September 16, 2025

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

Brad Sorensen, CFA
312-265-9574
bsorensen@zacks.com

scr.zacks.com
10 S. Riverside Plaza, Chicago, IL 60606

Pharma-Bio Serv (OTCQB: PBSV)

PBSV: Cost Discipline First, Growth Initiatives Now

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 July 31, 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 and now is beginning to implement growth initiatives.

Current Price (09/15/25)	$0.57
Valuation	**$1.50**

SUMMARY DATA

52-Week High	**$0.67**
52-Week Low	**$0.40**
One-Year Return (%)	**-9.52**
Beta	**0.64**
Average Daily Volume (sh)	**6,047**
Shares Outstanding (mil)	**23**
Market Capitalization ($mil)	**$13**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**13**
Annual Cash Dividend	**$0.08**
Dividend Yield (%)	**13.2%**
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	2.0 A	2.3 E	9.2 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	-$0.01 A	$0.03 E	$0.02 E
2026	$0.02 E	$0.03 E	$0.03 E	$0.03 E	$0.11 E

© Copyright 2025, Zacks Investment Research. All Rights Reserved.

COMPANY UPDATE

Pharma-Bio Serv announced results for the quarter ended July 31, 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. We are further encouraged by the CEO Mr. Sanchez noting that, “We…are preparing for the immediate commencement of several significant process.” After a period of retrenchment and reorganization we are excited that PBSV appears to be moving into a growth period again and urge investors to take a look at PBSV at this inflection point.

PBSV increased margin percentage and increased revenue from Europe during the quarter, continuing a trend indicating operations are becoming more streamlined and cost efficient. The company had revenues for the quarter of $2.0 million, which we believe will be the low quarterly point as growth measures begin to take effect. Most encouraging was the increase in margin percentage from and the continued increase of revenues from the European region.

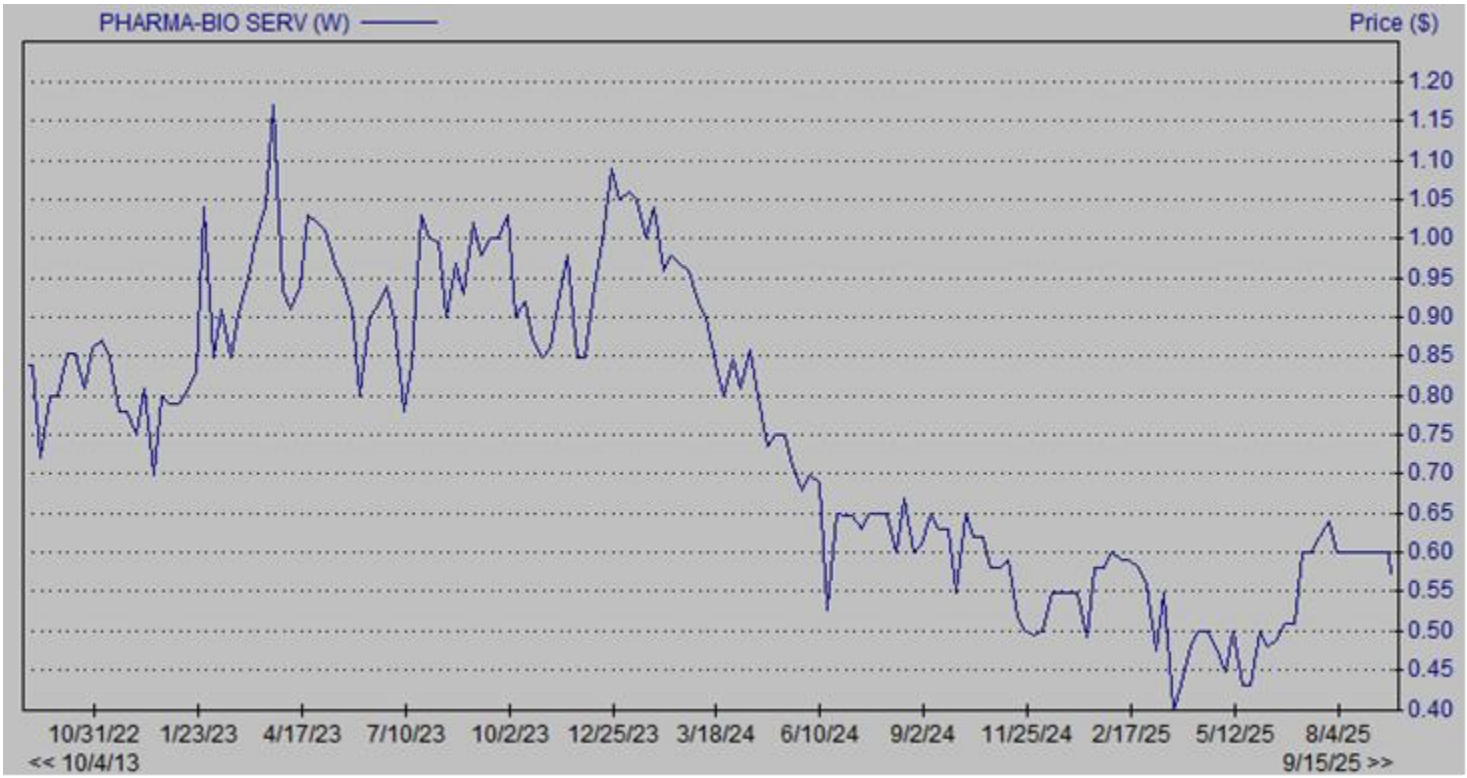
We have believed the company needed to invest in improved technology and expand its presence in the marketplace for some time, while bringing in new customers and fostering profitable partnerships and are pleased to see that the company has made those investments and is now starting to see the benefits 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 continued 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 $4.0 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 $6.8 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 believe that company management has made tough decisions, and we are now beginning to see 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 and into next year.

HISTORICAL STOCK PRICE



DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, Brad Sorensen, Senior Analyst, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.

Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.
SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.