

# Zacks Small-Cap Research

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## Pharma-Bio Serv

(OTCQB: PBSV)

### PBSV: Strong Dividend and Improving Structure

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.

Current Price (01/29/26)	\$0.54
<b>Valuation</b>	<b>\$1.50</b>

### OUTLOOK

Pharma-Bio Serv released results for the year ended October 31, 2025, which showed a slight decrease in revenue but a reduction in the loss for earnings

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 now implementing growth initiatives.

### SUMMARY DATA

52-Week High	\$0.69
52-Week Low	\$0.40
One-Year Return (%)	-9.90
Beta	0.73
<b>Average Daily Volume (sh)</b>	<b>4,827</b>

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

### ZACKS ESTIMATES

Shares Outstanding (mil)	23
Market Capitalization (\$mil)	\$12
Short Interest Ratio (days)	N/A
Institutional Ownership (%)	0
Insider Ownership (%)	13
<b>Annual Cash Dividend</b>	<b>\$0.08</b>
<b>Dividend Yield (%)</b>	<b>13.8%</b>

	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	2.1 A	9.0 A
2026	2.7 E	3.0 E	3.0 E	3.3 E	12.0 E

### 5-Yr. Historical Growth Rates

Sales (%)	N/A
Earnings Per Share (%)	N/A
Dividend (%)	N/A

	Revenue (in millions of \$)				
	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	\$0.01 A	\$0.00 A
2026	\$0.02 E	\$0.03 E	\$0.03 E	\$0.03 E	\$0.11 E

## COMPANY UPDATE

Pharma-Bio Serv, Inc. is a player in the life sciences services sector with a focus on regulatory compliance and consulting support for the pharmaceutical, biotechnology, medical device, cosmetic, food and related industries. Headquartered in Puerto Rico and publicly traded on the OTCQB under the ticker PBSV, the company's operations span key markets in the United States, Puerto Rico, Europe and Latin America. Its core business centers on assisting clients with navigating the complex requirements of the U.S. Food and Drug Administration and other international regulatory agencies, helping with quality systems, compliance documentation, project management and the transfer of technology between sites or stages of development. This positions Pharma-Bio Serv in the broader ecosystem of regulatory support and quality assurance—a segment that sits alongside contract development and manufacturing in the value chain but is distinct in its emphasis on compliance and agency approval rather than physical production.

Over recent reporting periods the company has faced challenging market conditions. In the just reported year ended October 31, 2025, Pharma-Bio Serv generated approximately \$9.0 million in revenue, modestly down from the prior year, and reported a small net loss of roughly \$0.1 million, though this represented a narrowing of losses compared with the year prior and illustrates to us improving expense control. For example, selling and administrative expenses fell by roughly \$250,000 y/y, while the overall gross margin improved from 26.5% to 32.3%. Over the past year, management has highlighted efforts to improve the company's portfolio of services and client engagements, align organizational structure with strategic priorities, and reinforce operational discipline with an eye toward markets where its regulatory expertise is most differentiated, such as select European and Latin American segments. While improving the operating environment of the company, the leadership managed to maintain the solid dividend the company has been paying. The company announced that the board approved a cash dividend of \$0.075 per share for distribution in March 2026, a continued signal of confidence in the firm's financial foundation and commitment to return value to shareholders.

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.

Additionally, the balance sheet continues to look solid. The cash on hand is impressive at \$3.4 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 \$7.5 million in US Treasury Bills. With recent yields on T-bills between 3-4%, 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. Finally, the company, as part of management's improved financial condition, total liabilities have been reduced from \$2.6 million to \$1.7 million.

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 2026.

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