

January 30, 2026

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: 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.

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.

Current Price (01/29/26)

\$0.54

Valuation

\$1.50

SUMMARY DATA

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

Shares Outstanding (mil)	23
Market Capitalization (\$mil)	\$12
Short Interest Ratio (days)	N/A
Institutional Ownership (%)	0
Insider Ownership (%)	13

Annual Cash Dividend	\$0.08
Dividend Yield (%)	13.8%

5-Yr. Historical Growth Rates

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

Risk Level

Medium

Type of Stock
IndustrySmall-Value
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	2.1 A	9.0 A
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	\$0.01 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.

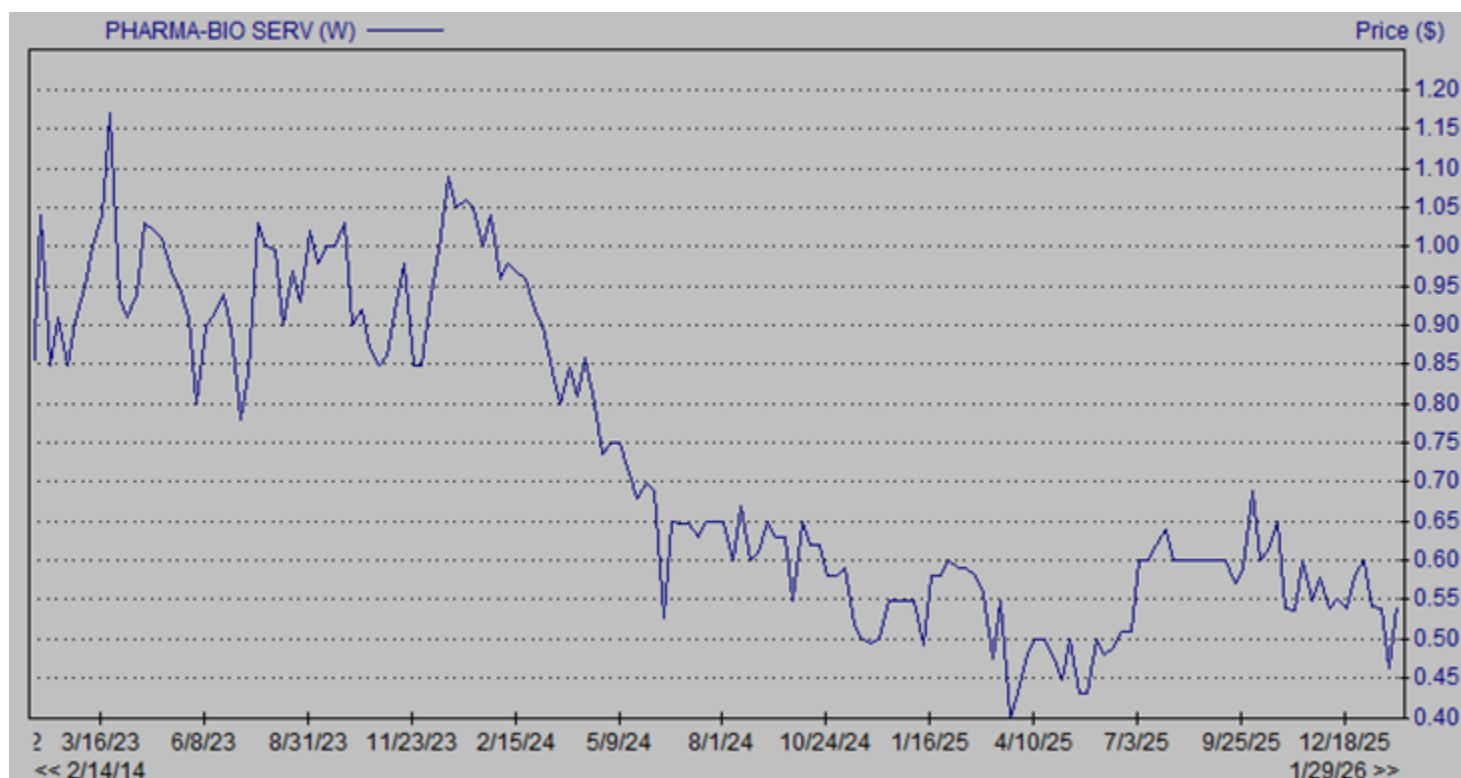
We have believed the company needed to invest in improved technology and expand its presence in the marketplace for some time, while bringing in new customers and fostering profitable partnerships and are pleased to see that the company has made those investments and is now starting to see the benefits 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.

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.