UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2024

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

For the transition period from __________________________

Commission File Number 0-18277

VICOR CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**04-2742817**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**

25 Frontage Road, Andover, Massachusetts 01810
(Address of Principal Executive Office)

(978) 470-2900
(Registrant's telephone number)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	**VICR**	**The NASDAQ Stock Market LLC**

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

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

Large accelerated filer	☑	Smaller reporting company	☐
Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☐		

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 ☑

The number of shares outstanding of each of the issuer's classes of Common Stock as of April 25, 2024 was:

Common Stock, $.01 par value	32,808,042
Class B Common Stock, $.01 par value	11,738,718

VICOR CORPORATION

INDEX

VICOR CORPORATION

Part I – Financial Information
Item 1 – Financial Statements

Condensed Consolidated Balance Sheets
(In thousands, except share data)
(Unaudited)

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 239,172	$ 242,219
Accounts receivable, net	57,604	52,631
Inventories	112,316	106,579
Other current assets	19,173	18,937
Total current assets	428,265	420,366
Long-term deferred tax assets, net	277	296
Long-term investment, net	2,622	2,530
Property, plant and equipment, net	157,677	157,689
Other assets	16,276	14,006
Total assets	$ 605,117	$ 594,887
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 12,439	$ 12,100
Accrued compensation and benefits	11,636	11,227
Accrued litigation	23,700	6,500
Accrued expenses	7,078	5,093
Short-term lease liabilities	1,812	1,864
Sales allowances	3,130	3,482
Income taxes payable	1,602	746
Short-term deferred revenue and customer prepayments	2,684	3,157
Total current liabilities	64,081	44,169
Long-term deferred revenue	660	1,020
Long-term income taxes payable	2,236	2,228
Long-term lease liabilities	6,094	6,364
Total liabilities	73,071	53,781
Commitments and contingencies (Note 10)		
Equity:		
Vicor Corporation stockholders’ equity:		
Class B Common Stock: 10 votes per share, $.01 par value, 14,000,000 shares authorized, 11,743,218 shares issued and outstanding in 2024 and 2023	118	118
Common Stock: 1 vote per share, $.01 par value, 62,000,000 shares authorized 44,434,840 shares issued and 32,800,034 shares outstanding in 2024; 44,354,394 shares issued and 32,719,588 shares outstanding in 2023	446	445
Additional paid-in capital	389,367	383,832
Retained earnings	282,201	296,674
Accumulated other comprehensive loss	(1,390)	(1,273)
Treasury stock at cost: 11,634,806 shares in 2024 and 2023	(138,927)	(138,927)
Total Vicor Corporation stockholders’ equity	531,815	540,869
Noncontrolling interest	231	237
Total equity	532,046	541,106
Total liabilities and equity	$ 605,117	$ 594,887

See accompanying notes.

VICOR CORPORATION

Condensed Consolidated Statements of Operations
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net revenues	$ 83,872	$ 97,816
Cost of revenues	38,749	51,282
Gross margin	45,123	46,534
Operating expenses:		
Selling, general and administrative	25,999	20,223
Research and development	18,039	15,869
Litigation-contingency expense	17,200	—
Total operating expenses	61,238	36,092
(Loss) income from operations	(16,115)	10,442
Other income (expense), net:		
Total unrealized gains on available-for-sale securities, net	92	9
Less: portion of gains recognized in other comprehensive income	(92)	(9)
Net credit gains recognized in earnings	—	—
Other income (expense), net	2,724	1,950
Total other income (expense), net	2,724	1,950
(Loss) income before income taxes	(13,391)	12,392
Provision for income taxes	1,071	1,141
Consolidated net (loss) income	(14,462)	11,251
Less: Net income attributable to noncontrolling interest	11	7
Net (loss) income attributable to Vicor Corporation	$ (14,473)	$ 11,244
Net (loss) income per common share attributable to Vicor Corporation:		
Basic	$ (0.33)	$ 0.25
Diluted	$ (0.33)	$ 0.25
Shares used to compute net (loss) income per common share attributable to Vicor Corporation:		
Basic	44,516	44,162
Diluted	44,516	44,907

See accompanying notes.

VICOR CORPORATION

Condensed Consolidated Statements of Comprehensive (Loss) Income
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Consolidated net (loss) income	$ (14,462)	$ 11,251
Foreign currency translation losses, net of tax (1)	(226)	(15)
Unrealized gains on available-for-sale securities, net of tax (1)	92	9
Other comprehensive loss	(134)	(6)
Consolidated comprehensive (loss) income	(14,596)	11,245
Less: Comprehensive (loss) income attributable to noncontrolling interest	(6)	6
Comprehensive (loss) income attributable to Vicor Corporation	$ (14,590)	$ 11,239

(1) The deferred tax assets associated with foreign currency translation losses and unrealized gains on available-for-sale securities are completely offset by a tax valuation allowance as of March 31, 2024 and 2023. Therefore, there is no income tax benefit (provision) recognized for the three months ended March 31, 2024 and 2023.

See accompanying notes.

VICOR CORPORATION

Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Operating activities:		
Consolidated net (loss) income	$ (14,462)	$ 11,251
Adjustments to reconcile consolidated net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	4,614	4,199
Stock-based compensation expense	3,780	2,817
Litigation-contingency expense	17,200	—
(Decrease) increase in long-term deferred revenue	(360)	2,038
(Decrease) increase in other assets	(99)	33
Deferred income taxes	4	—
Increase in long-term income taxes payable	8	7
Change in current assets and liabilities, net	(8,103)	(10,232)
Net cash provided by operating activities	2,582	10,113
Investing activities:		
Additions to property, plant and equipment and internal-use software	(7,270)	(10,089)
Net cash used for investing activities	(7,270)	(10,089)
Financing activities:		
Proceeds from employee stock plans	1,756	2,261
Net cash provided by financing activities	1,756	2,261
Effect of foreign exchange rates on cash	(115)	1
Net (decrease) increase in cash and cash equivalents	(3,047)	2,286
Cash and cash equivalents at beginning of period	242,219	190,611
Cash and cash equivalents at end of period	$ 239,172	$ 192,897
Supplemental disclosure:		
Purchases of property, plant and equipment and internal-use software incurred but not yet paid	$ 1,983	$ 2,083

See accompanying notes.

VICOR CORPORATION

Condensed Consolidated Statements of Equity
(In thousands)
(Unaudited)

	Class B Common Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Vicor Corporation Stockholders' Equity	Noncontrolling Interest	Total Equity
Three Months Ended March 31, 2024									
Balance on December 31, 2023	$ 118	$ 445	$ 383,832	$ 296,674	$ (1,273)	$ (138,927)	$ 540,869	$ 237	$ 541,106
Issuance of Common Stock under employee stock plans		1	1,755				1,756		1,756
Stock-based compensation expense			3,780				3,780		3,780
Components of comprehensive income (loss), net of tax:									
Net (loss) income				(14,473)			(14,473)	11	(14,462)
Other comprehensive loss					(117)		(117)	(17)	(134)
Total comprehensive (loss)							(14,590)	(6)	(14,596)
Balance on March 31, 2024	$ 118	$ 446	$ 389,367	$ 282,201	$ (1,390)	$ (138,927)	$ 531,815	$ 231	$ 532,046

	Class B Common Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Vicor Corporation Stockholders' Equity	Noncontrolling Interest	Total Equity
Three Months Ended March 31, 2023									
Balance on December 31, 2022	$ 118	$ 441	$ 360,365	$ 243,079	$ (988)	$ (138,927)	$ 464,088	$ 248	$ 464,336
Issuance of Common Stock under employee stock plans		1	2,260				2,261		2,261
Stock-based compensation expense			2,817				2,817		2,817
Components of comprehensive income (loss), net of tax:									
Net income				11,244			11,244	7	11,251
Other comprehensive loss					(5)		(5)	(1)	(6)
Total comprehensive income							11,239	6	11,245
Balance on March 31, 2023	$ 118	$ 442	$ 365,442	$ 254,323	$ (993)	$ (138,927)	$ 480,405	$ 254	$ 480,659

See accompanying notes.

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements
March 31, 2024
(unaudited)

1. Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements of Vicor Corporation and its consolidated subsidiaries (collectively, the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, these interim financial statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2024 are not necessarily indicative of the results that may be expected for any other interim period or the year ending December 31, 2024. The balance sheet at December 31, 2023 presented herein has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed by the Company with the SEC on February 28, 2024.

2. Inventories

Inventories were as follows (in thousands):

	March 31, 2024	December 31, 2023
Raw materials	$ 88,365	$ 88,716
Work-in-process	15,113	10,525
Finished goods	8,838	7,338
	$ 112,316	$ 106,579

3. Long-Term Investments

As of March 31, 2024 and December 31, 2023, the Company held one auction rate security with a par value of $3,000,000 and an estimated fair value of approximately $2,622,000 and $2,530,000, respectively, purchased through and held in custody by a broker-dealer affiliate of Bank of America, N.A., that has experienced failed auctions (the "Failed Auction Security") since February 2008. The Failed Auction Security held by the Company is Aaa/AA+ rated by major credit rating agencies, is collateralized by student loans, and is guaranteed by the U.S. Department of Education under the Federal Family Education Loan Program. Management is not aware of any reason to believe the issuer of the Failed Auction Security is presently at risk of default. Through March 31, 2024, the Company has continued to receive interest payments on the Failed Auction Security in accordance with the terms of its indenture. Management believes the Company ultimately should be able to liquidate the Failed Auction Security without significant loss primarily due to the overall quality of the issue held and the collateral securing the substantial majority of the underlying obligation. However, current conditions in the auction rate securities market have led management to conclude the recovery period for the Failed Auction Security exceeds 12 months. As a result, the Company continued to classify the Failed Auction Security as long-term as of March 31, 2024.

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements
March 31, 2024
(unaudited)

Details of our investments are as follows (in thousands):

	March 31, 2024	
	Cash and Cash Equivalents	Long-Term Investment
Measured at fair value:		
Available-for-sale securities:		
Money market funds	$ 209,702	$ —
Failed Auction Security	—	2,622
Total	209,702	2,622
Other measurement basis:		
Cash on hand	29,470	—
Total	$ 239,172	$ 2,622

	December 31, 2023	
	Cash and Cash Equivalents	Long-Term Investment
Measured at fair value:		
Available-for-sale securities:		
Money market funds	$ 209,489	$ —
Failed Auction Security	—	2,530
Total	209,489	2,530
Other measurement basis:		
Cash on hand	32,730	—
Total	$ 242,219	$ 2,530

The following is a summary of the available-for-sale securities (in thousands):

March 31, 2024	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Failed Auction Security	$ 3,000	—	378	$ 2,622

December 31, 2023	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Failed Auction Security	$ 3,000	—	470	$ 2,530

As of March 31, 2024, the Failed Auction Security had been in an unrealized loss position for greater than 12 months.

The amortized cost and estimated fair value of the available-for-sale securities on March 31, 2024, by type and contractual maturities, are shown below (in thousands):

	Cost	Estimated Fair Value
Failed Auction Security:		
Due in nineteen years	$ 3,000	$ 2,622

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements
March 31, 2024
(unaudited)

4. Fair Value Measurements

The Company accounts for certain financial assets at fair value, defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions market participants would use in pricing an asset or liability. A three-level hierarchy is used to show the extent and level of judgment used to estimate fair value measurements.

Assets and liabilities measured at fair value on a recurring basis included the following as of March 31, 2024 (in thousands):

	Using			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value as of March 31, 2024
Cash equivalents:				
Money market funds	$ 209,702	$ —	$ —	$ 209,702
Long-term investment:				
Failed Auction Security	—	—	2,622	2,622

Assets and liabilities measured at fair value on a recurring basis included the following as of December 31, 2023 (in thousands):

	Using			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value as of December 31, 2023
Cash equivalents:				
Money market funds	$ 209,489	$ —	$ —	$ 209,489
Long-term investment:				
Failed Auction Security	—	—	2,530	2,530

The change in the estimated fair value calculated for the investment valued on a recurring basis utilizing Level 3 inputs (i.e., the Failed Auction Security) for the three months ended March 31, 2024 was as follows (in thousands):

Balance at the beginning of the period	$ 2,530
Gain included in Other comprehensive loss	92
Balance at the end of the period	$ 2,622

Management utilized a probability weighted discounted cash flow model to determine the estimated fair value as of March 31, 2024.

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements
March 31, 2024
(unaudited)

5. Revenues

The following tables present the Company's net revenues disaggregated by geography based on the location of the customer, by product line (in thousands):

	Three Months Ended March 31, 2024		
	Brick Products	Advanced Products	Total
United States	$ 20,974	$ 27,186	$ 48,160
Europe	6,857	3,999	10,856
Asia Pacific	12,268	12,052	24,320
All other	493	43	536
	$ 40,592	$ 43,280	$ 83,872

	Three Months Ended March 31, 2023		
	Brick Products	Advanced Products	Total
United States	$ 21,256	$ 13,710	$ 34,966
Europe	7,546	4,027	11,573
Asia Pacific	16,847	33,444	50,291
All other	876	110	986
	$ 46,525	$ 51,291	$ 97,816

The following tables present the Company's net revenues disaggregated by the category of revenue, by product line (in thousands):

	Three Months Ended March 31, 2024		
	Brick Products	Advanced Products	Total
Direct customers, contract manufacturers and non-stocking distributors	$ 20,810	$ 21,640	$ 42,450
Stocking distributors, net of sales allowances	19,407	9,632	29,039
Non-recurring engineering	375	3,468	3,843
Royalties	—	8,180	8,180
Other	—	360	360
	$ 40,592	$ 43,280	$ 83,872

	Three Months Ended March 31, 2023		
	Brick Products	Advanced Products	Total
Direct customers, contract manufacturers and non-stocking distributors	$ 30,486	$ 42,013	$ 72,499
Stocking distributors, net of sales allowances	15,737	5,052	20,789
Non-recurring engineering	302	2,128	2,430
Royalties	—	2,020	2,020
Other	—	78	78
	$ 46,525	$ 51,291	$ 97,816

The following table presents the changes in certain contract liabilities (in thousands):

	March 31, 2024	December 31, 2023	Change
Short-term deferred revenue and customer prepayments	$ (2,684)	$ (3,157)	$ 473
Long-term deferred revenue	(660)	(1,020)	360
Sales allowances	(3,130)	(3,482)	352

The Company records deferred revenue, which represents a contract liability, when cash payments are received or due in advance of performance under a contract with a customer. The Company recognized revenue of $360,000 and approximately $1,609,000 for the three months ended March 31, 2024 and 2023, respectively, that was included in deferred revenue at the beginning of the respective period.

6. Stock-Based Compensation

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock option awards, whether they possess time-based vesting provisions or performance-based vesting provisions, and awards granted under the Vicor Corporation 2017 Employee Stock Purchase Plan ("ESPP"), as of their grant date. Stock-based compensation expense was as follows (in thousands):

	Three Months Ended March 31,	
	2024	2023
Cost of revenues	$ 754	$ 486
Selling, general and administrative	1,919	1,520
Research and development	1,107	811
Total stock-based compensation	$ 3,780	$ 2,817

Compensation expense by type of award was as follows (in thousands):

	Three Months Ended March 31,	
	2024	2023
Stock options	$ 3,466	$ 2,496
ESPP	314	321
Total stock-based compensation	$ 3,780	$ 2,817

7. Rental Income

Income, net under the Company's operating lease agreement, for its owned facility leased to a third party in California, was approximately $198,000 for each of the three month periods ended March 31, 2024 and 2023.

8. Income Taxes

The provision for income taxes is based on the estimated annual effective tax rate for the year, which includes estimated federal, state and foreign income taxes on the Company's projected pre-tax income (loss).

The provision for income taxes and the effective income tax rates were as follows (dollars in thousands):

VICOR CORPORATION

Notes to Condensed Consolidated Financial Statements
March 31, 2024
(unaudited)

	Three Months Ended March 31,	
	2024	2023
Provision for income taxes	$ 1,071	$ 1,141
Effective income tax rate	(8.0)%	9.2%

The effective tax rates differ from the statutory tax rates for the three months ended March 31, 2024 and 2023 primarily due to the Company's full valuation allowance position against domestic deferred tax assets. The provision for income taxes for the three months ended March 31, 2024 and 2023 included estimated federal, state and foreign income taxes in jurisdictions in which the Company does not have sufficient tax attributes.

As of March 31, 2024, the Company had a valuation allowance of approximately $52,291,000 against all net domestic deferred tax assets for which realization cannot be considered more likely than not at this time. Management assesses the need for the valuation allowance on a quarterly basis. In assessing the need for a valuation allowance, the Company considers all positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and past financial performance. Despite recent positive operating results, the Company faces uncertainties in forecasting its operating results due to supply and factory capacity constraints, certain process issues with the production of Advanced Products and the unpredictability in certain markets. This operating uncertainty also makes it difficult to predict the availability and utilization of tax benefits over the next several years. As a result, management has concluded, as of March 31, 2024, it is more likely than not the Company's net domestic deferred tax assets will not be realized, and a full valuation allowance against all net domestic deferred tax assets is still warranted as of March 31, 2024. The valuation allowance against these deferred tax assets may require adjustment in the future based on changes in the mix of temporary differences, changes in tax laws, and operating performance. If the positive operating results continue, and the Company's concerns about industry uncertainty and world events, supply and factory capacity constraints, and process issues with the production of Advanced Products are resolved, and the amount of tax benefits the Company is able to utilize to the point that the Company believes future taxable income can be more reliably forecasted, the Company may release all or a portion of the valuation allowance in the near-term. If and when the Company determines the valuation allowance should be released (i.e., reduced), the adjustment would result in a tax benefit reported in that period's Condensed Consolidated Statements of Operations, the effect of which would be an increase in reported net income.

The Company was informed in September 2021 by the Internal Revenue Service of their intention to examine the Company's 2019 Federal income tax return. The IRS is in the process of closing examination of the 2019 tax year with no material adjustments. There are no other audits or examinations in process in any other jurisdiction.

9. Net (Loss) Income per Share

The following table sets forth the computation of basic and diluted net (loss) income per share (in thousands, except per share amounts):

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Numerator:		
Net (loss) income attributable to Vicor Corporation	$ (14,473)	$ 11,244
Denominator:		
Denominator for basic net (loss) income per share-weighted average shares (1)	44,516	44,162
Effect of dilutive securities:		
Employee stock options (2)	—	745
Denominator for diluted net (loss) income per share – adjusted weighted-average shares and assumed conversions	44,516	44,907
Basic net (loss) income per share	$ (0.33)	$ 0.25
Diluted net (loss) income per share	$ (0.33)	$ 0.25

(1) Denominator represents the weighted average number of shares of Common Stock and Class B Common Stock outstanding.

(2) Options to purchase 2,500,448 and 1,035,618 shares of Common Stock for the three months ended March 31, 2024 and 2023, respectively, were not included in the calculations of net (loss) income per share as the effect would have been antidilutive.

10. Commitments and Contingencies

At March 31, 2024, the Company had approximately $11,475,000 of cancelable and non-cancelable capital expenditure commitments, principally for manufacturing equipment.

The Company is the defendant in a patent infringement lawsuit originally filed on January 28, 2011 by SynQor, Inc. (“SynQor”) in the U.S. District Court for the Eastern District of Texas (the “District Court”). The complaint, as amended, alleged that the Company’s unregulated bus converters used in intermediate bus architecture power supply systems infringed SynQor’s U.S. patent numbers 7,072,190, 7,272,021, 7,564,702, and 8,023,290 (“the ‘190 patent”, “the ‘021 patent”, “the ‘702 patent”, and “the ‘290 patent”, respectively, and collectively the “SynQor Patents”). The Company asserted counterclaims against SynQor alleging unfair competition and tortious interference with business relations (the “Counterclaims”). As a result of certain actions by the United States Patent and Trademark Office (“USPTO”) and the District Court, SynQor’s infringement allegations regarding the ‘021 patent and the ‘290 patent were dismissed from the case prior to the beginning of trial. Specifically, the USPTO invalidated all the asserted claims of the ‘021 patent and that decision was upheld on appeal on August 30, 2017. In addition, on October 5, 2022, the District Court issued an order involuntarily dismissing the ‘290 patent infringement allegations on grounds of equitable and judicial estoppel, in view of representations by SynQor to the District Court agreeing to such dismissal as a condition of lifting a prior stay of the lawsuit. On January 18, 2023, the United States Court of Appeals for the Federal Circuit issued a decision upholding a decision of the Patent Trial and Appeal Board of the USPTO invalidating all claims of the ‘290 patent.

A trial in the District Court began on October 17, 2022 on the asserted claims of the ‘190 patent and the ‘702 patent, as well as on the Company’s Counterclaims. The District Court dismissed the Company’s Counterclaims on October 25, 2022. On October 26, 2022, the jury returned a verdict on SynQor’s patent infringement claims, finding that the Company willfully infringed the ‘702 patent, but did not infringe the ‘190 patent. The jury verdict awarded SynQor damages in the amount of $6,500,000 for infringement of the ‘702 patent. All of the SynQor Patents expired in 2018.

On December 23, 2022, SynQor filed in the District Court (a) a motion for judgment as a matter of law that the Company infringed the ‘190 patent, (b) a motion requesting the District Court to award SynQor treble damages, as well as pre- and post-judgment interest, (c) a motion requesting the District Court to award SynQor its attorneys’ fees, and (d) a motion for a new trial. On December 23, 2022, the Company filed in the District Court (a) a motion requesting judgment as a matter of law that it did not infringe the ‘702 patent, and (b) a motion requesting judgment with respect to its defenses of equitable estoppel and waiver. On January 8, 2024, the District Court issued orders denying (a) SynQor’s motion for judgment as a matter of law, (b) the Company’s motion for judgment as a matter of law, (c) the Company’s motion for judgment with respect to its defenses of equitable estoppel and waiver and (d) SynQor’s motion for a new trial.

On April 24, 2024, the District Court issued an order granting SynQor’s motions for enhanced damages, pre-judgment and post-judgment interest, costs and attorneys' fees. Specifically, the District Court determined that the jury’s damages award of $6,500,000 should be enhanced by $4,500,000. The District Court also granted SynQor an award of costs in the amount of approximately $87,000. The District Court also awarded SynQor pre-judgment interest at the 2009 prime rate, compounded quarterly beginning in July 2009, as well as post-judgment interest at the statutory rate. The District Court also awarded SynQor its attorneys' fees relating to the assertion of the ‘702 patent, in an amount to be determined based upon the District Court’s consideration of subsequent submissions by SynQor.

The Company anticipates appealing the District Court’s final judgment to the United States Court of Appeals for the Federal Circuit.

In accordance with applicable accounting standards, the Company recorded a litigation related accrual of $6,500,000 in the third quarter of 2022 and an incremental litigation related accrual of $17,200,000 in the first quarter of 2024 as its estimate based on the awarded judgments, including enhanced damages, pre-judgment interest, costs and estimated attorneys' fees. The final determination of attorneys' fees and any associated pre-judgment and post-judgment interest will depend on the District Court's determination of those fees and interest amounts, subject to appeal, and could differ from the recorded liability.

In addition, the Company is involved in certain other litigation and claims incidental to the conduct of its business, both as a defendant and a plaintiff. While the outcome of such other lawsuits and claims against the Company cannot be predicted with certainty, management does not expect such litigation or claims will have a material adverse impact on the Company’s financial position or results of operations.

11. Impact of Recently Issued Accounting Standards

On November 27, 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards (“ASU”) No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which enhances segment disclosures and requires additional disclosures of segment expenses. This ASU is effective for annual periods in fiscal years beginning after December 15, 2023, and interim periods thereafter. Early adoption is permitted. The Company has not yet determined the impact of this ASU on the Company’s consolidated financial statements and disclosures.

In December 2023, FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which focuses on the rate reconciliation and income taxes paid. ASU No. 2023-09 requires a public business entity (PBE) to disclose, on an annual basis, a tabular rate reconciliation using both percentages and currency amounts, broken out into specified categories with certain reconciling items further broken out by nature and jurisdiction to the extent those items exceed a specified threshold. In addition, all entities are required to disclose income taxes paid, net of refunds received disaggregated by federal, state/local, and foreign and by jurisdiction if the amount is at least 5% of total income tax payments, net of refunds received. For PBEs, the new standard is effective for annual periods beginning after December 15, 2024, with early adoption permitted. An entity may apply the amendments in this ASU prospectively by providing the revised disclosures for the period ending December 31, 2025 and continuing to provide the pre-ASU disclosures for the prior periods, or may apply the amendments retrospectively by providing the revised disclosures for all period presented. The Company expects this ASU to impact disclosures with no impact to the Company’s consolidated financial statements.

Other new pronouncements issued but not effective until after March 31, 2024 are not expected to have a material impact on the Company’s consolidated financial statements.

Item 2 — Management’s Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Note Regarding Forward-Looking Statements

The Company’s consolidated operating results are affected by a wide variety of factors that could materially and adversely affect revenues and profitability, including the risk factors described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023. As a result of these and other factors, the Company may experience material fluctuations in future operating results on a quarterly or annual basis, which could materially and adversely affect its business, consolidated financial condition, and operating results, and the share price of its Common Stock. This document and other documents filed by the Company with the Securities and Exchange Commission (“SEC”) include forward-looking statements regarding future events and the Company’s future results that are subject to the safe harbor afforded under the Private Securities Litigation Reform Act of 1995 and other safe harbors afforded under the Securities Act of 1933 and the Securities Exchange Act of 1934. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. Forward-looking statements are based on our current beliefs, expectations, estimates, forecasts, and projections for the future performance of the Company and are subject to risks and uncertainties. Forward-looking statements are identified by the use of words denoting uncertain, future events, such as “anticipate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “future,” “goal,” “if,” “intend,” “may,” “plan,” “potential,” “project,” “prospective,” “seek,” “should,” “target,” “will,” or “would,” as well as similar words and phrases, including the negatives of these terms, or other variations thereof. Forward-looking statements also include, but are not limited to, statements regarding: our ability to address certain supply chain risks; our ongoing development of power conversion architectures, switching topologies, materials, packaging, and products; the ongoing transition of our business strategically, organizationally, and operationally from serving a large number of relatively low-volume customers across diversified markets and geographies to serving a small number of relatively large volume customers; our intent to enter new market segments; the levels of customer orders overall and, in particular, from large customers and the delivery lead times associated therewith; anticipated new and existing customer wins; the financial and operational impact of customer changes to shipping schedules; the derivation of a portion of our sales in each quarter from orders booked in the same quarter; our intent to expand the percentage of revenue associated with licensing our intellectual property to third parties; our plans to invest in expanded manufacturing capacity, including the introduction of new manufacturing processes, and the timing, location, and funding thereof; our belief that cash generated from operations together with our available cash and cash equivalents will be sufficient to fund planned operational needs and capital equipment purchases, for the foreseeable future; our outlook regarding tariffs and the impact thereof on our business; our belief that we have limited exposure to currency risks; our intentions regarding the declaration and payment of cash dividends; our intentions regarding protecting our rights under our patents; and our expectation that no current litigation or claims will have a material adverse impact on our financial position or results of operations. These forward-looking statements are based upon our current expectations and estimates associated with prospective events and circumstances that may or may not be within our control and as to which there can be no assurance. Actual results could differ materially from those implied by forward-looking statements as a result of various factors, including but not limited to those described above, as well as those described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 under Part I, Item 1 — “Business,” under Part I, Item 1A — “Risk Factors,” under Part I, Item 3 — “Legal Proceedings,” and under Part II, Item 7 — “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and those described in this Quarterly Report on Form 10-Q, particularly under Part I, Item 2 – “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The discussion of our business contained herein, including the identification and assessment of factors that may influence actual results, may not be exhaustive. Therefore, the information presented should be read together with other documents we file with the SEC from time to time, including our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K, which may supplement, modify, supersede, or update the factors discussed in this Quarterly Report on Form 10-Q. Any forward-looking statement made in this Quarterly Report on Form 10-Q is based on information currently available to us and speaks only as of the date on which it is made. We do not undertake any obligation to update any forward-looking statements as a result of future events or developments, except as required by law.

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operation
March 31, 2024

Overview

We design, develop, manufacture, and market modular power components and power systems for converting electrical power for use in electrically-powered devices. Our competitive position is supported by innovations in product design and achievements in product performance, largely enabled by our focus on the research and development of advanced technologies and processes, often implemented in proprietary semiconductor circuitry, materials, and packaging. Many of our products incorporate patented or proprietary implementations of high-frequency switching topologies enabling power system solutions that are more efficient and much smaller than conventional alternatives. Our strategy emphasizes demonstrable product differentiation and a value proposition based on competitively superior solution performance, advantageous design flexibility, and a compelling total cost of ownership. While we offer a wide range of alternating current ("AC") and direct current ("DC") power conversion products, we consider our core competencies to be associated with 48V DC distribution, which offers numerous inherent cost and performance advantages over lower distribution voltages. However, we also offer products addressing other DC voltage standards (e.g., 380V for power distribution in data centers, 110V for rail applications, 28V for military and avionics applications, and 24V for industrial automation).

Based on design, performance, and form factor considerations, as well as the range of evolving applications for which our products are appropriate, we categorize our product portfolios as either "Advanced Products" or "Brick Products." The Advanced Products category consists of our more recently introduced products, which are largely used to implement our proprietary Factorized Power Architecture™ ("FPA"), an innovative power distribution architecture enabling flexible, rapid power system design using individual components optimized to perform a specific conversion function.

The Brick Products category largely consists of our broad and well-established families of integrated power converters, incorporating multiple conversion stages, used in conventional power systems architectures. Given the growth profiles of the markets we serve with our Advanced Products line and our Brick Products line, our strategy involves a transition in organizational focus, emphasizing investment in our Advanced Products line and targeting high growth market segments with a low-mix, high-volume operational model, while maintaining a profitable business in the mature market segments we serve with our Brick Products line with a high-mix, low-volume operational model.

The applications in which our Advanced Products and Brick Products are used are typically in the higher-performance, higher-power segments of the market segments we serve. With our Advanced Products, we generally serve large Original Equipment Manufacturers ("OEMs"), Original Design Manufacturers ("ODMs"), and their contract manufacturers, with sales currently concentrated in the data center and hyperscaler segments of enterprise computing, in which our products are used for power delivery on server motherboards, in server racks, and across datacenter infrastructure. We have established a leadership position in the emerging market segment for powering high-performance processors used for acceleration of applications associated with artificial intelligence ("AI"). Our customers in the AI market segment include the leading innovators in processor and accelerator design, as well as early adopters in cloud computing and high performance computing. We also serve applications in aerospace and aviation, defense electronics, satellites, factory automation, instrumentation, test equipment, transportation, telecommunications and networking infrastructure, and vehicles (notably in the autonomous driving, electric vehicle, and hybrid vehicle niches of the vehicle segment). With our Brick Products, we generally serve a fragmented base of large and small customers, concentrated in aerospace and defense electronics, industrial equipment, instrumentation and test equipment, and transportation (notably in rail and heavy equipment applications). With our strategic emphasis on larger, high-volume customers, we expect to experience over time a greater concentration of sales among relatively fewer customers.

Our quarterly consolidated operating results can be difficult to forecast and have been subject to significant fluctuations. We plan our production and inventory levels based on management's estimates of customer demand, customer forecasts, and other information sources. Customer forecasts, particularly those of OEM, ODM, and contract manufacturing customers to which we supply Advanced Products in high volumes, are subject to scheduling changes on short notice, contributing to operating inefficiencies and excess costs. In addition, external factors such as supply chain uncertainties, which are often associated with the cyclicality of the electronics industry, regional macroeconomic and trade-related circumstances, and force majeure events (most recently evidenced by the COVID-19 pandemic), have caused our operating results to vary meaningfully. Supply chain disruptions, including those associated with our reliance on outsourced package process steps that are essential in the production of some of our Advanced Products, and those relating, for example, to the procurement of raw material, have in the past negatively impacted and may in the future negatively impact our operating results. We have taken steps to mitigate the impact of supply chain disruptions by, among other things and in varying degrees, moving outsourced manufacturing steps in-house to the Company, ordering supplies with extended lead times, paying higher prices for certain supplies or outsourced production, and expediting deliveries at a cost premium. The resulting impact of the steps taken to mitigate supply chain disruptions have, to varying degrees and at different times, reduced our revenue, gross margin, operating profit and cash flow and may continue to do so in the future. While we continue to make progress in moving outsourced manufacturing steps in-house to the Company, we are still experiencing long lead times on certain raw material components, and uncertainty of output from our outsourced manufacturing supplier. Our quarterly gross margin as a percentage of net revenues may vary, depending on production volumes, average selling prices, average unit costs, the mix of products sold during that quarter, and the level of importation of raw materials subject to tariffs. Our quarterly operating margin as a percentage of net revenues also may vary with changes in revenue and product level profitability, but our operating costs are largely associated with compensation and related employee costs, which are not subject to sudden or significant changes.

Changes from Previously Disclosed Results

As discussed below, we reported a net loss for the first quarter of 2024 of $(14,473,000), or $(0.33) per diluted share, compared to $11,244,000, or $0.25 per diluted share, for the first quarter of 2023. Initially, in our earnings release issued on April 23, 2024, we disclosed net income for the first quarter of 2024 of $2,604,000, or $0.06 per diluted share. On April 24, 2024, after the issuance of our earnings release and completion of the related earnings call, the U.S. District Court for the Eastern District of Texas (the "District Court") issued an order granting SynQor, Inc.’s motions for enhanced damages, pre-judgment and post-judgment interest, costs and attorneys' fees. The District Court also entered a final judgment reflecting these rulings. The Company anticipates appealing the District Court’s final judgment to the United States Court of Appeals for the Federal Circuit.

In light of this judgment, in accordance with applicable accounting standards, we recorded an incremental litigation related loss reserve of $17,200,000 in the first quarter of 2024, resulting in the decrease in our reported net income and net income per share from the amounts previously disclosed in our earnings release, as well as a corresponding $17,200,000 increase in operating expenses to $61,238,000 from the previously disclosed $44,038,000. See Note 10 to the Condensed Consolidated Financial Statements for additional information regarding the SynQor litigation and loss reserve.

Summary of First Quarter 2024 Financial Performance Compared to Fourth Quarter 2023 Financial Performance

The following summarizes our financial performance for the first quarter of 2024, compared to the fourth quarter of 2023:

- Net revenues decreased 9.5% to $83,872,000 for the first quarter of 2024, from $92,652,000 for the fourth quarter of 2023. Net revenues for Brick Products decreased 11.7% compared to the fourth quarter of 2023, primarily due to reduced market demand and lower available backlog. Advanced Products net revenues decreased 7.3% compared to the fourth quarter of 2023, primarily due to our continued softness in underpenetrated markets, partially offset by increased royalty revenue in the quarter.
- Export sales represented approximately 42.6% of total net revenues in the first quarter of 2024 as compared to 56.5% in the fourth quarter of 2023.
- Gross margin decreased to $45,123,000 for the first quarter of 2024 from $47,344,000 for the fourth quarter of 2023, with gross margin, as a percentage of net revenues, increasing to 53.8% for the first quarter of 2024 from 51.1% for the fourth quarter of 2023. The decrease in gross margin dollars was primarily the result of lower sales volume in the first quarter of 2024, with the increase in gross margin percentage primarily attributable to improved sales mix on that volume and a reduction of freight-in and tariff spending of $153,000 (net of approximately $0 in duty drawback recovery in the first quarter of 2024 and $1,239,000 in duty drawback recovery in the fourth quarter of 2023 of previously paid tariffs).
- Backlog, which represents the total value of orders for products for which shipment is scheduled within the next 12 months, was approximately $150,340,000 at the end of the first quarter of 2024, as compared to $160,805,000 at the end of the fourth quarter of 2023.
- Operating expenses for the first quarter of 2024 increased $22,543,000, or 56.4%, to $62,538,000 from $39,995,000 for the fourth quarter of 2023. Selling, general and administrative expenses increased approximately $3,305,000, primarily due to an increase in legal expenses. Research and development expenses increased approximately $738,000, primarily due to an increase in compensation expense. Litigation-contingency expense related to the SynQor litigation was $17,200,000 for the first quarter of 2024, with no comparable expense in the fourth quarter of 2023. See Note 10 to the Condensed Consolidated Financial Statements for additional information.

- We reported a net loss for the first quarter of 2024 of $(14,473,000), or $(0.33) per diluted share, compared to net income of $8,668,000, or $0.19 per diluted share, for the fourth quarter of 2023.
- For the first quarter of 2024, depreciation and amortization totaled $4,614,000 and capital additions totaled $7,270,000 as compared to depreciation and amortization of $4,038,000 and capital additions of $7,163,000 for the fourth quarter of 2023.
- Inventories increased by approximately $5,737,000, or 5.4%, to $112,316,000 at March 31, 2024, compared to $106,579,000 at December 31, 2023.

Three Months Ended March 31, 2024 Compared to Three Months Ended March 31, 2023

Net revenues for the first quarter of 2024 were $83,872,000, a decrease of $13,944,000, or 14.3%, as compared to $97,816,000 for the first quarter of 2023. Net revenues, by product line, for the three months ended March 31, 2024 and 2023 were as follows (dollars in thousands):

			Decrease	
	2024	2023	$	%
Advanced Products	$ 43,280	$ 51,291	$ (8,011)	(15.6)%
Brick Products	40,592	46,525	(5,933)	(12.8)%
Total	$ 83,872	$ 97,816	$ (13,944)	(14.3)%

The decrease in net revenues for Advanced Products was primarily due to our continued softness in underpenetrated markets, partially offset by increased royalty revenue in the quarter. The decrease in net revenues for Brick Products was primarily due to reduced market demand and lower available backlog.

Gross margin for the first quarter of 2024 decreased $1,411,000, or 3.0%, to $45,123,000, from $46,534,000 for the first quarter of 2023. Gross margin, as a percentage of net revenues, increased to 53.8% for the first quarter of 2024, compared to 47.6% for the first quarter of 2023. The decrease in gross margin dollars was primarily the result of lower sales volume in the first quarter of 2024, with the increase in gross margin percentage primarily attributable to improved sales mix on that volume, including royalty revenue, compared to the first quarter of 2023 and certain reductions in supply chain costs, including a reduction of $1,185,000 in outsourced manufacturing costs partially offset by incremental costs of bringing production in-house for certain Advanced Products, and an increase in freight-in and tariff spending of $1,222,000 (net of approximately $0 in duty drawback recovery in the first quarter of 2024 and $2,965,000 in duty drawback recovery in the first quarter of 2023 of previously paid tariffs).

Selling, general and administrative expenses were $25,999,000 for the first quarter of 2024, an increase of $5,776,000, or 28.6%, from $20,223,000 for the first quarter of 2023. Selling, general and administrative expenses as a percentage of net revenues increased to 31.0% for the first quarter of 2024 from 20.7% for the first quarter of 2023. The components of the $5,776,000 increase in selling, general and administrative expenses for the first quarter of 2024 from the first quarter of 2023 were as follows (dollars in thousands):

	Increase (decrease)		
Legal	$ 5,170	380.7%	(1)
Advertising	404	39.7%	(2)
Compensation	348	2.8%	(3)
Outside services	184	23.4%	(4)
Audit fees	142	22.2%	
Training and professional development	128	1667.6%	(5)
Travel	123	26.6%	
Commissions	(745)	(78.8)%	(6)
Other, net	22	0.8%	
	$ 5,776	28.6%	

(1) Increase primarily attributable to an increase in activity related to corporate legal matters, asserting our intellectual property rights.

(2) Increase primarily attributable to increases in sales support expenses, direct mailings, and advertising in trade publications.

(3) Increase primarily attributable to annual compensation adjustments in May 2023 and higher stock-based compensation expense associated with stock options awarded in May 2023.

(4) Increase primarily attributable to an increase in the use of consultants.

(5) Increase primarily attributable to training for new internal-use software implementation.

(6) Decrease primarily attributable to a reduced use of outside sales representatives.

Research and development expenses were $18,039,000 for the first quarter of 2024, an increase of $2,170,000, or 13.7%, compared to $15,869,000 for the first quarter of 2023. As a percentage of net revenues, research and development expenses increased to 21.5% for the first quarter of 2024 from 16.2% for the first quarter of 2023. The components of the $2,170,000 increase in research and development expenses were as follows (dollars in thousands):

	Increase (decrease)		
Project and pre-production materials	$ 922	36.5 %	(1)
Overhead absorption	714	81.6 %	(2)
Compensation	421	3.9 %	(3)
Depreciation and amortization	106	16.0 %	
Equipment set-up and calibration	99	51.0 %	
Deferred costs	(350)	(100.0)%	(4)
Other, net	258	10.5 %	
	$ 2,170	13.7 %	

(1) Increase primarily attributable to increased prototype development costs for Advanced Products.

(2) Increase primarily attributable to a decrease in research and development (“R&D”) personnel incurring time on production activities, compared to R&D activities.

(3) Increase primarily attributable to annual compensation adjustments in May 2023 and higher stock-based compensation expense associated with stock options awarded in May 2023.

(4) Decrease primarily attributable to an increase in deferred costs capitalized for certain non-recurring engineering projects for which the related revenues had been deferred.

Litigation-contingency expense was $17,200,000 for the first quarter of 2024 which related to the SynQor litigation, as compared to $0 for the first quarter of 2023. See Note 10 to the Condensed Consolidated Financial Statements for additional information.

The significant components of "Other income (expense), net" for the three months ended March 31, and the changes between the periods were as follows (in thousands):

	2024	2023	Increase (decrease)
Interest income, net	$ 2,787	$ 1,732	$ 1,055
Rental income	198	198	—
Foreign currency (losses) gains, net	(279)	19	(298)
Other, net	18	1	17

VICOR CORPORATION

Management’s Discussion and Analysis of
Financial Condition and Results of Operation
March 31, 2024

	$ 2,724	$ 1,950	$ 774

Our exposure to market risk fluctuations in foreign currency exchange rates relates to the operations of Vicor Japan Company, Ltd. (“VJCL”), for which the functional currency is the Japanese Yen, and all other subsidiaries in Europe and Asia, for which the functional currency is the U.S. Dollar. These subsidiaries in Europe and Asia experienced more unfavorable foreign currency exchange rate fluctuations in the first quarter of 2024 compared to the first quarter of 2023. Interest income for the three months ended March 31, 2024 increased due to higher interest rates received on the cash and cash equivalents balance the Company holds.

Loss before income taxes was $(13,391,000) for the first quarter of 2024, as compared to income before taxes of $12,392,000 for the first quarter of 2023.

The provision for income taxes and the effective income tax rates for the three months ended March 31, 2024 and 2023 were as follows (dollars in thousands):

	2024	2023
Provision for income taxes	$ 1,071	$ 1,141
Effective income tax rate	(8.0)%	9.2%

The effective tax rates differ from the statutory tax rates for the three months ended March 31, 2024 and 2023 primarily due to the Company’s full valuation allowance position against domestic deferred tax assets. The provision for income taxes for the three months ended March 31, 2024 and 2023 included estimated federal, state and foreign income taxes in jurisdictions in which the Company does not have sufficient tax attributes.

See Note 8 to the Condensed Consolidated Financial Statements for disclosure regarding our current assessment of the valuation allowance against all domestic deferred tax assets, and the possible release (i.e., reduction) of the allowance in the future.

We reported net loss for the first quarter of 2024 of $(14,473,000), or $(0.33) per diluted share, compared to $11,244,000, or $0.25 per diluted share, for the first quarter of 2023.

Liquidity and Capital Resources

As of March 31, 2024, we had $239,172,000 in cash and cash equivalents. The ratio of total current assets to total current liabilities was 6.7:1 as of March 31, 2024 and 9.5:1 as of December 31, 2023. Working capital, defined as total current assets less total current liabilities, decreased $12,013,000 to $364,184,000 as of March 31, 2024 from $376,197,000 as of December 31, 2023.

The changes in working capital from December 31, 2023 to March 31, 2024 were as follows (in thousands):

	Increase (decrease)
Cash and cash equivalents	$ (3,047)
Accounts receivable	4,973
Inventories	5,737
Other current assets	236
Accounts payable	(339)
Accrued compensation and benefits	(418)
Accrued expenses	(1,976)
Accrued litigation	(17,200)
Short-term deferred revenue	473
Other	(452)
	$ (12,013)

VICOR CORPORATION

Management's Discussion and Analysis of
Financial Condition and Results of Operation
March 31, 2024

The primary sources of cash for the three months ended March 31, 2024 were $2,582,000 generated from operations, and $1,756,000 received in connection with the exercise of options to purchase our Common Stock awarded under our stock option plans and the issuance of Common Stock under our 2017 Employee Stock Purchase Plan. The primary uses of cash during the three months ended March 31, 2024 were for the purchase of property and equipment of $7,270,000.

In November 2000, our Board of Directors authorized the repurchase of up to $30,000,000 of our Common Stock (the "November 2000 Plan"). The November 2000 Plan authorizes us to make such repurchases from time to time in the open market or through privately negotiated transactions. The timing and amounts of Common Stock repurchases are at the discretion of management based on its view of economic and financial market conditions. We did not repurchase shares of Common Stock under the November 2000 Plan during the three months ended March 31, 2024. As of March 31, 2024, we had approximately $8,541,000 remaining available for repurchases of our Common Stock under the November 2000 Plan.

As of March 31, 2024, we had a total of approximately $11,475,000 of cancelable and non-cancelable capital expenditure commitments, principally for manufacturing and production equipment, which we intend to fund with existing cash, and approximately $1,983,000 of capital expenditure items and internal-use software which had been received and included in Property, plant and equipment, net in the accompanying Condensed Consolidated Balance Sheets, but not yet paid for. Our primary needs for liquidity are for making continuing investments in manufacturing and production equipment. We believe cash generated from operations together with our available cash and cash equivalents will be sufficient to fund planned operational needs and capital equipment purchases, for both the short and long term.

We do not consider the impact of inflation or fluctuations in the exchange rates for foreign currency transactions to have been significant during the last three fiscal years.

Critical Accounting Policies and Estimates

There have been no material changes in our judgments and assumptions associated with the development of our critical accounting estimates during the period ended March 31, 2024. Refer to the section entitled "Critical Accounting Policies and Estimates" in Part II, Item 7 – "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Item 3 — Quantitative and Qualitative Disclosures About Market Risk

We are exposed to a variety of market risks, including changes in interest rates affecting the return on our cash and cash equivalents, our short-term investments and fluctuations in foreign currency exchange rates. As our cash and cash equivalents and short-term investments consist principally of cash accounts, money market securities, and U.S. Treasury securities, which are short-term in nature, we believe our exposure to market risk on interest rate fluctuations for these investments is not significant. As of March 31, 2024, our long-term investment portfolio, recorded on our Condensed Consolidated Balance Sheet as “Long-term investment, net”, consisted of a single auction rate security with a par value of $3,000,000, purchased through and held in custody by a broker-dealer affiliate of Bank of America, N.A., that has experienced failed auctions (the “Failed Auction Security”) since February 2008. While the Failed Auction Security is Aaa/AA+ rated by major credit rating agencies, collateralized by student loans and guaranteed by the U.S. Department of Education under the Federal Family Education Loan Program, continued failure to sell at its periodic auction dates (i.e., reset dates) could negatively impact the carrying value of the investment, in turn leading to impairment charges in future periods. Periodic changes in the fair value of the Failed Auction Security attributable to credit loss (i.e., risk of the issuer’s default) are recorded through earnings as a component of “Other income (expense), net”, with the remainder of any periodic change in fair value not related to credit loss (i.e., temporary “mark-to-market” carrying value adjustments) recorded in “Accumulated other comprehensive loss”, a component of Stockholders’ Equity. Should we conclude a decline in the fair value of the Failed Auction Security is other than temporary, such losses would be recorded through earnings as a component of “Other income (expense), net”. We do not believe there was an “other-than-temporary” decline in value in this security as of March 31, 2024.

Our exposure to market risk for fluctuations in foreign currency exchange rates relates to the operations of VJCL, for which the functional currency is the Japanese Yen, and changes in the relative value of the Yen to the U.S. Dollar. The functional currency of all other subsidiaries in Europe and other subsidiaries in Asia is the U.S. Dollar. While we believe the risk of fluctuations in foreign currency exchange rates for these subsidiaries is generally not significant, they can be subject to substantial currency changes, and therefore foreign exchange exposures.

Item 4 — Controls and Procedures

(a) Disclosure regarding controls and procedures.

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), management, with the participation of our Chief Executive Officer (“CEO”) (who is our principal executive officer) and Chief Financial Officer (“CFO”) (who is our principal financial officer), conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the last fiscal quarter (i.e., March 31, 2024). The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure information required to be disclosed by a company in the reports it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of March 31, 2024, our CEO and CFO concluded, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Accordingly, management, including the CEO and CFO, recognizes our disclosure controls or our internal control over financial reporting may not prevent or detect all errors and all fraud. The design of a control system must reflect the fact there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any control’s effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

(b) Changes in internal control over financial reporting.

There was no change in our internal control over financial reporting that occurred during the fiscal quarter ended March 31, 2024, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Vicor Corporation
Part II – Other Information
March 31, 2024

Item 1 — Legal Proceedings

See Note 10. Commitments and Contingencies in the Notes to Condensed Consolidated Financial Statements in Part I, Item 1 – "Financial Statements."

Item 1A — Risk Factors

There have been no material changes in the risk factors described in Part I, Item 1A – "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Item 5 — Other Information

During the three months ended March 31, 2024, no director or Section 16 officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6 — Exhibits

Exhibit Number	Description
3.1	Restated Certificate of Incorporation, dated February 28, 1990 (1)
3.2	Certificate of Ownership and Merger Merging Westcor Corporation, a Delaware Corporation, into Vicor Corporation, a Delaware corporation, dated December 3, 1990 (1)
3.3	Certificate of Amendment of Restated Certificate of Incorporation, dated May 10, 1991 (1)
3.4	Certificate of Amendment of Restated Certificate of Incorporation, dated June 23, 1992 (1)
3.5	Bylaws, as amended (2)
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

(1) Filed as an exhibit to the Company's Annual Report on Form 10-K filed on March 29, 2001 (File No. 000-18277) and incorporated herein by reference.

(2) Filed as an exhibit to the Company's Current Report on Form 8-K filed on June 4, 2020 (File No. 000-18277) and incorporated herein by reference.

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.

		VICOR CORPORATION
Date: May 1, 2024	By:	/s/ Patrizio Vinciarelli Patrizio Vinciarelli Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)
Date: May 1, 2024	By:	/s/ James F. Schmidt James F. Schmidt Vice President, Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Patrizio Vinciarelli, certify:

1. I have reviewed this Quarterly Report on Form 10-Q of Vicor 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 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 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 1, 2024

/s/ Patrizio Vinciarelli
Patrizio Vinciarelli
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, James F. Schmidt, certify:

1. I have reviewed this Quarterly Report on Form 10-Q of Vicor 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 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 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 1, 2024

/s/ James F. Schmidt

James F. Schmidt
Vice President, Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Vicor Corporation (the "Company") on Form 10-Q for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Patrizio Vinciarelli, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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/ Patrizio Vinciarelli

Patrizio Vinciarelli
President, Chairman of the Board and
Chief Executive Officer

May 1, 2024

A signed original 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.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Vicor Corporation (the “Company”) on Form 10-Q for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, James F. Schmidt, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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/ James F. Schmidt

James F. Schmidt
Vice President, Chief Financial Officer

May 1, 2024

A signed original 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.