

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: Quarterly Results Prove Business Concept is Working

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 \$1.55, as the company invests in future growth.

OUTLOOK

Pharma-Bio Serv released results for the quarter ended April 30, 2026, which revealed that measures to improve efficiency are gaining traction.

The company has made some investments and decisions that are starting to pay off with increasing margins and improved profitability. Management continues to maintain a solid dividend and a clean balance sheet and is now implementing growth initiatives that are starting to show results.

Current Price (06/15/26) **\$0.56**
Valuation **\$1.55**

SUMMARY DATA

52-Week High **\$0.69**
 52-Week Low **\$0.46**
 One-Year Return (%) **-11.63**
 Beta **0.64**
 Average Daily Volume (sh) **599**

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 (%) **16.7%**

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)
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	2.3 A	2.7 A	2.7 E	3.0 E	11.7 E
2027	2.6 E	3.0 E	3.0 E	3.3 E	12.9 E

	Q1 (Jan)	Q2 (Apr)	Q3 (Jul)	Q4 (Oct)	Year (Oct)
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	\$0.00 A	\$0.01 A	\$0.03 E	\$0.03 E	\$0.07 E
2027	\$0.02 E	\$0.02 E	\$0.03 E	\$0.04 E	\$0.11 E

COMPANY UPDATE

Tucked away on the OTCQB under the ticker PBSV, Pharma-Bio Serv, Inc. is the kind of company that rarely attracts headlines but consistently delivers for those paying attention. Founded in 1993 and headquartered in Dorado, Puerto Rico, the company has spent more than three decades building a specialized niche in regulatory compliance consulting — the indispensable, unglamorous work that keeps pharmaceutical manufacturers, biotech companies, medical device makers, and food producers on the right side of the FDA and international regulatory agencies. With operations spanning Puerto Rico, the continental United States, Europe, and Brazil, Pharma-Bio Serv deploys a global team of engineering and life science professionals, quality assurance directors, and compliance specialists whose expertise is, in a meaningful sense, non-optional for their clients.

Regulatory compliance is a structural growth business. As the global regulatory environment grows more complex — with agencies in the U.S., EU, and beyond continuously updating good manufacturing practice (GMP) requirements and technology transfer standards — companies in the life sciences sector face mounting pressure to either build expensive in-house compliance teams or turn to specialized consultants like Pharma-Bio Serv. The company has positioned itself squarely at that intersection of necessity and expertise.

A Quarter That Tells the Right Story

Yesterday's earnings release (for the quarter ended April 30, 2026) offered investors a clean, encouraging picture. Revenues for the second fiscal quarter came in at approximately \$2.7 million, up roughly \$300,000 from the same quarter a year ago — an 12.5% increase that, while measured, reflects steady demand for the company's services. More importantly, net income for the quarter reached approximately \$200,000, doubling the prior-year period's figure, a gain of roughly \$100,000 year-over-year.

When viewed across the first half of the fiscal year, the momentum only deepens. Six-month revenues of approximately \$5.0 million were up \$100,000 from the year-ago period, while six-month net income of approximately \$300,000 represents a \$200,000 improvement — meaning the company has essentially tripled its bottom-line performance in the first half of fiscal 2026 compared to the same stretch last year.

CEO Mr. Sanchez captured the dynamic plainly: "Our continued strategic focus on markets that offer the greatest opportunities for return, combined with disciplined cost management and operational efficiency, contributed to the improved financial performance." That's not corporate boilerplate — it's a description of exactly what a small-cap investor wants to see: top-line growth and margin expansion happening simultaneously.

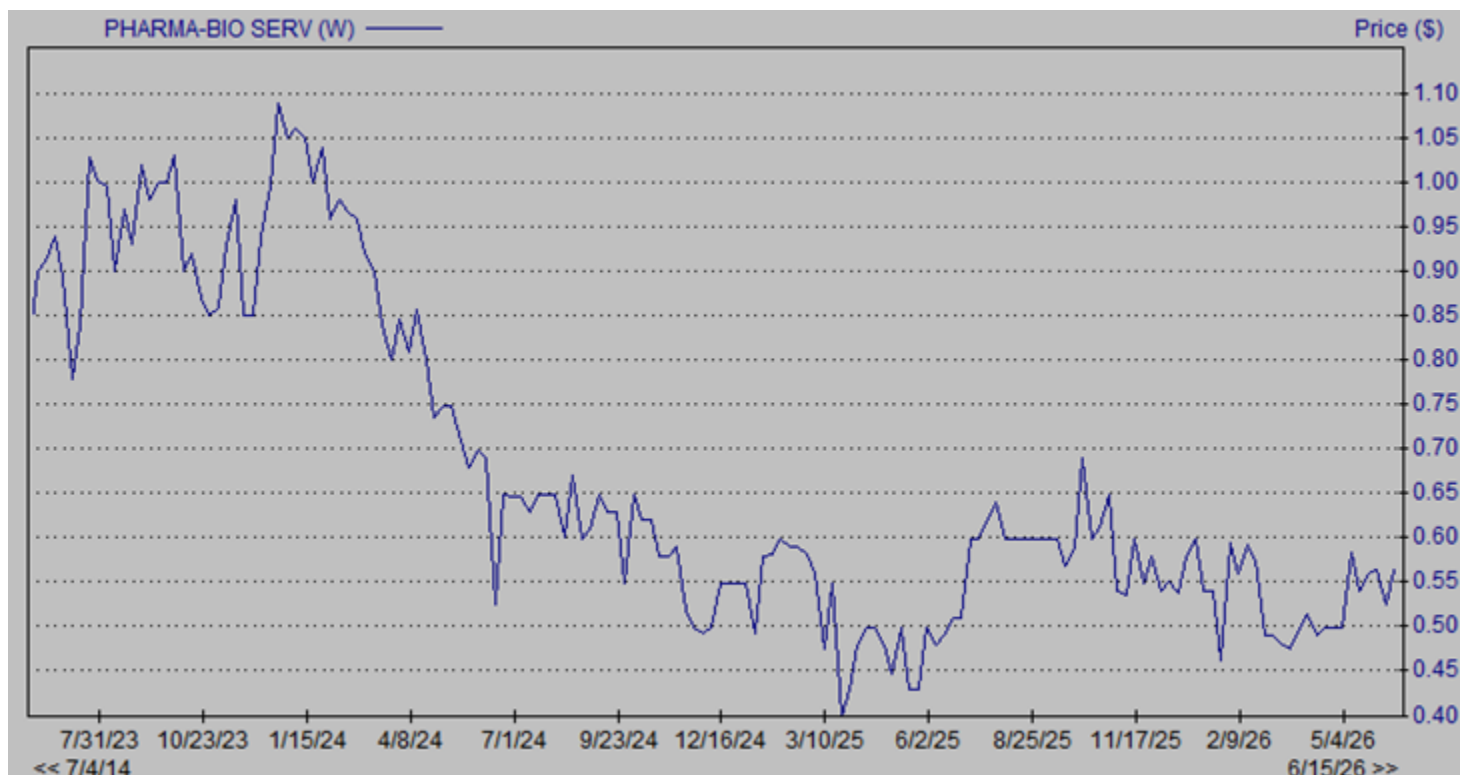
The Bull Case

What makes PBSV genuinely interesting is the compounding nature of its competitive position. Regulatory consulting is a relationship-driven, reputation-dependent business. Clients who trust Pharma-Bio Serv with a GMP audit or a technology transfer project tend to return with the next one. Every successful engagement builds institutional credibility that is difficult for competitors to replicate overnight. For a company this size, the geographic footprint — serving clients from Puerto Rico's dense pharmaceutical manufacturing ecosystem to European and Brazilian markets — represents a moat of reach and multilingual regulatory expertise that smaller rivals simply cannot match.

The profitability inflection is also worth emphasizing. In small-cap consulting, revenue growth is fine, but net income growth is proof of concept. The fact that bottom-line improvement is outpacing top-line growth tells you that management has gotten serious about which engagements to pursue and which to pass on — a sign of operational maturity. At a time when many micro-cap companies are burning cash chasing scale, PBSV is quietly building earnings power from a profitable, self-funded base.

For patient investors willing to look beyond Wall Street's spotlight, Pharma-Bio Serv represents a durable, cash-generating business in a niche where demand is structurally supported by regulation itself. Today's earnings report is one more data point in what is becoming a compelling trajectory, which investors should take a look at.

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.