
Section 1: 8-K (FORM 8-K)

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

FORM 8-K

Current Report
Pursuant To Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) April 25 2017

PSYCHEMEDICS CORPORATION

(Exact Name of Registrant As Specified In Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-13738
(Commission File Number)

58-1701987
(I.R.S. Employer Identification No.)

125 Nagog Park, Acton, Massachusetts 01720
(Address of Principal Executive Offices) (Zip Code)

(978) 206-8220
(Registrant's Telephone Number, Including Area Code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On April 25, 2017, Psychemedics Corporation issued a press release announcing preliminary results for the First Quarter of 2017. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated by reference herein.

Limitation on Incorporation by Reference. The information in this Form 8-K and the Exhibit attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, regardless of any general incorporation language in such filing.

Cautionary Note Regarding Forward-Looking Statements. Except for historical information contained in the press release attached as an exhibit hereto, the press release contains forward-looking statements which involve certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. Please refer to the cautionary note in the press release regarding these forward-looking statements.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits

99.1 Press Release dated April 25, 2017

SIGNATURE

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 hereunto duly authorized.

Dated: April 25, 2017

PSYCHEMEDICS CORPORATION

By: /s/ Neil Lerner
Neil Lerner
Vice President, Finance

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Section 2: EX-99.1 (EXHIBIT 99.1)

Psychemedics Corporation Announces Record Q1 Revenues And Earnings

DECLARES 83rd CONSECUTIVE QUARTERLY DIVIDEND

ACTON, Mass., April 25, 2017 /PRNewswire/ -- Psychemedics Corporation (NASDAQ: PMD) today announced first quarter financial results for the period ended March 31, 2017. The Company also announced a quarterly dividend of \$0.15 per share payable to shareholders of record as of May 8, 2017, to be paid on May 18, 2017. This will be the Company's 83rd consecutive quarterly dividend.

The Company's revenue for the quarter ended March 31, 2017 was \$10.2 million versus \$6.7 million for the quarter ended March 31, 2016, an increase of 53%. Net income for the quarter ended March 31, 2017 was \$1.5 million or \$0.27 per share, versus a net loss of \$23 thousand or \$0.00 per share for the comparable period last year.

Raymond C. Kubacki, Chairman and Chief Executive Officer, said,

"This quarter was a record for revenue and earnings for any first quarter in the Company's history. The significant growth for the quarter was driven by our international business, specifically professional driver testing in Brazil. Additionally, we also continued to see pick-up in our domestic business, with especially robust growth in the Oil & Gas sector.

"The improvement in our bottom line was primarily driven by increased revenue. However, the change from the comparable period in 2016 was also impacted by the ramp up costs we incurred in the 2016 period related to Brazil operations, which depressed earnings for that quarter by \$0.10 per share."

"As of March 2017, the Brazilian law mandating hair testing for professional drivers has been in effect for a full year with very positive results for the people of Brazil and our Company's earnings. We are also pleased to report that even with this significant additional business, we have continually maintained superior customer service to our domestic customers. In fact, our testing turnaround time, a key component to our customers' programs, has improved since the Brazil professional license business began.

"The Brazil professional drivers' market is large and will expand further in September 2018 when professional driver license renewals go from every 5 years to every 2 ½ years. While we are obviously pleased with our progress, we recognize that there are continual challenges that accompany any new large market as it develops, and we plan to address them as they may occur.

"The Company's balance sheet remains strong with approximately \$6.9 million in cash and \$7.2 million of working capital at March 31, 2017. The total equipment financing outstanding at such time was \$3.1 million. Our directors share our confidence in the future of Psychemedics and remain committed to rewarding shareholders and sharing the financial success of the Company with them as we grow. Therefore, we are pleased to declare a quarterly dividend of \$0.15 per share. This dividend represents our 83rd consecutive quarterly dividend."

Psychemedics Corporation is the world's largest provider of hair testing for the detection of drugs of abuse. The Company's patented process is used by thousands of U.S. and international clients, including over 10% of the Fortune 500 companies, for pre-employment and random drug testing. Major police departments, Federal Reserve Banks, schools, and other public entities also rely on our unique patented drug testing process. We strongly believe our drug testing method to be superior to any other product currently in use, including traditional urine testing and other hair testing methods.

The Psychemedics web site is www.psychemedics.com

Cautionary Statement for purposes of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995: From time to time, information provided by Psychemedics may contain forward-looking information that involves risks and uncertainties. In particular, statements contained in this release that are not historical facts (including but not limited to statements concerning earnings, earnings per share, revenues, cash flows, dividends, future business, growth opportunities, challenges associated with the development of new markets, profitability, pricing, new accounts, customer base, market share, test volume, sales and marketing strategies, U.S. and foreign drug testing laws and regulations and the enforcement of such laws and regulations, required investments in plant, equipment and people and new test development) may be "forward looking" statements. Actual results may differ from those stated in any forward-looking statements. Factors that may cause such differences include but are not limited to risks associated with the development of markets for new products and services offered, costs of capacity expansion, U.S. and foreign government regulation, including but not limited to FDA regulations, Brazilian laws and regulations, proposed laws and regulations, currency risks, R&D spending, competition (including, without limitation, competition from other companies pursuing the same growth opportunities), the Company's ability to maintain its reputation and brand image, the ability of the Company to achieve its business plans, cost controls, leveraging of its global operating platform, risks of information technology system failures and data security breaches, the uncertain global economy, the Company's ability to attract, develop and retain executives and other qualified employees and independent contractors, including distributors, the Company's ability to obtain and protect intellectual property rights, litigation risks, general economic conditions and other factors disclosed in the Company's filings with the Securities and Exchange Commission. The forward-looking statements contained herein speak only of the Company's expectations as of the date of this press release. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statement to reflect any change in the Company's expectations or any change in events, conditions, or circumstances on which any such statement is based.

Psychemedics Corporation
Condensed Statements of Operations
(in thousands, except per share amounts)
(UNAUDITED)

| | Three Months Ended | |
|--|--------------------|----------|
| | March 31, | |
| | 2017 | 2016 |
| Revenues | \$ 10,209 | \$ 6,667 |
| Cost of revenues | 4,893 | 3,929 |
| Gross profit | 5,316 | 2,738 |
| Operating Expenses: | | |
| General & administrative | 1,475 | 1,252 |
| Marketing & selling | 1,243 | 1,127 |
| Research & development | 330 | 360 |
| Total Operating Expenses | 3,048 | 2,739 |
| Operating income (loss) | 2,268 | (1) |
| Interest expense, net | (22) | (35) |
| Net income/(loss) before provision for/(benefit) from income taxes | 2,246 | (36) |
| Provision for / (Benefit) from income taxes | 746 | (13) |
| Net income / (loss) | \$ 1,500 | \$ (23) |
| Basic net (loss) / income per share | \$0.27 | \$0.00 |
| Diluted net (loss) / income per share | \$0.27 | \$0.00 |
| Dividends declared per share | \$0.15 | \$0.15 |

Balance Sheets
(in thousands, except par value)
(UNAUDITED)

| | <u>March 31,</u> <u>2017</u> | <u>December 31,</u> <u>2016</u> |
|--|---------------------------------|------------------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 6,869 | \$ 3,938 |
| Accounts receivable, net of allowance for doubtful accounts of \$58 in 2017 and \$50 in 2016 | 3,787 | 5,837 |
| Prepaid expenses and other current assets | <u>1,171</u> | <u>1,079</u> |
| Total Current Assets | 11,827 | 10,854 |
| Fixed Assets, net of accumulated amortization and depreciation of \$9,577 in 2017 and \$8,900 in 2016 | | |
| | 13,055 | 13,358 |
| Other assets | <u>813</u> | <u>820</u> |
| Total Assets | <u>\$ 25,695</u> | <u>\$ 25,032</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Accounts payable | \$ 622 | \$ 1,363 |
| Accrued expenses | 2,889 | 1,988 |
| Current portion of long-term debt | <u>1,144</u> | <u>1,144</u> |
| Total Current Liabilities | 4,655 | 4,495 |
| Long-term debt | 1,951 | 2,237 |
| Deferred tax liabilities, long-term | <u>2,638</u> | <u>2,693</u> |
| Total Liabilities | <u>9,244</u> | <u>9,425</u> |
| Commitments and Contingencies (Note 7) | | |
| Shareholders' Equity: | | |
| Preferred stock, \$0.005 par value, 873 shares authorized, no shares issued or outstanding | -- | -- |
| Common stock, \$0.005 par value; 50,000 shares authorized 6,128 shares issued in 2017 and 2016 | 31 | 31 |
| Additional paid-in capital | 30,766 | 30,603 |
| Accumulated deficit | (4,264) | (4,945) |
| Less - Treasury stock, at cost, 668 shares in 2017 and 2016 | <u>(10,082)</u> | <u>(10,082)</u> |
| Total Shareholders' Equity | <u>16,451</u> | <u>15,607</u> |
| Total Liabilities and Shareholders' Equity | <u>\$ 25,695</u> | <u>\$ 25,032</u> |



Vice President of Finance
(978) 206-8220
Neill@psychemedics.com

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