
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 24, 2018

PSYCHEMEDICS CORPORATION
(Exact Name of Registrant as Specified in Charter)

Deleware
(State or Other Jurisdiction of Incorporation)

1-13738
(Commission File Number)

58-1701987
(I.R.S. Employer Identification Number)

289 Great Road, 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:

- 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 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). 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.

Item 2.02. Results of Operations and Financial Condition.

On April 24, 2018, Psychemedics Corporation issued a press release announcing preliminary financial results for the First Quarter of 2018. 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 24, 2018](#)

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.

PSYCHEMEDICS CORPORATION

Date: April 24, 2018

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

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Section 2: EX-99.1 (PRESS RELEASE)

EXHIBIT 99.1

Psychemedics Announces 1Q Record Revenues and Dividend Increase of 20%

ACTON, Mass., April 24, 2018 (GLOBE NEWSWIRE) -- Psychemedics Corporation (NASDAQ:PMD) today announced first quarter financial results for the period ended March 31, 2018. The Company also announced a quarterly dividend of \$0.18 per share payable to shareholders of record as of May 8, 2018, to be paid on May 18, 2018. This will be the Company's 87th consecutive quarterly dividend.

The Company's revenue for the quarter ended March 31, 2018 was \$10.9 million versus \$10.2 million for the quarter ended March 31, 2017, an increase of 7%. Net income for the quarter ended March 31, 2018 was \$1.3 million or \$0.23 per diluted share, versus \$1.5 million or \$0.27 per diluted share, for the comparable period last year, a decrease of 17%.

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

"First Quarter revenues were a record for any 1Q in the Company's history. Our domestic revenues showed a very healthy pick up, increasing 13%. We saw significant strength in our Transportation, Oil and Gas, and Distributor market segments. Our Brazil business remains healthy and we continue to have a strong market share in the Brazil market, which represents a very large opportunity for our Company.

"Earnings continue to be healthy but were negatively impacted by increased auditing and accounting fees required by our becoming an accelerated filer and added sales taxes and expenses associated with establishing and operating our Brazil subsidiary (which was not in place in 1Q 2017 but represents an important long-term factor). Nonetheless, we still showed an 18% pre-tax margin.

"While the Company's tax rate had a small increase from 33% to 35%, this reflects the inclusion of Brazilian income taxes (not present in Q1 2017), partially offset by a reduction in the U.S. federal income tax rate.

"We are encouraged by the continuing strength and momentum in our domestic business and also look forward to the expansion of the Brazil market this September when professional drivers are required to renew their licenses every 2 1/2 years instead of the current 5 years. This is expansion by law and would virtually double the market size as it unfolds.

"The Company's balance sheet remains strong with \$8.3 million in cash and \$10.4 million of working capital. The total equipment financing obligation outstanding was \$3.1 million as of March 31, 2018. 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 increase the quarterly dividend from \$0.15 to \$0.18 per share, an increase of 20%. This dividend represents our 87th consecutive quarterly dividend."

Contact:
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Vice President of Finance
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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, 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
Consolidated Statements of Income
(in thousands, except per share amounts)
(UNAUDITED)

	Three Months Ended March 31,	
	2018	2017
Revenues	\$ 10,935	\$ 10,209
Cost of revenues	5,580	4,893
Gross profit	5,355	5,316

Operating Expenses:

General & administrative	1,851	1,475
Marketing & selling	1,239	1,243
Research & development	359	330
	<hr/>	<hr/>
Total Operating Expenses	3,449	3,048
	<hr/>	<hr/>
Operating income	1,906	2,268
Other income (expense)	32	(22)
	<hr/>	<hr/>
Net income before provision for income taxes	1,938	2,246
	<hr/>	<hr/>
Provision for income taxes	687	746
	<hr/>	<hr/>
Net income	<u>\$ 1,251</u>	<u>\$ 1,500</u>
	<hr/>	<hr/>
Diluted net income per share	<u>\$ 0.23</u>	<u>\$ 0.27</u>
	<hr/>	<hr/>
Dividends declared per share	<u>\$ 0.18</u>	<u>\$ 0.15</u>
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Psychemedics Corporation
Consolidated Balance Sheets
(in thousands, except par value)
(UNAUDITED)

	<u>March 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 8,284	\$ 8,165
Accounts receivable, net of allowance for doubtful accounts of \$69 in 2018 and \$64 in 2017	6,062	4,488
Prepaid expenses and other current assets	1,197	1,212
Total Current Assets	<hr/> 15,543	<hr/> 13,865
Fixed Assets, net of accumulated amortization and depreciation of \$12,414 in 2018 and \$11,670 in 2017	11,289	11,811
Other assets	897	832
	<hr/>	<hr/>
Total Assets	<u>\$ 27,729</u>	<u>\$ 26,508</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:		
Accounts payable	\$ 327	\$ 398
Accrued expenses	3,888	2,870
Current portion of long-term debt	957	957
	<hr/>	<hr/>

Total Current Liabilities	5,172	4,225
Long-term debt	2,181	2,420
Deferred tax liabilities, long-term	1,205	1,243
Total Liabilities	<u>8,558</u>	<u>7,888</u>
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 6,160 shares issued in 2018 and 2017	31	31
Accumulated other comprehensive loss	(250)	(238)
Additional paid-in capital	31,157	31,022
Accumulated deficit	(1,685)	(2,113)
Less - Treasury stock, at cost, 668 shares	<u>(10,082)</u>	<u>(10,082)</u>
Total Shareholders' Equity	<u>19,171</u>	<u>18,620</u>
Total Liabilities and Shareholders' Equity	<u>\$ 27,729</u>	<u>\$ 26,508</u>

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