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Zacks Small-Cap Research

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Pharma-Bio Serv (OTCQB: PBSV)

PBSV: Margins Increase and Profitability Returns

Pharma-Bio Serv is a company that offers compliance and validation consulting services to the pharmaceutical industry.

Using discounted cash flow analysis, we value the shares of PBSV at $1.50, as the company invests in future growth.

OUTLOOK

Pharma-Bio Serv released results for the quarter ended April 30, 2025, which showed an increase in revenues over the previous year and a return to profitability.

The company has made some investments and decisions that are starting to pay off with increasing margins and a jump in European revenue. Management continues to maintain a solid dividend and a clean balance sheet that helps the company weather the change in business conditions.

Current Price (06/16/25)	$0.55
Valuation	**$1.50**

SUMMARY DATA

52-Week High	**$0.67**
52-Week Low	**$0.40**
One-Year Return (%)	**-6.84**
Beta	**0.68**
Average Daily Volume (sh)	**6,144**
Shares Outstanding (mil)	**23**
Market Capitalization ($mil)	**$11**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**12**
Annual Cash Dividend	**$0.08**
Dividend Yield (%)	**13.6%**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**

Risk Level	**Medium**
Type of Stock	**Small-Value**
Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Jan)	Q2 (Apr)	Q3 (Jul)	Q4 (Oct)	Year (Oct)
2023	4.2 A	4.6 A	4.6 A	3.6 A	17.0 A
2024	2.3 A	2.4 A	2.4 A	2.4 A	9.5 A
2025	2.5 A	2.4 A	3.0 E	3.3 E	11.2 E
2026	2.7 E	3.0 E	3.0 E	3.3 E	12.0 E

	Q1 (Jan)	Q2 (Apr)	Q3 (Jul)	Q4 (Oct)	Year (Oct)
2023	$0.02 A	$0.02 A	$0.02 A	$0.00 A	$0.06 A
2024	-$0.01 A	-$0.01 A	-$0.01 A	$0.00 A	-$0.03 A
2025	$0.00 A	$0.00 A	$0.03 E	$0.03 E	$0.06 E
2026	$0.02 E	$0.03 E	$0.03 E	$0.03 E	$0.11 E

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COMPANY UPDATE

Pharma-Bio Serv announced results for the quarter ended April 30, 2025. The investments and decisions the company made over the past year that caused PBSV to take a step are showing the benefits we expected to begin to see. PBSV returned to profitability in the quarter, increased the margin percentage and greatly increased revenue from Europe. The company had revenues for the quarter of $2.4 million, which was $0.1 million above the year ago revenue, while a profit of $95,000 was better than the $213,000 loss seen the previous year. Most encouraging was the increase in margin percentage from 26% to 33%--more evidence that company management is on the right track. Also encouraging was the increase in European revenue, which rose from $71,000 in the year ago period to over $530,000 in the most recent quarter.

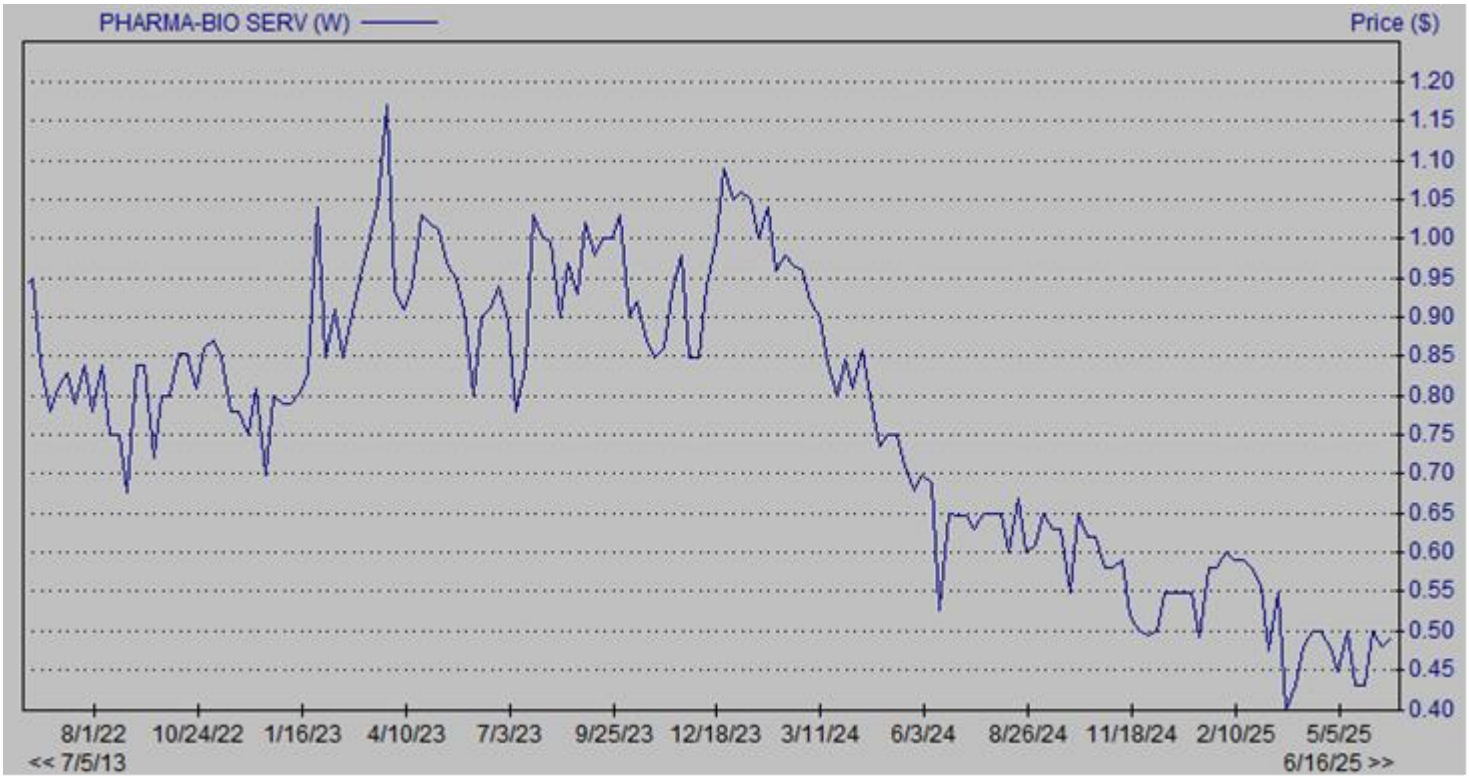
We believed the company needed to invest in improved technology and expand its presence in the marketplace for some time, while bringing in new customers and fostering profitable partnerships and are pleased to see that the company has made those investments and is now starting to see the benefits of those difficult choices. The previous few quarters were certainly disappointing, but we are now starting to see the benefits of those investments. Sometimes a company must take a step back in order to move forward in a meaningful way and we believe this is one of those cases that is now starting to play out in a positive way.

For investors, however, the company continues to focus on rewarding shareholders. Pharma-Bio Serv again paid a dividend of $0.075 per share for shareholders of record as of February 28, 2025, and we believe management is committed to continuing to pay this dividend. This announcement continues a trend for the company of rewarding shareholders with a healthy dividend. We believe this makes a nice combination and urge investors to look at the under-the-radar stock for a potential addition to a portfolio.

Additionally, the balance sheet continues to look solid. The cash on hand is impressive at $2.1 million but that's not the whole story. As we've discussed before, the company has done something with that excess cash that we believe is much smarter and will benefit the company and shareholders—management has decided to invest around $8.3 million in US Treasury Bills. With recent yields on T-bills between 4-5%, this move allows the company to hold cash equivalents that are actually earning a nice yield, while remaining safe and liquid—a win, win for investors and the company and adding to the revenue for Pharma-Bio Serv. Additionally, the solid liquidity of the company means that management has the internal funds needed to continue to make the investments that will solidify PBSV on the growth trajectory investors are now beginning to see.

We believed that company management was making tough decisions and we are now seeing the benefits of those moves. The company continues to have a solid business model in our view, and we are pleased to see investments being made in expanding that business. These facts continue to lead us to continue to have a positive view on PBSV stock, and we are looking forward to seeing continued progress in 2025.

HISTORICAL STOCK PRICE



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