul 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 | | - | (36) |
| Gross investment in rental property | | 9,649 | 1,493 |
| Accumulated depreciation on rental property | Jun 30, 2021 | (7,040) | (1,079) |
| Reclassified as "Assets held for sale" - MaoYe Property | Jul 01, 2019 | 2,822 | 410 |
| Reclassification from "Assets held for sale" - MaoYe Property | Mar 31, 2020 | (1,029) | (143) |
| | | (5,247) | (812) |
| **Net investment in properties – China** | | **4,402** | **681** |

**Rental Property I - MaoYe Property**

In fiscal 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.

Property purchased from MaoYe generated a rental income $nil and $4 during the three and nine months ended March 31, 2022, as compared to $6 and $9 for the same periods, respectively, in last fiscal year.

Depreciation expense for MaoYe was $4 and $12 for the three and nine months ended March 31, 2022 and 2021, respectively as compared to $4 and $11 for the same period in the lsat fiscal year.

**Rental Property II - JiangHuai**

In fiscal year 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. TTCQ has yet to receive the title deed for these properties. TTCQ was in the legal process of obtaining the title deed until the developer encountered cash flow difficulties in recent years. Since fiscal year 2018, JiangHuai has been under liquidation and is now undergoing asset distribution. During the third quarter of fiscal 2022, TTCQ agreed to the local court’s administration’s proposal for the amounts owed by JiangHuai to be paid to TTCQ in the form of assets after the fall through of the three auctions conducted. Nonetheless, this is not expected to affect the property’s recoverable amount but, in view of the COVID-19 pandemic and the complexity of this case, the process and execution will take some time.

Property purchased from JiangHuai did not generate any rental income for the three and nine months ended March 31, 2022 and 2021.

Depreciation expense for JiangHuai was $7 and $21 for the three and nine months ended March 31, 2022, as compared to $6 and $19 for the same period in last fiscal year.

**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 handed over to TTCQ in April 2013 and the title deed was received during the third quarter of fiscal 2014.

One of the two commercial properties was leased from TTCQ by a third party under a two-year lease to rent out the 154.49 square meter space at a monthly rate of RMB9, or approximately $1, commencing from May 21, 2021, to May 23, 2023.

For the other leased property, TTCQ renewed the lease agreement to rent out the 161 square meter space at a monthly rate of RMB10, or approximately $1, from November 1, 2019, to October 31, 2020. After which, TTCQ renewed the lease agreement at a monthly rate of RMB10, or approximately $1, from November 1, 2020, to April 30, 2021, and May 1, 2021, to October 31, 2021. As the space is currently vacant, TTCQ is actively searching for a tenant for this space.

Properties purchased from FuLi generated a rental income of $4 and $19 for the three and nine months ended March 31, 2022, as compared to $5 and $12 for the same period in the last fiscal year.

Depreciation expense for FuLi was $8 and $23 for the three and nine months ended March 31, 2022, respectively, as compared to $7 and $22 for the same period in the last fiscal year.

**Summary**

Total rental income for all investment properties in China was $4 and $23 for the three and nine months ended March 31, 2022, as compared to $11 and $21 for the same periods, respectively, in the last fiscal year.

Depreciation expenses for all investment properties in China were $19 and $56 for the three and nine months ended March 31, 2022, respectively, as compared to $17 and $52 same periods, respectively, in the last fiscal year.

**8. OTHER ASSETS**

Other assets consisted of the following:

| | Mar. 31, 2022 (Unaudited) | June 30, 2021 |
|---|---|---|
| Down payment for purchase of investment properties * | $ - | $ - |
| Down payment for purchase of property, plant and equipment | 6 | 372 |
| Deposits for rental and utilities and others | 153 | 160 |
| Currency translation effect | (18) | (270) |
| **Total** | **$ 141** | **$ 262** |

*Down payment for purchase of investment properties included:

| | RMB | | US Dollars |
|---|---|---|---|
| Original Investment (10% of Jun Zhou 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 | | 788 |
| Interest Receivable | 1,250 | | 197 |
| Less: Impairment of Interest | (906) | | (143) |
| **Transferred to Down Payment (Note *b)** | **5,344** | | **842** |
| *** Down Payment for Purchase of Investment Properties** | **10,207** | | **1,623** |
| **Less: Provision of Impairment loss on other assets** | **(10,207)** | | **(1,623)** |
| *** Down Payment for Purchase of Investment Properties** | **-** | | **-** |

a) In fiscal year 2011, the Company signed a Joint Venture agreement ("agreement") with Jia Sheng Property Development Co. Ltd. ("Developer") to form a new company, Jun Zhou Co., Limited ("Joint Venture" or "Jun Zhou") to joint develop the "Singapore Themed Park" project (the "project"), where the Company paid RMB 10 million for a 10% investment in the joint venture. The Developer paid the Company a management fee of RMB5 million in cash upon signing of the agreement with a remaining fee of RMB5 million payable upon fulfilment of certain conditions in accordance with the agreement. The Company further reduced its investment by RMB 137, or approximately $22, towards the losses from operations incurred by the joint venture.

In fiscal year 2014, the Company disposed of its entire 10% interest in the joint venture. The Company recognized the disposal of its 10% investment in Jun Zhou based on the recorded net book value of RMB5 million or equivalent to $788, from net considerations paid, in accordance with US GAAP under ASC Topic 845 *Non-monetary Consideration*, and it's presented under "Other Assets" as noncurrent 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 that the gain can be ascertained. As of Mar 31, 2022, asset reorganization undertaken by local government still in process.

b) Amounts of RMB 5,000, or approximately $788, as disclosed in Note 5, plus the interest receivable on long term loan receivable of RMB 1,250, or approximately $197, and impairment on interest of RMB 906, or approximately $143.

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 year 2017. However, the progress has been delayed as the developer is currently undergoing asset reorganization process, to re-negotiate with their 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 shop lots in the Singapore Theme Resort Project in Chongqing, China, which the impairment loss translated based on the exchange rate used in the fiscal year 2021. The Company accounted for this noncash impairment charge because of increased uncertainties regarding the project's viability given the developer's weakening financial condition as well as uncertainties arising from the negative real estate environment in China, implementation of control measures on real estate lending and its relevant government policies, together with effects of the ongoing pandemic.

**9. LINES OF CREDIT**

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, 2022, the Company had certain lines of credit that are collateralized by restricted deposits.

| Entity with Facility | Type of Facility | Interest Rate | Expiration Date | Credit Limitation | Unused Credit |
|---|---|---|---|---|---|
| Trio-Tech International Pte. Ltd., Singapore | Lines of Credit | Ranging from 1.85% to 5.5%, SIBOR rate +1.25% and LIBOR rate +1.25% | - | $ 4,214 | $ 3,900 |
| Universal (Far East) Pte. Ltd. | Lines of Credit | Ranging from 1.85% to 5.5% | - | $ 1,109 | $ 900 |
| Trio-Tech Malaysia Sdn. Bhd. | Revolving Credit | Cost of Funds Rate +2% | - | $ 358 | $ 358 |

As of June 30, 2021, the Company had certain lines of credit that are collateralized by restricted deposits.

| Entity with Facility | Type of Facility | Interest Rate | Expiration Date | Credit Limitation | Unused Credit |
|---|---|---|---|---|---|
| Trio-Tech International Pte. Ltd., Singapore | Lines of Credit | Ranging from 1.85% to 5.5%, SIBOR rate +1.25% and LIBOR rate +1.30% | - | $ 4,806 | $ 4,806 |
| Universal (Far East) Pte. Ltd. | Lines of Credit | Ranging from 1.85% to 5.5% | - | $ 359 | $ 187 |
| Trio-Tech Malaysia Sdn. Bhd. | Revolving Credit | Cost of Funds Rate +2% | - | $ 350 | $ 350 |

**10. ACCRUED EXPENSES**

Accrued expenses consisted of the following:

| | Mar. 31, 2022 (Unaudited) | June 30, 2021 |
|---|---|---|
| Payroll and related costs | $ 1,641 | $ 1,362 |
| Commissions | 81 | 51 |
| Legal and audit | 412 | 321 |
| Sales tax | 488 | 9 |
| Utilities | 153 | 91 |
| Warranty | 16 | 14 |
| Accrued purchase of materials and property, plant and equipment | 362 | 144 |
| Provision for reinstatement | 309 | 290 |
| Deferred income | 60 | 67 |
| Other accrued expenses | 347 | 279 |
| Currency translation effect | 1 | 62 |
| **Total** | **$** 3,870 | **$** 2,690 |

**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, 2022 (Unaudited) | June 30, 2021 |
|---|---|---|
| Beginning | $ 14 | $ 12 |
| Additions charged to cost and expenses | 2 | 7 |
| Reversal | - | (4) |
| Currency translation effect | - | (1) |
| **Ending** | **$ 16** | **$ 14** |

## 12. BANK LOANS PAYABLE

Bank loans payable consisted of the following:

| | Mar. 31, 2022 (Unaudited) | June 30, 2021 |
|---|---|---|
| Note payable denominated in RM for expansion plans in Malaysia, maturing in August 2028, bearing interest at the bank's prime rate less 2.00% (3.60% for March 31, 2022 and June 30, 2021) per annum, with monthly payments of principal plus interest through August 2028, collateralized by the acquired building with a carrying value of $2,543 and $2,579, as at March 31, 2022 and June 30, 2021, respectively. | 1,571 | 1,885 |
| Financing arrangement at fixed interest rate 3.2% per annum, with monthly payments of principal plus interest through July 2025. | 145 | 175 |
| Financing arrangement at fixed interest rate 3.0% per annum, with monthly payments of principal plus interest through Dec 2026. | 246 | - |
| **Total bank loans payable** | **$ 1,962** | **$ 2,060** |
| | | |
| Current portion of bank loans payable | 498 | 428 |
| Currency translation effect on current portion of bank loans | (5) | 11 |
| **Current portion of bank loans payable** | **493** | **439** |
| Long-term portion of bank loans payable | 1,487 | 1,564 |
| Currency translation effect on long-term portion of bank loans | (17) | 57 |
| **Long-term portion of bank loans payable** | **$ 1,470** | **$ 1,621** |

Future minimum payments (excluding interest) as at March 31, 2022, were as follows:

| | |
|---|---|
| Remainder of fiscal 2022 | $ 459 |
| 2023 | 512 |
| 2024 | 311 |
| 2025 | 233 |
| 2026 | 227 |
| Thereafter | 221 |
| **Total obligations and commitments** | **$ 1,962** |

Future minimum payments (excluding interest) as at June 30, 2021, were as follows:

| | |
|---|---|
| 2022 | $ 439 |
| 2023 | 457 |
| 2024 | 462 |
| 2025 | 208 |
| 2026 | 171 |
| Thereafter | 323 |
| **Total obligations and commitments** | **$ 2,060** |

## 13. COMMITMENTS AND CONTINGENCIES

Trio-Tech (Malaysia) Sdn. Bhd. has no capital commitments as at March 31, 2022, as compared to capital commitment of $93 as at June 30, 2021.

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 financial statements.

## 14. BUSINESS SEGMENTS

The Company generates revenue primarily from 3 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 collectibility 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.

The revenue allocated to individual countries was based on where the customers were located. The allocation of the cost of equipment, the current year investment in new equipment and depreciation expense have been made based on the primary purpose for which the equipment was acquired.

**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.

The majority of sales under the Manufacturing segment include a standard 12-month warranty. The Company has concluded that the warranty provided for standard products are assurance type warranties and are not separate performance obligations. 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 nonconformance 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, particularly equipment, industrial products and components by manufacturers mainly from the U.S., Europe, Taiwan and Japan. 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.

All intersegment revenue was from the manufacturing segment to the testing and distribution segments. Total intersegment revenue was $232 for the three months ended March 31, 2022, as compared to $375 for the same period in the last fiscal year. Corporate assets mainly consisted of cash and prepaid expenses. Corporate expenses mainly consisted of stock option expenses, salaries, insurance, professional expenses and directors' fees. Corporate expenses are allocated to the four segments. The following segment information table includes segment operating income or loss after including the corporate expenses allocated to the segments, which gets eliminated in the consolidation.

The following segment information is unaudited for the nine months ended March 31, 2022 and March 31, 2021:

**Business Segment Information:**

| | Nine Months Ended Mar. 31, | Net Revenue | Operating Income / (Loss) | Total Assets | Depr. And Amort. | Capital Expenditures |
|---|---|---|---|---|---|---|
| Manufacturing | 2022 | $ 10,187 | 107 | 14,204 | 318 | 103 |
| | 2021 | $ 9,324 | 277 | 12,576 | 310 | 214 |
| Testing Services | 2022 | 13,983 | 1,000 | 24,030 | 1,884 | 1,040 |
| | 2021 | 10,018 | (993) | 21,364 | 1,859 | 407 |
| Distribution | 2022 | 8,038 | 1,108 | 1,601 | - | - |
| | 2021 | 3,790 | 407 | 983 | - | - |
| Real Estate | 2022 | 23 | (86) | 1,730 | 61 | 1 |
| | 2021 | 22 | (84) | 3,784 | 55 | - |
| Corporate & | 2022 | - | (632) | 238 | - | - |
| Unallocated | 2021 | - | (36) | 418 | - | - |
| Total Company | 2022 | $ 32,231 | 1,496 | 41,803 | 2,263 | 1,144 |
| | 2021 | $ 23,154 | (429) | 39,125 | 2,224 | 621 |

The following segment information is unaudited for the three months ended March 31, 2022, and March 31, 2021:

**Business Segment Information:**

| | Three Months Ended Mar. 31, | Net Revenue | Operating Income / (Loss) | Total Assets | Depr. And Amort. | Capital Expenditures |
|---|---|---|---|---|---|---|
| Manufacturing | 2022 | $ 3,097 | (145) | 14,204 | 110 | 8 |
| | 2021 | $ 3,130 | 214 | 12,576 | 98 | 60 |
| Testing Services | 2022 | 4,417 | (124) | 24,030 | 633 | 341 |
| | 2021 | 3,504 | (320) | 21,364 | 637 | 344 |
| Distribution | 2022 | 3,620 | 576 | 1,601 | (2) | - |
| | 2021 | 1,467 | 163 | 983 | - | - |
| Real Estate | 2022 | 4 | (35) | 1,730 | 20 | - |
| | 2021 | 11 | (23) | 3,784 | 20 | - |
| Corporate & | 2022 | - | (402) | 238 | - | - |
| Unallocated | 2021 | - | (99) | 418 | - | - |
| Total Company | 2022 | $ 11,138 | (130) | 41,803 | 761 | 349 |
| | 2021 | $ 8,112 | (65) | 39,125 | 755 | 404 |

**15. OTHER INCOME**

Other income consisted of the following:

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | Mar. 31, 2022 Unaudited | Mar. 31, 2021 Unaudited | Mar. 31, 2022 Unaudited | Mar. 31, 2021 Unaudited |
| Interest income | $ 13 | $ 26 | $ 51 | $ 96 |
| Other rental income | 30 | 25 | 88 | 70 |
| Exchange (loss) / Gain | (9) | 58 | (13) | (79) |
| Bad debt recovery | - | - | 104 | 10 |
| Dividend income | - | - | - | 32 |
| Government grant | 62 | 152 | 160 | 412 |
| Commission income | - | - | 200 | - |
| Other miscellaneous income | 31 | 12 | 79 | 86 |
| **Total** | $ 127 | **$ 273** | $ 669 | **$ 627** |

The Company received financial assistance in the form of government grants from the Malaysia and Thailand governments amid the COVID-19 pandemic. The grants amounted to $nil and $61 for the three and nine months ended March 31, 2022, respectively.

The Company received financial assistance in the form of government grants from the Singapore and Malaysia governments amid the COVID-19 pandemic. The grants amounted to $107 and $350 for the three and nine months ended March 31, 2021, respectively.

## 16. INCOME TAX

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. The statute of limitations, in general, is open for years 2014 to 2020 for tax authorities in those jurisdictions to audit or examine income tax returns. The Company is under annual review by the tax authorities of the respective jurisdiction to which the subsidiaries belong.

The Tax Cuts and Jobs Act (the "Tax Act") was enacted in fiscal year 2018, and reduced the U.S. federal corporate tax rate from 35% to 21%, eliminated corporate Alternative Minimum Tax, modified rules for expensing capital investment, and limited the deduction of interest expense for certain companies. The Act is a fundamental change to the taxation of multinational companies, including a shift from a system of worldwide taxation with some deferral elements to a territorial system, current taxation of certain foreign income, a minimum tax on low tax foreign earnings, and new measures to curtail base erosion and promote U.S. production.

Due to the enactment of the Tax 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 $Nil for the period ended March 31, 2022.

The Company's income tax expense was $170 and $503 for the 3 months and 9 months ended March 31, 2022, respectively as compared to $118 and $125 for the 3 months and 9 months ended March 31, 2021. Our effective tax rate ("ETR") from continuing operations was 500.0% and 64.5% for the quarters ended March 31, 2022 and March 31, 2021, respectively. The increase in effective tax rate was due to Singapore operations incurring higher income tax due to full utilization of tax allowances coupled with the additional tax arising from under provision of tax expenses for the financial year ended 2020.

The Company accrues penalties and interest related to unrecognized tax benefits when necessary as a component of penalties and interest expenses, respectively. The Company had no unrecognized tax benefits or related accrued penalties or interest expenses at March 31, 2022.

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 the benefits of the federal, state, and foreign deductible differences. Accordingly, a full valuation allowance has been established.

## 17. CONTRACT BALANCES

The timing of revenue recognition, billings and collections may result in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (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, 2022 (Unaudited) | June 30, 2021 |
|---|---|---|
| Trade Accounts Receivable | 10,585 | 8,293 |
| Accounts Payable | 2,220 | 3,702 |
| Contract Assets | 594 | 337 |
| Contract Liabilities | 1,172 | 673 |

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**Remaining Performance Obligation**

As at March 31, 2022, the Company had $636 of remaining performance obligations, which represents our obligation to deliver products and services within 2 years

As at June 30, 2021, the Company had $924 of remaining performance obligations, which represents our obligation to deliver products and services.

Refer to Note 15 "Business Segments" of the Notes to Condensed Consolidated Financial Statements for information related to revenue.

**18. (LOSSES) / EARNINGS PER SHARE**

Options to purchase 698,875 shares of Common Stock at exercise prices ranging from $3.28 to $7.76 per share were outstanding as of March 31, 2022. 140,500 stock options were excluded in the computation of diluted EPS for the three and nine months ended March 31, 2022, because they were anti-dilutive.

Options to purchase 674,500 shares of Common Stock at exercise prices ranging from $2.53 to $5.98 per share were outstanding as of March 31, 2021. 140,000 stock options were excluded in the computation of diluted EPS for three and nine months ended March 31, 2021 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, 2022 (Unaudited) | Mar. 31, 2021 (Unaudited) | Mar. 31, 2022 (Unaudited) | Mar. 31, 2021 (Unaudited) |
| (Loss)/income attributable to Trio-Tech International common shareholders from continuing operations, net of tax | $ (167) | $ 177 | $ 1,603 | $ 418 |
| Income / (loss) attributable to Trio-Tech International common shareholders from discontinued operations, net of tax | - | 1 | 2 | (13) |
| **Net (loss)/income attributable to Trio-Tech International Common Shareholders** | **$ (167)** | **$ 178** | **$ 1,605** | **$ 405** |
| Weighted average number of common shares outstanding - basic | 3,949 | 3,913 | 3,949 | 3,913 |
| Dilutive effect of stock options | 272 | 133 | 191 | 117 |
| Number of shares used to compute earnings per share - diluted | **4,221** | **4,046** | **4,140** | **4,030** |
| Basic (losses) / earnings per share from continuing operations attributable to Trio-Tech International | $ (0.04) | 0.05 | 0.40 | 0.11 |
| Basic earnings per share from discontinued operations attributable to Trio-Tech International | - | - | - | - |
| **Basic earnings per share from net income attributable to Trio-Tech International** | **$ (0.04)** | **$ 0.05** | **$ 0.40** | **$ 0.11** |
| Diluted earnings per share from continuing operations attributable to Trio-Tech International | $ (0.04) | 0.04 | 0.38 | 0.10 |
| Diluted earnings per share from discontinued operations attributable to Trio-Tech International | - | - | - | - |
| **Diluted earnings per share from net income attributable to Trio-Tech International** | **$ (0.04)** | **$ 0.04** | **$ 0.38** | **$ 0.10** |

## 19. STOCK OPTIONS

On September 24, 2007, the Company's Board of Directors unanimously adopted the 2007 Employee Stock Option Plan (the "2007 Employee Plan") and the 2007 Directors Equity Incentive Plan (the "2007 Directors Plan"), each of which was approved by the shareholders on December 3, 2007. Each of those plans was amended during the term of such plan to increase the number of shares covered thereby. As of the last amendment thereof, the 2007 Employee Plan covered an aggregate of 600,000 shares of the Company's Common Stock and the 2007 Directors Plan covered an aggregate of 500,000 shares of the Company's Common Stock. Each of those plans terminated by its respective terms on September 24, 2017. These two plans were administered by the Board, which also established the terms of the awards.

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. Each of these plans is administered by the Board of Directors of the Company.

***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 and we did not have sufficient historical exercise data at the grant date of the options;
- A risk-free interest rate varying from 0.11% to 2.35% (2021: 0.14% to 2.35%);
- no expected dividend payments and
- expected volatility of 45.38% to 55.59% (2021: 45.38% to 76.85%).

***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. The Company's board of directors approved an amendment to the 2017 Employee Plan in December 2021 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 not 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 third quarter of fiscal year 2022, 40,500 stock options were granted under the 2017 Employee Plan. There were 41,125 stock options exercised during the nine-month period ended March 31, 2022. The Company recognized $106 stock-based compensation expenses during the nine months ended March 31, 2022.

During the third quarter of fiscal year 2021, the Company granted options to purchase 71,000 shares of its Common Stock to employees pursuant to the 2017 Employee Plan. There were no stock options granted under the 2017 Employee Plan exercised during the nine-month period ended March 31, 2021. The Company recognized $45 in stock-based compensation expenses during the nine months ended March 31, 2021.

As of March 31, 2022, there were vested stock options granted under the 2017 Employee Plan covering a total of 170,500 shares of Common Stock. The weighted-average exercise price was $4.81 and the weighted average remaining contractual term was 2.24 years.

As of March 31, 2021, there were vested stock options granted under the 2017 Employee Plan covering a total of 149,750 shares of Common Stock. The weighted-average exercise price was $4.46 and the weighted average remaining contractual term was 2.99 years.

A summary of option activities under the 2017 Employee Plan during the nine months period ended March 31, 2022, is presented as follows:

| | Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (Years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding at July 1, 2021 | 267,000 | $ 4.21 | 3.22 | $ 290 |
| Granted | 40,500 | - | - | - |
| Exercised | (41,125) | 2.86 | - | - |
| Forfeited or expired | - | - | - | - |
| Outstanding at March 31, 2022 | 266,375 | $ 4.96 | 2.80 | $ 621 |
| Exercisable at March 31, 2022 | 170,500 | $ 4.81 | 2.24 | $ 415 |

A summary of the status of the Company's non-vested employee stock options during the nine months ended March 31, 2022, is presented below:

| | Options | Weighted Average Grant-Date Fair Value |
|---|---|---|
| Non-vested at July 1, 2021 | 102,250 | $ 2.29 |
| Granted | 40,500 | - |
| Vested | (46,875) | - |
| Forfeited | - | - |
| Non-vested at March 31, 2022 | 95,875 | $ 5.23 |

A summary of option activities under the 2017 Employee Plan during the nine months period ended March 31, 2021, is presented as follows:

| | Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (Years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding at July 1, 2020 | 196,000 | $ 3.92 | 3.72 | $ 36.00 |
| Granted | 71,000 | 5.03 | - | - |
| Exercised | - | - | - | - |
| Forfeited or expired | - | - | - | - |
| Outstanding at March 31, 2021 | 267,000 | $ 4.21 | 3.47 | $ 210.40 |
| Exercisable at March 31, 2021 | 149,750 | $ 4.46 | 2.99 | $ 106.07 |

A summary of the status of the Company's non-vested employee stock options during the nine months ended March 31, 2021, is presented below:

| | Options | Weighted Average Grant-Date Fair Value |
|---|---|---|
| Non-vested at July 1, 2020 | 98,000 | $ 3.39 |
| Granted | 71,000 | - |
| Vested | (51,750) | - |
| Forfeited | - | - |
| Non-vested at March 31, 2021 | 117,250 | $ 3.90 |

***2007 Employee Stock Option Plan***

The 2007 Employee Plan terminated by its terms on September 24, 2017 and no further options may be granted thereunder. However, the options outstanding thereunder continue to remain outstanding and in effect in accordance with their terms. The 2007 Employee Plan permitted the issuance of options to employees.

As the 2007 Plan has terminated, the Company did not grant any options pursuant to the 2007 Employee Plan during the nine months ended March 31, 2022, and March 31, 2021 respectively.

There were 37,500 options exercised during the nine months ended March 31, 2022 and none exercised in March 31, 2021. The Company did not recognize any stock-based compensation expenses during the nine months ended March 31, 2022, and March 31, 2021.

As of March 31, 2022, there were no vested stock options granted under the 2007 Employee Plan.

As of March 31, 2021, there were vested stock options granted under the 2007 Employee Plan covering a total of 37,500 shares of Common Stock. The weighted-average exercise price was $4.14 and the weighted average remaining contractual term was 0.99 years.

A summary of option activities under the 2007 Employee Plan during the nine months ended March 31, 2022, is presented as follows:

| | Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (Years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding at July 1, 2021 | 37,500 | $ 4.14 | 0.75 | $ 34 |
| Granted | - | - | - | - |
| Exercised | (37,500) | 4.14 | - | - |
| Forfeited or expired | - | - | - | - |
| Outstanding at March 31, 2022 | - | $ - | - | $ - |

There were no non-vested employee stock options during the nine months ended March 31, 2022.

A summary of option activities under the 2007 Employee Plan during the nine months ended March 31, 2021, is presented as follows:

| | Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (Years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding at July 1, 2020 | 77,500 | $ 3.69 | 1.22 | $ - |
| Granted | - | - | - | - |
| Exercised | (40,000) | 3.26 | - | - |
| Forfeited or expired | - | - | - | - |
| Outstanding at March 31, 2021 | 37,500 | $ 4.14 | 0.99 | $ 13.13 |
| Exercisable at March 31, 2021 | 37,500 | $ 4.14 | 0.99 | $ 13.13 |

There were no non-vested employee stock options during the nine months ended March 31, 2021.

***2017 Directors Equity Incentive Plan***

The 2017 Directors Plan initially covered an aggregate of 300,000 shares of the Company's common stock. The Company's board of directors approved an amendment to the 2017 Directors Plan in September 2020 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. The 2017 Directors Plan permits the grant of options to its directors in the form of nonqualified options and restricted stock. The exercise price of the nonqualified 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 third quarters of fiscal year 2022, the Company granted options to purchase 100,000 shares of its Common Stock pursuant to the 2017 Directors Plan. There were no stock options exercised during the nine months ended March 31, 2022. The Company recognize $353 stock-based compensation expenses during the nine months ended March 31, 2022.

During the third quarter of fiscal year 2021, the Company granted options to purchase 80,000 shares of its Common Stock pursuant to the 2017 Directors Plan. There were no stock options exercised during the nine months ended March 31, 2021. The Company recognized $99 stock-based compensation expenses during the nine months ended March 31, 2021.

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, 2022, or March 31, 2021.

As of March 31, 2022, there were vested stock options granted under the 2017 Directors Plan covering a total of 420,000 shares of Common Stock. The weighted-average exercise price was $5.10 and the weighted average remaining contractual term was 3.10 years.

As of March 31, 2021, there were vested stock options granted under the 2017 Directors Plan covering a total of 320,000 shares of Common Stock. The weighted-average exercise price was $4.27 and the weighted average remaining contractual term was 3.47 years.

A summary of option activities under the 2017 Directors Plan during the three months ended March 31, 2022, is presented as follows:

| | Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (Years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding at July 1, 2021 | 320,000 | $ 4.27 | 3.22 | $ 340 |
| Granted | 100,000 | 7.76 | - | - |
| Exercised | - | - | - | - |
| Forfeited or expired | - | - | - | - |
| Outstanding at March 31, 2022 | 420,000 | 5.10 | 0.60 | 942 |
| Exercisable at March 31, 2022 | 420,000 | 5.10 | 3.07 | 942 |

A summary of option activities under the 2017 Directors Plan during the nine months ended March 31, 2021, is presented as follows:

| | Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (Years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding at July 1, 2020 | 240,000 | $ 3.93 | 3.75 | $ 48.00 |
| Granted | 80,000 | 5.27 | 4.89 | - |
| Exercised | - | - | - | - |
| Forfeited or expired | - | - | - | - |
| Outstanding at March 31, 2021 | 320,000 | $ 4.27 | 3.47 | $ 253.6 |
| Exercisable at March 31, 2021 | 320,000 | $ 4.27 | 3.47 | $ 253.6 |

***2007 Directors Equity Incentive Plan***

The 2007 Directors Plan terminated by its terms on September 24, 2017 and no further options may be granted thereunder. However, the options outstanding thereunder continue to remain outstanding and in effect in accordance with their terms. The 2007 Directors Plan permitted the issuance of options to directors.

As the 2007 Plan has terminated, the Company did not grant any options pursuant to the 2007 Directors Plan during the nine months ended March 31, 2022, and March 31, 2021.

There were 50,000 stock options exercised during the nine months ended March 31, 2022. The Company did not recognize any stock-based compensation expenses during the nine months ended March 31, 2022.

200,000 shares of stock options were exercised during the nine months ended March 31, 2021. The Company did not recognize any stock-based compensation expenses during the nine months ended March 31, 2021.

As of March 31, 2022, there were no vested stock options granted under the 2007 Directors Plan

As of March 31, 2021, there were vested stock options granted under the 2007 Directors Plan covering a total of 50,000 shares of Common Stock. The weighted-average exercise price was $4.14 and the weighted average remaining contractual term was 0.99 years.

A summary of option activities under the 2007 Directors Plan during the three months ended March 31, 2022, is presented as follows:

| | Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (Years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding at July 1, 2021 | 50,000 | $ 4.14 | 0.75 | $ 45 |
| Granted | - | - | - | - |
| Exercised | (50,000) | 4.14 | - | - |
| Forfeited or expired | - | - | - | - |
| Outstanding at March 31, 2022 | - | $ - | - | $ - |
| Exercisable at March 31, 2022 | - | $ - | - | $ - |

A summary of option activities under the 2007 Directors Plan during the nine months ended March 31, 2021 is presented as follows:

| | Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (Years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding at July 1, 2020 | 250,000 | $ 3.32 | 0.83 | $ 22.00 |
| Granted | - | - | - | - |
| Exercised | (200,000) | 3.12 | - | - |
| Forfeited or expired | - | - | - | - |
| Outstanding at March 31, 2021 | 50,000 | $ 4.14 | 0.99 | $ 17.50 |
| Exercisable at March 31, 2021 | 50,000 | $ 4.14 | 0.99 | $ 17.50 |

**20. LEASES**

***Company as Lessor***

Operating leases where we are lessor arise from the leasing of the Company's commercial and residential real estate investment property. 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 twenty years in amounts necessary to reduce the carrying amount of the asset to its estimated residual value. Depreciation expenses relating to the property held as investments in operating leases was $56 for and $52 for both the 9 months ended March 31, 2022, and March 31, 2021.

Future minimum rental income in China and Thailand to be received from fiscal year 2022 to fiscal year 2023 on noncancelable operating leases is contractually due as follows as of March 31, 2022:

| | |
|---|---|
| Remainder of fiscal 2022 | $ 39 |
| Fiscal 2023 | 8 |
| | **$ 47** |

Future minimum rental income in China and Thailand to be received from fiscal year 2022 to fiscal year 2023 on noncancelable operating leases is contractually due as follows as of June 30, 2021:

| | |
|---|---|
| Fiscal 2022 | $ 145 |
| Fiscal 2023 | 16 |
| | **$ 161** |

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 3 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 costs such as taxes.

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

| **Components of Lease Balances** | March 31, 2022 |
|---|---|
| **Assets** | |
| Gross financial sales receivable | $ 48 |
| Unearned finance income | (4) |
| Financed sales receivable | $ 44 |
| | |
| **Net financed sales receivables due within one year** | $ 21 |
| **Net financed sales receivables due after one year** | $ 23 |

As of March 31, 2022, the financed sale receivables had a weighted average effective interest rate of 11.2% and weighted average remaining lease term of 2.0 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 three years and finance leases for plant and equipment.

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

| | Mar. 31, 2022 (Unaudited) | June 30, 2021 |
|---|---|---|
| **Finance Leases (Plant and Equipment)** | | |
| Plant and equipment, at cost | 1,819 | 1,413 |
| Accumulated depreciation | (1,182) | (1,199) |
| **Plant and Equipment, Net** | 637 | 214 |
| Current portion of finance leases | 136 | 197 |
| Net of current portion of finance leases | 152 | 253 |
| **Total Finance Lease Liabilities** | 288 | 450 |
| **Operating Leases (Corporate Offices, Research and Development Facilities)** | | |
| Operating lease right-of-use assets | 2,602 | 1,876 |
| Current portion of operating leases | 758 | 672 |
| Net of current portion of operating leases | 1,844 | 1,204 |
| **Total Operating Lease Liabilities** | 2,602 | 1,876 |

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | Mar. 31, 2022 (Unaudited) | Mar. 31, 2021 (Unaudited) | Mar. 31, 2022 (Unaudited) | Mar. 31, 2021 (Unaudited) |
| **Lease Cost** | | | | |
| Finance lease cost: | | | | |
| Interest on finance lease | $ 9 | $ 15 | $ 20 | $ 35 |
| Amortization of right-of-use assets | 60 | 135 | 150 | 260 |
| Total finance lease cost | 69 | 150 | 170 | 295 |
| Operating Lease Costs | **$ 331** | **$ 191** | **$ 801** | **$ 566** |

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

| | Nine months ended Mar. 31, 2022 (Unaudited) | | Nine months ended Mar. 31, 2021 (Unaudited) | |
|---|---|---|---|---|
| **Cash Paid for Amounts Included in the Measurement of Lease Liabilities** | | | | |
| Operating cash flows from finance leases | $ | (20) | $ | (32) |
| Operating cash flows from operating leases | | (801) | | (565) |
| Finance cash flows from finance leases | | (168) | | (192) |
| **Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities** | | 132 | | 2,070 |
| | | | | |
| **Weighted-Average Remaining Lease Term:** | | | | |
| Finance leases | | 3.62 | | 2.85 |
| Operating leases | | 3.23 | | 3.36 |
| **Weighted-Average Discount Rate:** | | | | |
| Finance leases | | 3.60% | | 3.35% |
| Operating leases | | 4.83% | | 4.83% |

As of March 31, 2022, the maturities of the Company's operating and finance lease liabilities are as follow:

| **Fiscal Year** | **Operating Lease Liabilities** | **Finance Lease Liabilities** |
|---|---|---|
| | $ | $ |
| Remainder of 2022 | 309 | 42 |
| 2023 | 841 | 136 |
| 2024 | 595 | 109 |
| 2025 | 581 | 22 |
| 2026 | 446 | - |
| Thereafter | 73 | - |
| Total future minimum lease payments | 2,845 | 309 |
| Less: amount representing interest | (244) | (21) |
| Present value of net minimum lease payments | 2,601 | 288 |
| | | |
| Presentation on statement of financial position | $ | $ |
| Current | 758 | 136 |
| Noncurrent | 1,844 | 152 |

As of June 30, 2021, future minimum lease payments under finance leases and noncancelable operating leases were as follows:

| **Fiscal Year** | **Operating Lease Liabilities** | **Finance Lease Liabilities** |
|---|---|---|
| | $ | $ |
| 2022 | 748 | 218 |
| 2023 | 537 | 137 |
| 2024 | 313 | 111 |
| 2025 | 291 | 22 |
| Thereafter | 156 | - |
| Total future minimum lease payments | 2,045 | 488 |
| Less: amount representing interest | (169) | (38) |
| Present value of net minimum lease payments | 1,876 | 450 |
| | | |
| Presentation on statement of financial position | $ | $ |
| Current | 672 | 197 |
| Noncurrent | 1,204 | 253 |

## 21. 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 three months ended March 31, 2022 and 2021.

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.

## 22. CONCENTRATION OF CUSTOMERS

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

| | For the Period Ended Mar 31, | |
|---|---|---|
| | 2022 | 2021 |
| | (unaudited) | (unaudited) |
| Revenue | | |
| - Customer A | 41.6% | 37.7% |
| - Customer B | 19.5% | 9.7% |
| Trade Account Receivables | | |
| - Customer A | 39.6% | 34.7% |
| - Customer B | 20.1% | 11.8% |

**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 I 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, 2021.*

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 aerospace, communications and other electronics products.

TTI generated approximately 99.9% of its revenue from its three core business segments in the test and measurement industry, i.e., manufacturing of test equipment, testing services and distribution of test equipment during the three months ended March 31, 2022. The Real Estate segment contributed only 0.1% to the total revenue during the three months ended March 31, 2022.

**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.

**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 do not want to establish their own facilities. 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 mainly from the U.S., Europe, Taiwan and Japan. The products include environmental chambers, handlers, interface systems, vibration systems, shaker systems, solderability testers and other semiconductor equipment. Besides equipment, we also distribute a wide range of components such as connectors, sockets, LCD display panels and touch screen panels. Furthermore, our range of products are mainly targeted for industrial products rather than consumer products whereby the life cycle of the industrial products can last from three years to seven years.

**Real Estate**

Beginning in 2007, TTI has invested in real estate property in Chongqing, China, which has generated investment income from rental revenue and investment returns from deemed loan receivables, which are classified as other income. The rental income is generated from the rental properties in MaoYe and FuLi in Chongqing, China. In the second quarter of fiscal 2015, the investment in JiaSheng, which was deemed as loans receivable, was transferred to down payment for purchase of investment property in China.

**Impact of COVID-19 on our Business**

In December 2019, a novel strain of coronavirus ("COVID-19"), was reported to have surfaced in China, resulting in shutdowns of manufacturing and commerce in the months that followed. Since then, the COVID-19 pandemic has spread to multiple countries worldwide and has resulted in authorities implementing numerous measures to try to contain the disease and slow its spread, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. These measures have created significant uncertainty and economic disruption, both short-term and potentially long-term.

During the quarter ended March 31, 2022, the Company was required to close its facility in Tianjin, China in compliance with the Tianjin city government's imposed lockdown measures for mandatory testing of Tianjin city's residents and China's ZERO-COVID policy. The Company then resumed 100% operating capacity in Tianjin, China operation by January 21, 2022. The Company had suffered negative financial impact from these twelve days closed down, which had lost its revenue of approximately $260.

The health and safety of our employees and our customers are a top priority for us. In an effort to protect our employees, we took and continue to take proactive and aggressive actions, starting with the earliest signs of the outbreak, to adopt social distancing policies at our locations, including working from home and suspending employee travel. Our operations have been classified as part of the global supply chain and essential businesses in many jurisdictions, and employees who are working onsite are required to adhere to strict safety measures, including the use of masks and sanitizer, wellness screenings prior to accessing work sites, staggered break times to prevent congregation, prohibitions on physical contact with coworkers or customers, restrictions on access through only a single point of entry and exit, and utilizing video conferencing. We have also incorporated other rules such as restricting visitors to any of our facilities that remain open and proactively providing employees with hand sanitizer. Most of these safeguards and procedures have been removed in our Singapore and Malaysia operations subsequent to the quarter ended March 31, 2022.

In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for fair presentation have been included. Operating results for the three months ended March 31, 2022, are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2022. Certain accounting matters that generally require consideration of forecasted financial information were assessed regarding impacts from the COVID-19 pandemic as of March 31, 2022, and through the date of filing of this Quarterly Report dated May 16, 2022 using reasonably available information as of those dates. Those accounting matters assessed included, but were not limited to, allowance for doubtful accounts, the carrying value of long-lived tangible assets and the valuation allowances for tax assets. While the assessments resulted in no material impacts to the consolidated financial statements as of and for the quarter ended March 31, 2022, the Company believes the full impact of the pandemic remains uncertain and the Company will continue to assess if ongoing developments related to the pandemic may cause future material impacts to our consolidated financial statements.

As of March 31, 2022, the Company had cash and cash equivalents and short-term deposits totaling $12,431 and an unused line of credit of $5,158. We finance operations primarily through our existing cash balances, cash collected from operations, bank borrowings and capital lease financing. We believe these sources are sufficient to fund our operations for the foreseeable future.

While we have implemented safeguards and procedures to counter the impact of the COVID-19 pandemic, the full extent to which the pandemic has and will directly or indirectly impact us, including our business, financial condition, and result of operations, will depend on future developments that are highly uncertain and cannot be accurately predicted. This may include further mitigation efforts taken to contain the virus or treat its impact and the economic impact on local, regional, national and international markets. We will continue to actively monitor the situation and may take further actions that alter our business operations as may be required by the governments or that we determine are in the best interests of our employees, customers, suppliers and stockholders.

***Critical Accounting Estimates & Policies***

The discussion and analysis of the Company's financial condition presented in this section are based upon our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the U.S. During the preparation of the consolidated financial statements, we are required to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates and judgments, including those related to sales, returns, pricing concessions, bad debts, inventories, investments, fixed assets, intangible assets, income taxes and other contingencies. Due to the COVID-19 pandemic, there has been uncertainty and disruption in the global economy and financial markets. These estimates and assumptions may change as new events occur and additional information is obtained. Actual results may differ from these estimates under different assumptions or conditions.

In response to the SEC's Release No. 33-8040, Cautionary Advice Regarding Disclosure about Critical Accounting Policy, we have identified the most critical accounting policies upon which our financial status depends. We determined that those critical accounting policies are related to inventory valuation; allowance for doubtful accounts; revenue recognition; impairment of property, plant and equipment; investment properties and income tax. These accounting policies are discussed in the relevant sections in this management's discussion and analysis, including the Recently Issued Accounting Pronouncements discussed below.

***Account Receivables and Allowance for Doubtful Accounts***

During the normal course of business, we extend unsecured credit to our customers in all segments. Typically, credit terms require payment to be made between 30 to 90 days from the date of the sale. We generally do not require collateral from customers. We maintain our cash accounts at creditworthy financial institutions.

The Company's management considers the following factors when determining the collectibility of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. The Company includes any account balances that are determined to be uncollectible, along with a general reserve, in the overall allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on the information available to management, the Company believed that its allowance for doubtful accounts was adequate as of March 31, 2022.

***Inventory Valuation***

Inventories of our manufacturing and distribution segments, consisting principally of raw materials, works in progress, and finished goods, are stated at the lower of cost, using the first-in, first-out ("FIFO") method, or market value. The semiconductor industry is characterized by rapid technological change, short-term customer commitments and swiftly changing demand. Provisions for estimated excess and obsolete inventory are based on regular reviews of inventory quantities on hand and the latest forecasts of product demand and production requirements from our customers. Inventories are written down for not-saleable, excess or obsolete raw materials, works-in-process and finished goods by charging such write-downs to cost of sales. In addition to write-downs based on newly introduced parts, statistics and judgments are used for assessing provisions of the remaining inventory based on salability and obsolescence.

***Property, Plant and Equipment & Investment Properties***

Property, plant and equipment and investment properties are stated at cost, less accumulated depreciation and amortization. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. Amortization of leasehold improvements is provided for over the lease terms or the estimated useful lives of the assets, whichever is shorter, using the straight-line method.

Maintenance, repairs and minor renewals are charged directly to expense as incurred. Additions and improvements to property and equipment are capitalized. When assets are disposed of, the related cost and accumulated depreciation thereon are removed from the accounts and any resulting gain or loss is included in the consolidated statements of operations and comprehensive income or loss.

***Foreign Currency Translation and Transactions***

The United States dollar ("U.S. dollar") is the functional currency of the U.S. parent company. The Singapore dollar, the national currency of Singapore, is the primary currency of the economic environment in which the operations in Singapore are conducted. We also have business entities in Malaysia, Thailand, China and Indonesia, of which the Malaysian ringgit ("RM"), Thai baht, Chinese renminbi ("RMB") and Indonesian rupiah, are the national currencies. The Company uses the U.S. dollar for financial reporting purposes.

The Company translates assets and liabilities of its subsidiaries outside the U.S. into U.S. dollars using the rate of exchange prevailing at the balance sheet date, and the statement of operations is measured using average rates in effect for the reporting period. Adjustments resulting from the translation of the subsidiaries' financial statements from foreign currencies into U.S. dollars are recorded in shareholders' equity as part of accumulated comprehensive income or loss translation adjustment. Gains or losses resulting from transactions denominated in currencies other than functional currencies of the Company's subsidiaries are reflected in income for the reporting period.

***Revenue Recognition***

The Company adopted Accounting Standards Update ("ASU") No. 2014-09, ASC Topic 606, *Revenue from Contracts with Customers* ("ASC Topic 606"). This standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

We apply a five-step approach as defined in ASC Topic 606 in determining the amount and timing of revenue to be recognized: (1) identifying the contract with customer; (2) identifying the performance obligations in the contracts; (3) determining the transaction price; (4) allocating the transaction price to the performance obligations in the contract; and (5) recognizing revenue when the corresponding performance obligation is satisfied.

Revenue derived from testing services is recognized when testing services are rendered. Revenue generated from sale of products in the manufacturing and distribution segments are recognized when persuasive evidence of an arrangement exists, delivery of the products has occurred, customer acceptance has been obtained (which means the significant risks and rewards of ownership have been transferred to the customer), the price is fixed or determinable and collectibility is reasonably assured. Certain customers can request for installation and training services to be performed for certain products sold in the manufacturing segment. These services are mainly for helping customers with the test runs of the machines sold and are considered a separate performance obligation. Such services can be provided by other entities as well, and these do not significantly modify the product. The Company recognizes the revenue at the point in time when the Company has satisfied its performance obligation.

In the real estate segment: (1) revenue from property development is earned and recognized on the earlier of the dates when the underlying property is sold or upon the maturity of the agreement; if this amount is uncollectible, the agreement empowers the repossession of the property, and (2) rental revenue is recognized on a straight-line basis over the terms of the respective leases. This means that, with respect to a particular lease, actual amounts billed in accordance with the lease during any given period may be higher or lower than the amount of rental revenue recognized for the period. Straight-line rental revenue is commenced when the tenant assumes possession of the leased premises. Accrued straight-line rents receivable represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with lease agreements.

***Investment***

The Company (a) evaluates the sufficiency of the total equity at risk, (b) reviews the voting rights and decision-making authority of the equity investment holders as a group, and whether there are any guaranteed returns, protection against losses, or capping of residual returns within the group and (c) establishes whether activities within the venture are on behalf of an investor with disproportionately few voting rights in making this Variable Interest Entity (“VIE”) determination. The Company would consolidate a venture that is determined to be a VIE if it was the primary beneficiary. Beginning January 1, 2010, a new accounting standard became effective and changed the method by which the primary beneficiary of a VIE is determined. Through a primarily qualitative approach, the variable interest holder, if any, who has the power to direct the VIE’s most significant activities is the primary beneficiary. To the extent that the investment does not qualify as VIE, the Company further assesses the existence of a controlling financial interest under a voting interest model to determine whether the venture should be consolidated.

***Long-Lived Assets & Impairment***

Our business requires heavy investment in manufacturing facilities and equipment that are technologically advanced but can quickly become significantly underutilized or rendered obsolete by rapid changes in demand. We have recorded intangible assets with finite lives related to our acquisitions.

We evaluate our long-lived assets with finite lives for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Factors considered important that could result in an impairment review include significant underperformance relative to expected historical or projected future operating results, significant changes in the manner of use of the assets or the strategy for our business, significant negative industry or economic trends, and a significant decline in our stock price for a sustained period of time. Impairment is recognized based on the difference between the fair value of the asset and its carrying value, and fair value is generally measured based on discounted cash flow analysis if there is significant adverse change.

While we have not identified any changes in circumstances requiring further impairment test in fiscal year 2022 other than the circumstances related to the Singapore Theme Resort Project, we will continue to monitor impairment indicators, such as disposition activity, stock price declines or changes in forecasted cash flows in future periods. If the fair value of our reporting unit declines below the carrying value in the future, we may incur additional impairment charges.

During the fourth quarter of fiscal 2021, The Company recorded an impairment charge of $1,580 related to the doubtful recovery of a down payment on shop lots in the Singapore Theme Resort Project in Chongqing, China. The Company elected to take this noncash impairment charge because of 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 and its relevant government policies, together with effects of the ongoing pandemic.

***Fair Value Measurements***

Under the standard ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC Topic 820"), fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants in the market in which the reporting entity transacts its business. ASC Topic 820 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, ASC Topic 820 establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy.

***Income Tax***

We account for income taxes using the liability method in accordance with the provisions of ASC Topic 740, *Accounting for Income Taxes* ("ASC Topic 740"), which requires an entity to recognize deferred tax liabilities and assets. Deferred tax assets and liabilities are recognized for the future tax consequence attributable to the difference between the tax bases of assets and liabilities and their reported amounts in the financial statements, which will result in taxable or deductible amounts in future years. Further, the effects of enacted tax laws or rate changes are included as part of deferred tax expenses or benefits in the period that covers the enactment date. Management believed it was more likely than not that the future benefits from these timing differences would not be realized. Accordingly, a full allowance was provided as of March 31, 2022 and 2021.

The calculation of tax liabilities involves dealing with uncertainties in the application of complex global tax regulations. We recognize potential liabilities for anticipated tax audit issues in the U.S. and other tax jurisdictions based on our estimate of whether, and the extent to which, additional taxes will be due. If the estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense would result.

***Stock-Based Compensation***

We calculate compensation expense related to stock option awards made to employees and directors based on the fair value of stock-based awards on the date of grant. We determine the grant date fair value of our stock option awards using the Black-Scholes option pricing model and for awards without performance condition the related stock-based compensation is recognized over the period in which a participant is required to provide service in exchange for the stock-based award, which is generally four years. We recognize stock-based compensation expense in the consolidated statements of shareholders' equity based on awards ultimately expected to vest. Forfeitures are estimated on the date of grant and revised if actual or expected forfeiture activity differs materially from original estimates.

Determining the fair value of stock-based awards at the grant date requires significant judgment. The determination of the grant date fair value of stock-based awards using the Black-Scholes option pricing model is affected by our estimated common stock fair value as well as other subjective assumptions including the expected term of the awards, the expected volatility over the expected term of the awards, expected dividend yield and risk-free interest rates. The assumptions used in our option-pricing model represent management's best estimates and are as follows:

- Fair Value of Common Stock. We determined the fair value of each share of underlying common stock based on the closing price of our common stock on the date of grant.
- Expected Term. The expected term of employee stock options reflects the period for which we believe the option will remain outstanding based on historical experience and future expectations.
- Expected Volatility. We base expected volatility on our historical information over a similar expected term.

***Noncontrolling Interests in Consolidated Financial Statements***

We adopted ASC Topic 810, *Consolidation* ("ASC Topic 810"). This guidance establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This guidance requires that noncontrolling interests in subsidiaries be reported in the equity section of the controlling company's balance sheet. It also changes the manner in which the net income of the subsidiary is reported and disclosed in the controlling company's income statement.

**Third Quarter Fiscal Year 2022 Highlights**

- Total revenue increased by $3,026, or 37.3%, to $11,138 in the third quarter of fiscal year 2022, compared to $8,112 for the same period in fiscal year 2021.
- Manufacturing segment revenue decreased by $33, or 1.1%, to $3,097 for the third quarter of fiscal year 2022, compared to $3,130 for the same period in fiscal year 2021.
- Testing segment revenue increased by $913, or 26.1%, to $4,417 for the third quarter of fiscal year 2022, compared to $3,504 for the same period in fiscal year 2021.
- Distribution segment revenue increased by $2,153, or 146.8%, to $3,620 for the third quarter of fiscal year 2022, compared to $1,467 for the same period in fiscal year 2021.
- Real estate segment rental revenue decreased by $7 to $4 for the third quarter of fiscal year 2022, compared to $11 for the same period in fiscal year 2021.
- The overall gross profit margin decreased by 3.2% to 22.2% for the third quarter of fiscal year 2022, from 25.4% for the same period in fiscal year 2021.
- General and administrative expenses increased by $455, or 23.7%, to $2,378 for the third quarter of fiscal year 2022, from $1,923 for the same period in fiscal year 2021.
- Selling expenses increased by $23, or 18.7%, to $146 for the third quarter of fiscal year 2022, from $123 for the same period in fiscal year 2021.
- Other income decreased by $146, or 53.5% to $127 in the third quarter of fiscal year 2022, compared to $273 in the same period in fiscal year 2021.
- Loss from operations was $130 for the third quarter of fiscal year 2022, an increase of $65 as compared to $65 for the same period in fiscal year 2021.
- Income tax expenses was $170 in the third quarter of fiscal year 2022, an increase of $52 as compared to $118 in the same period in fiscal year 2021.
- During the third quarter of fiscal year 2022, loss from continuing operations before noncontrolling interest, net of tax was $204, as compared to income from continuing operations before noncontrolling interest of $65 for the same period in fiscal year 2021.
- Net loss attributable to noncontrolling interest for the third quarter of fiscal year 2022 was $37, an improvement of $75 as compared to $112 in the same period in fiscal year 2021.
- Basic earnings per share for the third quarter of fiscal year 2022 were negative $0.04, as compared to earnings per share of $0.05 for the same period in fiscal year 2021.
- Dilutive earnings per share for the third quarter of fiscal year 2022 were negative $0.04, as compared to earnings per share of 0.04 for the same period in fiscal year 2021.
- Total assets increased by $3,497 to $41,803 as of March 31, 2022, compared to $38,306 as of June 30, 2021.
- Total liabilities increased by $1,173 to $13,426 as of March 31, 2022, compared to $12,253 as of June 30, 2021.

**Results of Operations and Business Outlook**

The following table sets forth our revenue components for both three months and nine months ended March 31, 2022 and 2021, respectively.

| Revenue Components | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | Mar. 31, 2022 | Mar. 31, 2021 | Mar. 31, 2022 | Mar. 31, 2021 |
| Manufacturing | 27.8% | 38.6% | 31.6% | 40.3% |
| Testing Services | 39.6 | 43.2 | 43.4 | 43.3 |
| Distribution | 32.5 | 18.1 | 24.9 | 16.3 |
| Real Estate | 0.1 | 0.1 | 0.1 | 0.1 |
| Total | 100.0% | 100.0% | 100.0% | 100.0% |

Revenue for the three and nine months ended March 31, 2022 was $11,138 and $32,231, respectively, an increase of $3,026 and $9,077, respectively, when compared to the revenue for the same period of the prior fiscal year. As a percentage, revenue increased by 37.3% and 39.2% for the three and nine months ended March 31, 2022, respectively, when compared to revenue for the same period of the prior year.

For the three and nine months ended March 31, 2022, the $3,026 and $9,077 increase in overall revenue was primarily due to

- an increase in the testing segment in Singapore, China, Malaysia and Thailand operations; and
- an increase in the distribution segment in Singapore operations;

These increases were partially offset by:

- a decrease in the manufacturing segment in the U.S. operation.

Total revenue into and within China, the Southeast Asia regions and other countries (except revenue into and within the United States) increased by $3,214 (or 41.7%), to $10,927 and by $9,318 (or 42.4%) to $31,262 for the three and nine months ended March 31, 2022, respectively, as compared with $7,713 and $21,944, respectively, for the same period of last fiscal year.

Total revenue into and within the U.S. was $222 and $988 for the three and nine months ended March 31, 2022, respectively, a decrease of $177 and $222 from $399 and $1,210 for the same periods of the prior year, respectively.

Revenue within our four current segments for the three and nine months ended March 31, 2022, is discussed below.

***Manufacturing Segment***

Revenue in the manufacturing segment was 27.8% and 31.6% as a percentage of total revenue for the three and nine months ended March 31, 2022, respectively, a decrease of 10.8% and 8.7% of total revenue, respectively, when compared to the same periods of the last fiscal year. The absolute amount of revenue decreased by $33 to $3,097 from $3,130 and increased by $863 to $10,187 from $9,324 for the three and nine months ended March 31, 2022, respectively, compared to the same periods of the last fiscal year.

Revenue in the manufacturing segment from one customer accounted for 44.2% and 23.1% of our total revenue in the manufacturing segment for the three months ended March 31, 2022 and 2021, respectively, and 40.3% and 27.5% of our total revenue in the manufacturing segment for the nine months ended March 31, 2022 and 2021, respectively.

The future revenue in our manufacturing segment will be affected by this one customer's purchase and capital expenditure plans if the customer base cannot be increased.

***Testing Services Segment***

The testing segment's revenue was 39.6% for the three months ended March 31, 2022, representing a decrease of 3.6%, compared to 43.2% for the same periods of the last fiscal year. Revenue in the testing segment was 43.4% as a percentage of total revenue for the nine months ended March 31, 2022, remaining consistent compared to the same period of the last fiscal year. The absolute amount of revenue increased by $913 to $4,417 from $3,504 and increased by $3,965 to $13,983 from $10,018 for the three and nine months ended March 31, 2022, respectively, as compared to the same periods of the last fiscal year.

During the third quarter of fiscal year 2022, the Company incorporated Trio-Tech (Jiangsu) Co. Ltd. (“TTJS”), located in Suzhou, China together with Suzhou Anchuang Technology Management L.L.P. (“SATM”) to provide subcontract services in the semiconductor and/or other related services in the electronics industry, mainly in Suzhou, China.

Based on our current visibility, revenue attributable to this joint venture is not expected to be material this fiscal year, as the joint venture company is in the development stage at this time.

The revenue in the testing segment from the one customer noted above accounted for 59.5% and 58.6% of our revenue in the testing segment for the three months ended March 31, 2022 and 2021, respectively, and 62.09% and 58.8% of our total revenue in the testing segment for the nine months ended March 31, 2022 and 2021, respectively. The future revenue in the testing segment will be affected by the demands of this customer if the customer base cannot be increased. 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 32.5% and 24.9% as a percentage of total revenue for the three and nine months ended March 31, 2022, respectively, an increase of 14.4% and 8.6%, respectively, compared to the same periods of the last fiscal year. The absolute amount of revenue increased by $2,153 to $3,620 from $1,467 and increased by $4,248 to $8,038 from $3,790 for the three and nine months ended March 31, 2022, respectively, compared to the same periods of the last fiscal year.

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***

The real estate segment accounted for 0.1% of total revenue for both the three and nine months ended March 31, 2022, respectively. The absolute amount of revenue decreased by $7 to $4 from $11 and remained comparable for the three and nine months ended March 31, 2022, respectively, compared to the same periods of the last fiscal year.

***Uncertainties and Remedies***

There are several influencing factors which create uncertainties when forecasting performance, such as the constantly changing nature of technology, specific requirements from the customer, decline in demand for certain types of burn-in devices or equipment, decline in demand for testing services and fabrication services, and other similar factors. One factor that influences uncertainty is the highly competitive nature of the semiconductor industry. Another is that some customers are unable to provide a forecast of the products required in the upcoming weeks; hence it is difficult to plan for the resources needed to meet these customers' requirements due to short lead time and last-minute order confirmation. This will normally result in a lower margin for these products as it is 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, in order 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 from staff 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 expenses in its subsidiaries. Strengthening of the 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 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.

In December 2019, COVID-19 was reported to have surfaced in China, resulting in shutdowns of manufacturing and commerce in the months that followed. Since then, the COVID-19 pandemic has spread to multiple countries worldwide and has resulted in authorities implementing numerous measures to try to contain the disease and slow its spread, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. These measures have created significant uncertainty and economic disruption, both short-term and potentially long-term.

The spread of COVID-19 has caused us to modify our business practices (including employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and we may take further actions as may be required by government authorities or that we determine are in the best interest of our employees, customers, partners, and suppliers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the virus and our ability to perform critical functions could be harmed.

The degree to which COVID-19 impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including but not limited to the duration and spread of the pandemic, its severity, the action to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. Even after the COVID-19 pandemic has subsided, we may experience material adverse impacts on our business as a result of the global economic impact and any recession that has occurred or may occur in the future. There are no comparable recent events that provide guidance as to the effect the spread of COVID-19 as a global pandemic may have, and, as a result, the ultimate impact of the pandemic on our operations and financial results is highly uncertain and subject to change.

There are legal and operational risks associated with having operations in China. These risks could result in a material change in our operations and/or the value of our common stock or could limit or hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. Recently, the Peoples Republic of China ("PRC") government initiated a series of regulatory actions and statements to regulate business operations in China with little advance notice, including cracking down on illegal activities in the securities market, enhancing supervision over China-based companies listed overseas using variable interest entity structure, adopting new measures to extend the scope of cybersecurity reviews, and expanding the efforts in anti-monopoly enforcement.

The Company and its subsidiaries do not have any variable interest entities based in China. Our business primarily consists of semiconductor testing and burn-in services for the automotive industry, avionics, defense sectors, and others. Our businesses are not impacted by anti-monopoly policies, variable interest entities policies, or data security policies, nor are our businesses subject to extraordinary oversight from the Chinese government.

**Comparison of the Three Months Ended March 31, 2022, and March 31, 2021**

The following table sets forth certain consolidated statements of income data as a percentage of revenue for the three months ended March 31, 2022 and 2021 respectively:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| **Revenue** | **100.0%** | **100.0%** |
| Cost of sales | 77.8 | 74.6 |
| **Gross Margin** | **22.2%** | **25.4%** |
| Operating expenses | | |
| General and administrative | 21.4% | 23.7% |
| Selling | 1.3 | 1.5 |
| Research and development | 0.7 | 1.0 |
| Total operating expenses | 23.4% | 26.2% |
| **Loss from Operations** | **(1.2)%** | **(0.8)%** |

***Overall Gross Margin***

Overall gross margin as a percentage of revenue decreased by 3.2% to 22.2% for the three months ended March 31, 2022, from 25.4% for the same period of the last fiscal year.

Gross profit margin as a percentage of revenue in the manufacturing segment decreased by 13.1% to 18.3% for the three months ended March 31, 2022, as compared to 31.4% for the same period in the last fiscal year. In absolute dollar amounts, gross profits in the manufacturing segment decreased by $415 to $567 for the three months ended March 31, 2022, from $982 for the same period in the last fiscal year. The decrease in gross profit margin was primarily due to a higher proportion of lower profit margin product sales for the three months ended March 31, 2022.

Gross profit margin as a percentage of revenue in the testing segment increased by 4.0% to 28.3% for the three months ended March 31, 2022, compared to 24.3% in the same period of the last fiscal year. The increase in gross profit margin was mainly due to an increase in orders across the Group, coupled with the price adjustments. Significant portions of our cost of goods sold are fixed in the testing segment. Thus, as the demand for services and factory utilization increases, the fixed costs are spread over the increased output, which increases the gross profit margin. In absolute dollar amounts, gross profit in the testing segment increased by $395 to $1,248 for the three months ended March 31, 2022, from $853 for the same period of the last fiscal year.

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 as a result of fluctuations in market demand. Gross profit margin as a percentage of revenue in the distribution segment increased by 2.7% to 18.6% for the three months ended March 31, 2022, from 15.9% in the same period of the last fiscal year. In absolute dollar amounts, gross profit in the distribution segment for the three months ended March 31, 2022, was $675, indicating an increase of $442, compared to $233 in the same period of the last fiscal year. The increase in gross margin as a percentage of revenue was due to an increase in the distribution revenue.

In absolute dollar amounts, for the three months ended March 31, 2022, gross loss in the real estate segment was $16, as compared to $8 for the same period of last fiscal year.

***Operating Expenses***

Operating expenses for the three months ended March 31, 2022 and 2021 were as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| (Unaudited) | 2022 | 2021 |
| General and administrative | $ 2,378 | $ 1,923 |
| Selling | 146 | 123 |
| Research and development | 80 | 79 |
| **Total** | **$ 2,604** | **$ 2,125** |

General and administrative expenses increased by $455, or 23.7%, from $1,923 to $2,378 for the three months ended March 31, 2022, compared to the same period of last fiscal year. The increase in general and administrative expenses was mainly attributable to the higher stock option compensation expenses led by the higher volatility of stock prices.

Selling expenses increased by $23, or 18,7%, from $123 to $146 for the three months ended March 31, 2022, compared to the same period of the last fiscal year. The increase in selling expenses was primarily attributable to an increase in commission expenses in the distribution segment of the Singapore operations as a result of an increase in commissionable revenue, coupled with an increase in payroll-related expenses in Thailand operation.

***Loss from Operations***

Loss from operations was $130 for the three months ended March 31, 2022, an increase of $65, compared to $65 loss from operations for the same period of last fiscal year. The result was mainly due to the increase in operating expenses, offset with the increase in gross profit margin, as previously discussed.

***Interest Expense***

Interest expense for the three months ended March 31, 2022 and 2021 were as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| (Unaudited) | 2022 | 2021 |
| **Interest expenses** | **$ 31** | **$ 25** |

Interest expense was $31 for the three months ended March 31, 2022, an increase of $6, or 24.0%, compared to $25 for the three months ended March 31, 2021. As of March 31, 2022, the Company had an unused line of credit of $5,158 as compared to $5,520 at March 31, 2021.

***Other Income***

Other income for the three months ended March 31, 2022 and 2021 were as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| (Unaudited) | 2022 | 2021 |
| Interest income | $ 13 | 26 |
| Other rental income | 30 | 25 |
| Exchange (loss) / gain | (9) | 58 |
| Government grant | 62 | 152 |
| Other miscellaneous income | 31 | 12 |
| Total | $ 127 | **$ 273** |

Other income decreased by $146 from $273 to $127 for the three months ended March 31, 2022 compared to the same period in the last fiscal year. The decrease was primarily due to a decrease in the government grant received amounting to $90, coupled with an increase of 67 in exchange loss.

In the three months ended March 31, 2022, the Company received government grants aggregating $62 from the local government in the Malaysia and Thailand operations, of which $nil reflects financial assistance to mitigate the negative impact on the businesses amid the pandemic.

In the three months ended March 31, 2021, the Company received government grants aggregating $152 from the local government in the Singapore and Malaysia operations, of which $107 reflects financial assistance to mitigate the negative impact on the businesses amid the pandemic.

***Income Tax Expenses***

The Company's income tax expense was $170 and $118 for the three months ended March 31, 2022, and March 31, 2021, respectively. Income tax expenses increased despite increased of loss mainly due to Singapore operations incurring higher income tax due to full utilization of tax allowances coupled with the additional tax arising from under provision of tax expenses for the financial year ended 2020.

***Noncontrolling Interest***

As of March 31, 2022, we held a 55% interest in Trio-Tech (Malaysia) Sdn. Bhd., Trio-Tech (Kuala Lumpur) Sdn. Bhd., SHI International Pte. Ltd., and PT. SHI Indonesia. We also held a 76% interest in Prestal Enterprise Sdn. Bhd and 51% of interest in Trio-Tech JiangSu Ltd. The share of net loss from the subsidiaries by the noncontrolling interest for the three months ended March 31, 2022 was $37, a decrease of $75 compared to the share of net loss from the subsidiaries by the noncontrolling interest of $112 for the same period of the previous fiscal year. The decrease in the net loss of the noncontrolling interest in the subsidiaries was attributable to the decrease in net loss generated by the Malaysia operation.

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

Net loss attributable to Trio-Tech International common shareholders for the three months ended March 31, 2022, was $167, a change of $345, compared to a net income of $178 for the same period last fiscal year.

***Earnings per Share***

Basic earnings per share from continuing operations were negative $0.04 for the three months ended March 31, 2022, compared to $0.05 for the same period in the last fiscal year. Basic earnings per share from discontinued operations were $nil for both the three months ended March 31, 2022 and 2021.

Diluted earnings per share from continuing operations were negative $0.04 for the three months ended March 31, 2022, as compared to $0.04 for the same period in the last fiscal year. Diluted earnings per share from discontinued operations were $nil for both the three months ended March 31, 2022 and 2021.

**Segment Information**

The revenue, gross margin and income or loss from operations for each segment during the third quarter of fiscal year 2022 and fiscal year 2021 are presented below. As the revenue and gross margin for each segment have been discussed in the previous section, only the comparison of income or loss from operations is discussed below.

***Manufacturing Segment***

The revenue, gross margin and loss / income from operations for the manufacturing segment for the three months ended March 31, 2022 and 2021 were as follows

| | Three Months Ended March 31, | |
|---|---|---|
| (Unaudited) | 2022 | 2021 |
| **Revenue** | $ 3,097 | $ 3,130 |
| **Gross margin** | 18.3% | 31.4% |
| **(Loss) / Income from operations** | $ (145) | $ 214 |

Loss from operations from the manufacturing segment was $145 compared to income from operations of $214 in the same period of the last fiscal year, primarily due to a decrease in gross margin of $415, offset with a decrease in operating expenses of $56. Operating expenses for the manufacturing segment were $712 and $768 for the three months ended March 31, 2022 and 2021, respectively. The decrease in operating expenses was mainly due to a decrease of $49 in general and administrative expenses and $11 in selling expenses, offset with an increase of $4 in corporate overhead expenses. The decrease in general and administrative expenses was mainly attributable to a decrease in payroll-related expenses in the Singapore operations.

***Testing Segment***

The revenue, gross margin and loss / income from operations for the testing segment for the three months ended March 31, 2022 and 2021 were as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| (Unaudited) | 2022 | 2021 |
| **Revenue** | $ 4,417 | $ 3,504 |
| **Gross margin** | 28.3% | 24.3% |
| **Loss from operations** | $ (124) | $ (320) |

Loss from operations in the testing segment for the three months ended March 31, 2022, was $124, a decrease of $196 from loss from operations of $320 in the same period of the last fiscal year. The improvement was mainly attributable to an increase of $395 in gross profit, as discussed earlier, offset by an increase of $199 in operating expenses. Operating expenses were $1,372 and $1,173 for the three months ended March 31, 2022 and 2021, respectively. The increase of $199 in operating expenses was mainly due to an increase of $7 in selling expenses, and an increase of $204 in general and administrative expenses. The increases were partially offset by a decrease of $12 in corporate overhead expenses. The increase in general and administrative expenses was mainly due to higher payroll related expenses in the Singapore operation and higher staff benefit expenses in China operations.

***Distribution Segment***

The revenue, gross margin and income from operations for the distribution segment for the three months ended March 31, 2022 and 2021 were as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| (Unaudited) | 2022 | 2021 |
| **Revenue** | $ 3,620 | $ 1,467 |
| **Gross margin** | 18.6% | 15.9% |
| **Income from operations** | $ 576 | $ 163 |

Income from operations for the distribution segment for the three months ended March 31, 2022 was $576 compared to $163 for the same period of last fiscal year. The increase of $413 was mainly due to an increase of $442 in the gross margin, as discussed earlier, offset by an increase in operating expenses. Operating expenses were $99 and $70 for the three months ended March 31, 2022 and 2021, respectively.

***Real Estate Segment***

The revenue, gross margin and loss from operations for the real estate segment for the three months ended March 31, 2022 and 2021 were as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| (Unaudited) | 2022 | 2021 |
| **Revenue** | $ 4 | $ 11 |
| **Gross margin** | (400.0)% | (82.0)% |
| **Loss from operations** | $ (35) | $ (23) |

Loss from operations in the real estate segment for the three months ended March 31, 2022, was $35 compared to $23 for the same period of last fiscal year. Operating expenses were $19 and $15 for the three months ended March 31, 2022 and 2021, respectively.

***Corporate***

The (loss) / income from operations for Corporate for the three months ended March 31, 2022 and 2021 was as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| (Unaudited) | 2022 | 2021 |
| **Income from operations** | $ (402) | $ (99) |

Corporate operating loss was $402 for the three months ended March 31, 2022, compared to loss of $99 in the same period of the last fiscal year. The increase in operating loss was mainly due to the stock option compensation expenses incurred.

**Comparison of the Nine Months Ended March 31, 2022, and March 31, 2021**

The following table sets forth certain consolidated statements of income data as a percentage of revenue for the nine months ended March 31, 2022 and 2021, respectively:

| | Nine Months Ended | |
|---|---|---|
| | Mar. 31, 2022 | Mar. 31, 2021 |
| **Revenue** | **100.0%** | **100.0%** |
| Cost of sales | 73.5 | 76.5 |
| **Gross Margin** | **26.5%** | **23.5%** |
| Operating expenses: | | |
| General and administrative | 19.6% | 22.7% |
| Selling | 1.4 | 1.5 |
| Research and development | 0.9 | 1.2 |
| Total operating expenses | 21.9% | 25.4% |
| **Income / (Loss) from Operations** | **4.6%** | **(1.9)%** |

***Overall Gross Margin***

Overall gross margin as a percentage of revenue increased by 3.0% to 26.5% for the nine months ended March 31, 2022, compared to 23.5% in the same period of last fiscal year. In terms of absolute dollar amounts, gross profits increased by $3,095 to $8,543 for the nine months ended March 31, 2022, from $5,448 for the same period of the last fiscal year.

Gross profit margin as a percentage of revenue in the manufacturing segment decreased by 3.4% to 23.1% for the nine months ended March 31, 2022, from 26.5% in the same period of the last fiscal year. In absolute dollar amounts, gross profit decreased by $120 to $2,349 for the nine months ended March 31, 2022 compared to $2,469 for the same period in the last fiscal year. The decrease in gross profit margin was primarily due to a higher proportion of lower profit margin product sales, despite an increase in revenue for the nine months ended March 31, 2022.

Gross profit margin as a percentage of revenue in the testing segment increased by 11.0% to 34.6% for the nine months ended March 31, 2022, from 23.6% in the same period of the last fiscal year. The increase in gross profit margin was mainly due to an increase in orders across the Group, coupled with the price adjustments. As the demand for services and factory utilization increase, the fixed costs are spread over the increased output, which increases the gross profit margin. In terms of absolute dollar amounts, gross profit in the testing segment increased by $2,476 to $4,842 for the nine months ended March 31, 2022, from $2,366 for the same period of the last fiscal year.

Gross profit margin as a percentage of revenue in the distribution segment remained comparable for the nine months ended March 31, 2022, as compared to the same period of the last fiscal year. The gross margin as a percentage of revenue remained comparable, despite there being an increase in the distribution revenue due to an increase in sales of low profit margin products in our Singapore operation for the nine months ended March 31, 2022, compared to the same period of last fiscal year. In terms of absolute dollar amounts, gross profit in the distribution segment for the nine months ended March 31, 2022, was $1,386, an increase of $738 compared to $648 in the same period of the last fiscal year. The gross profit margin of the distribution segment was affected not only by the market price of our products but also by our product mix, which frequently changes due to fluctuations in market demand.

Gross loss margin as a percentage of revenue in the real estate segment increased by 21.9% to 163.6% for the nine months ended March 31, 2022, from 141.7% in the same period of the last fiscal year. In terms of absolute dollar amounts, gross loss was $36 for the nine months ended March 31, 2022, compared to gross loss of $34 for the same period in the last fiscal year.

***Operating Expenses***

Operating expenses for the nine months ended March 31, 2022 and 2021 were as follows:

| | Nine Months Ended | |
|---|---|---|
| | Mar. 31, 2022 | Mar. 31, 2021 |
| (Unaudited) | | |
| General and administrative | $ 6,305 | $ 5,245 |
| Selling | 449 | 356 |
| Research and development | 293 | 277 |
| Gain on disposal of plant and equipment | - | (1) |
| **Total** | $ 7,047 | $ 5,877 |

General and administrative expenses increased by $1,060, or 20.3%, from $5,245 to $6,305 for the nine months ended March 31, 2022, compared to the same period of the last fiscal year. The increase in general and administrative expenses was primarily due to the higher payroll-related expenses in the Singapore and U.S. operations and an increase in staff-related expenses in the China operation, coupled with the higher stock option compensation.

Selling expenses increased by $93, or 26.1%, for the nine months ended March 31, 2022, from $356 to $449 compared to the same period of the last fiscal year. The increase in selling expenses was primarily attributable to an increase in commission expenses in the manufacturing and distribution segment of Singapore operation as a result of an increase in commissionable revenue. In addition, there was also an increase in payroll expenses in the Thailand operation.

***Income / (Loss) from Operations***

Income from operations was $1,496 for the nine months ended March 31, 2022, compared to loss from operations of $429 for the same period of the last fiscal year. The improvement was mainly due to the increase in gross profit margin, offset with an increase in operating expenses, as discussed earlier.

***Interest Expense***

Interest expense for the nine months ended March 31, 2022 and 2021 were as follows:

| | Nine Months Ended | |
|---|---|---|
| | Mar. 31, 2022 | Mar. 31, 2021 |
| (Unaudited) | | |
| **Interest expense** | $ 87 | $ 96 |

Interest expense decreased by $9 to $87 from $96 for the nine months ended March 31, 2022, compared to the same period of the last fiscal year. The decrease was mainly due to lower bank-loan principal in the Malaysia operation. Additionally, the bank loans payables decreased by $97 to $1,963 for the nine months ended March 31, 2022, compared to $2,060 as of June 30, 2021.

***Other Income***

Other income for the nine months ended March 31, 2022 and 2021 was as follows:

| | Nine Months Ended | |
|---|---|---|
| | Mar. 31, 2022 | Mar. 31, 2021 |
| (Unaudited) | | |
| Interest income | $ 51 | $ 96 |
| Other rental income | 88 | 70 |
| Exchange loss | (13) | (79) |
| Bad debt recovery | 104 | 10 |
| Dividend Income | - | 32 |
| Government grant | 160 | 412 |
| Commission income | 200 | - |
| Other miscellaneous income | 79 | 86 |
| **Total** | **$ 669** | **$ 627** |

Other income for the nine months ended March 31, 2022 was $669, an increase of $42 compared to $627 for the same period of last fiscal year.

In the nine months ended March 31, 2022, the Company received government grants aggregating $160 from the local governments in the Singapore and Malaysia operations, of which $61 reflects financial assistance to mitigate the negative impact on the businesses amid the pandemic.

In the nine months ended March 31, 2021, the Company received government grants aggregating $412 from the local governments in the Singapore and Malaysia operations, of which $263 reflects financial assistance to mitigate the negative impact on the businesses amid the pandemic.

***Income Tax Expenses***

Income tax expenses for the nine months ended March 31, 2022 was $503, an increase of $378 compared to tax expenses of $125 for the same period last fiscal year. The increase in income tax expense was primarily due to increase in the taxable income across the Group for the nine months ended March 31, 2022.

***Noncontrolling Interest***

As of March 31, 2022, we held a 55% interest in Trio-Tech Malaysia, Trio-Tech (Kuala Lumpur) Sdn. Bhd., SHI International Pte. Ltd. and PTSHI Indonesia, and a 76% interest in Prestal Enterprise Sdn. Bhd. The net income attributable to the noncontrolling interest in these subsidiaries for the nine months ended March 31, 2022, was $25, a decrease of $429, compared to a net loss of $454 for the same period of last fiscal year. The improvement was attributable to the increase in net income by the Malaysia operation for the nine months ended March 31, 2022.

***Net Income Attributable to Trio-Tech International Common Shareholders***

Net income was $1,605 for the nine months ended March 31, 2022, an increase of $1,200 compared to a net income of $405 for the same period in the last fiscal year. The increase was mainly due to the increase in revenue and gross margin. However, the increase was partially offset with an increase in operating expenses, as discussed earlier.

***Earnings per Share***

Basic earnings per share from continuing operations was $0.40 for the nine months ended March 31, 2022, compared to $0.11 for the same period in the last fiscal year. Basic earnings per share from discontinued operations were nil for both the nine months ended March 31, 2022 and 2021.

Diluted earnings per share from continuing operations was $0.38 for the nine months ended March 31, 2022, compared to $0.10 for the same period in the last fiscal year. Diluted earnings per share from discontinued operations were nil for both the nine months ended March 31, 2022 and 2021.

**Segment Information**

The revenue, gross profit margin, and income or loss from operations in each segment for the nine months ended March 31, 2022 and 2021, 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, 2022 and 2021 were as follows:

| | Nine Months Ended | |
|---|---|---|
| | Mar. 31, 2022 | Mar. 31, 2021 |
| (Unaudited) | | |
| **Revenue** | $ 10,187 | $ 9,324 |
| **Gross margin** | 23.1% | 26.5% |
| **Income from operations** | $ 107 | $ 277 |

Income from operations from the manufacturing segment was $107 for the nine months ended March 31, 2022, a decrease of $170 as compared to $277 in the same period of the last fiscal year due to a decrease in gross margin. The decrease in operating income was mainly due to a decrease in gross margin. The manufacturing segment's operating expenses were $2,242 and $2,193 for the nine months ended March 31, 2022 and 2021, respectively. The increase in operating expenses of $43 was mainly due to an increase in selling expenses by $14, and an increase in corporate overhead by $36 compared to the same period of last fiscal year. The increase was offset by a decrease in general and administrative expenses by $7.

***Testing Segment***

The revenue, gross margin and loss from operations for the testing segment for the nine months ended March 31, 2022 and 2021 were as follows:

| | Nine Months Ended | |
|---|---|---|
| | Mar. 31, 2022 | Mar. 31, 2021 |
| (Unaudited) | | |
| **Revenue** | $ 13,983 | $ 10,018 |
| **Gross margin** | 34.6% | 23.6% |
| **Income / (Loss) from operations** | $ 999 | $ (993) |

Income from operations in the testing segment for the nine months ended March 31, 2022, was $999, an improvement of $1,992 compared to loss from operation $993 in the same period of the last fiscal year due to an increase in gross margin and testing volume. The increase in gross margin was partially offset with an increase in operating expenses by $483. Operating expenses were $3,843 and $3,360 for the nine months ended March 31, 2022 and 2021, respectively. The higher operating expenses were mainly attributed to an increase in general and administrative expenses and selling expenses by $493 and $37, respectively. The increase offset with a decrease in corporate overheads by $56.

The increase in general and administrative expenses was mainly due to higher payroll related expenses in the Singapore operation and higher staff benefit expenses in China operations. The decrease in corporate overhead expenses was due to a change in the corporate overhead allocation compared to the same period last fiscal year. Corporate charges are allocated on a predetermined fixed charge basis.

***Distribution Segment***

The revenue, gross margin and income from operations for the distribution segment for the nine months ended March 31, 2022 and 2021 were as follows:

| | Nine Months Ended | |
|---|---|---|
| | Mar. 31, 2022 | Mar. 31, 2021 |
| (Unaudited) | | |
| **Revenue** | $ 8,038 | $ 3,790 |
| **Gross margin** | 17.2% | 17.1% |
| **Income from operations** | $ 1,108 | $ 407 |

Income from operations in the distribution segment for the nine months ended March 31, 2022, was $1,108, an increase of $701 compared to $407 in the same period of the last fiscal year. The increase in operating income was primarily due to an increase in gross margin by $739, which was partially offset with a decrease in operating expenses of $38. Operating expenses were $279 and $241 for the nine months ended March 31, 2022 and 2021, respectively.

***Real Estate Segment***

The revenue, gross loss margin and loss from operations for the real estate segment for the nine months ended March 31, 2022 and 2021 were as follows:

| | Nine Months Ended | |
|---|---|---|
| | Mar. 31, 2022 | Mar. 31, 2021 |
| (Unaudited) | | |
| **Revenue** | $ 23 | $ 22 |
| **Gross loss margin** | 163.6% | 163.6% |
| **Loss from operations** | $ (86) | $ (84) |

Loss from operations in the real estate segment for the nine months ended March 31, 2022, was $86, compared to $84 for the same period of the last fiscal year. Operating expenses were $51 and $48 for the nine months ended March 31, 2022 and 2021, respectively.

***Corporate***

The (loss)/ income from operations for corporate for the nine months ended March 31, 2022 and 2021 were as follows:

| | Nine Months Ended | |
|---|---|---|
| | Mar. 31, 2022 | Mar. 31, 2021 |
| (Unaudited) | | |
| **(Loss)/ Income from operations** | $ (636) | $ (36) |

The deterioration of $600 was mainly due to higher stock option compensation expense, coupled with a change in the corporate overhead allocation as compared to the same period last fiscal year. Corporate charges are allocated on a predetermined fixed charge basis.

**Financial Condition**

During the nine months ended March 31, 2022 total assets increased by $3,497 to $41,803 compared to $38,306 as of June 30, 2021. The increase in total assets was primarily due to an increase in cash and cash equivalents, trade account receivables, other receivables, inventories, prepaid expenses and other current assets, and operating lease right-of-use. This was partially offset by a decrease in short-term deposits, deferred tax assets, investment properties, other assets, property, plant and equipment, restricted term deposits and financed sales receivable.

Cash and cash equivalents were $7,478 as at March 31, 2022, reflecting an increase of $1,642 from $5,836 as at June 30, 2021, primarily due to the withdrawal of the short-term deposit for the nine months ended March 31, 2022.

Short-term deposits were $4,953 as at March 31, 2022, reflecting a decrease of $1,698 from $6,651 as at June 30, 2021. The decrease was primarily due to withdrawal of the short-term deposit for the nine months ended March 31, 2022 and reflected in the cash and cash equivalents.

As at March 31, 2022, the trade accounts receivable balance increased by $2,292 to $10,585, from $8,293 as at June 30, 2021, primarily due to an increase in overall Group's revenue. This increase was partially offset by the decrease in the U.S. operations. The number of days' sales outstanding in accounts receivables for the Group was 79 days at the end of the third quarter of the fiscal year 2022 and the end of the last fiscal year, respectively.

As at March 31, 2022, other receivables were $1,329, reflecting an increase of $667 from $662 as at June 30, 2021. The increase was primarily due to an increase in advance payments made to suppliers in the Singapore operation.

Inventories as at March 31, 2022, were $2,272, an increase of $192, compared to $2,080 as at June 30, 2021. The increase in inventories was in line with an increase in orders by customers in the distribution segment of the Singapore operations.

Prepaid expenses were $732 as at March 31, 2022 compared to $418 as at June 30, 2021. The increase of $314 was primarily due to the advance payment made for the new factory's utilities deposit in the China operation.

Investment properties' net in China was $636 as at March 31, 2022 and $681 as at June 30, 2021. The decrease was primarily due to the foreign currency exchange movement between June 30, 2021 and March 31, 2022. The increase was partially offset by the depreciation charged for the period.

Property, plant and equipment decreased by $424 from $9,531 as at June 30, 2021, to $9,107 as at March 31, 2022, mainly due to depreciation charged for the period and the foreign currency exchange movement between June 30, 2021 and March 31, 2022. The decrease was partially offset by the new acquisition of property, plant and equipment in the Singapore, Malaysia, Thailand and China operations.

Restricted term deposits remained consistent at $1,735 as at March 31, 2022 as compared to $1,741 as at June 30, 2021. This was primarily due to the foreign currency exchange movement between June 30, 2021 and March 31, 2022.

Other assets decreased by $121 to $141 as at March 31, 2022 compared to $262 as at June 30, 2021. This was mainly due to the reclassification of down payments made for the purchase of equipment in the Malaysia operation.

Lines of credit increased by $451 to $523 as at March 31, 2022 as compared to $72 as at June 30, 2021. This was due to the utilization of the bank facilities in the Singapore operation.

Accounts payable decreased by $1,482 to $2,220 as at March 31, 2022 as compared to $3,702 as at June 30, 2021. This was due to more payments having been made.

Accrued expenses increased by $1,680 to $5,043 as at March 31, 2022, as compared to $3,363 as at June 30, 2021. The increase in accrued expenses was mainly due to an increase in the accrued purchases and customers' deposit received in the Singapore operations.

Bank loans payable decreased by $97 to $1,963 as at March 31, 2022, as compared to $2,060 as at June 30, 2021. This was due to the repayments made in the Malaysia operation.

Finance leases decreased by $162 to $288 as at March 31, 2022, as compared to $450 as at June 30, 2021. This was due to the repayments made in the Singapore and Malaysia operations.

Operating lease right-of-use assets and the corresponding lease liability increased by $725 to $2,601 as of March 31, 2022, as compared to $1,876 as at June 30, 2021. This was due to the new lease agreement entered in the China operation. The increase was partially offset with the repayment made and the operating lease expenses charged for the period.

**Liquidity Comparison**

Net cash provided by operating activities decreased by $325 to an inflow of $579 for the nine months ended March 31, 2022, from an inflow of $900 for the same period of the last fiscal year. The decrease in net cash inflow provided by operating activities was primarily due to an increase in cash outflow of $1,201 from trade account receivables, partially offset by an increase in net income of $1,629.

Net cash provided by investing activities increased by $1,363 to an inflow of $538 for the nine months ended March 31, 2022, from an outflow of $825 for the same period of the last fiscal year. The increase in cash inflow was primarily due to an increase in withdrawal of unrestricted deposit amounting to $2,595. These increases were partially offset by an increase in cash outflow of $709 and $523 from investment in unrestricted term deposit and capital expenditure respectively.

Net cash provided by financing activities for the nine months ended March 31, 2022, was $510, representing an increase of $231, as compared to cash inflow of $279 during the nine months ended March 31, 2021. The increase in cash inflow was mainly attributable to an increase in cash inflow by $1,276 from the lines of credit proceeds. This increase was partially offset by an increase in cash outflow of $851 from the payments on lines of credit and a decrease in cash inflow of $373 from the stock option exercise proceeds.

The Company has filed the S3 registration statement on December 3, 2021. We may raise capital of US$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, 2022, 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 controls over financial reporting during the fiscal quarter ended March 31, 2022, that has materially affected, or is 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**

Malaysia and Singapore regulations prohibit the payment of dividends if the Company does not have sufficient retained earnings and tax credit. In addition, the payment of dividends can only be made after making deductions for income tax pursuant to the regulations. Furthermore, the cash movements from the Company's 55% owned Malaysian subsidiary to overseas are restricted and must be authorized by the Central Bank of Malaysia. California law also prohibits the payment of dividends if the Company does not have sufficient retained earnings or cannot meet certain asset to liability ratios.

**Item 3. Defaults Upon Senior Securities**

Not applicable.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain officers; Compensatory**

**Arrangement of Certain officers**

On March 24, 2022, Mr. Victor Ting informed the Company that he would like to retire as Chief Financial Officer of the Company effective June 30, 2022. Mr. Victor Ting will remain as a director of the Company. From July 2022 through September 2022, Mr. Victor Ting will assist the new Chief Financial Officer, on a consulting basis, to help oversee the June 30, 2022 year-end filing process. Mr. Victor Ting will be compensated for such consulting services at a rate equal to 50% of his current salary. The Board has agreed to gift to Mr. Victor Ting the company car he currently uses, valued at approximately $45k as a token of appreciation for his 45 years of service with the Company.

Ms Srinivasan Anitha will succeed Mr Victor Ting effective July 1, 2022.

**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/ Victor H.M. Ting
VICTOR H.M. TING
Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: May 16, 2022

**Exhibit 31.1**

**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 16, 2022

/s/ S. W. Yong
S. W. Yong, Chief Executive Officer
and President (Principal Executive Officer)

**Exhibit 31.2**

I, Victor H.M. Ting, 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 16, 2022

/s/ Victor H.M. Ting
Victor H.M. Ting, Chief Financial Officer
and Vice President (Principal Financial Officer)

**Exhibit 32**

SECTION 1350 CERTIFICATION

Each of the undersigned, S.W. Yong, President and Chief Executive Officer of Trio-Tech International, a California corporation (the "Company"), and Victor H.M. Ting, Vice President and 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 knowledge (1) the quarterly report on Form 10-Q of the Company for the three months ended March 31, 2022, 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: President and Chief Executive Officer
Dated: May 16, 2022

/s/ Victor H.M. Ting
Name: Victor H.M. Ting
Title: Vice President and Chief Financial Officer
Dated: May 16, 2022

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.