

PHARMA-BIO SERV, INC.

2025 ANNUAL REPORT

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **October 31, 2025**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. **000-50956**

PHARMA-BIO SERV, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation or Organization)

20-0653570
(IRS Employer Identification No.)

PO Box 1049
Dorado, Puerto Rico
(Address of Principal Executive Offices)

00646
(Zip Code)

787-278-2709
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act: None

Title of each class	Trading Symbol(s)	Name of each exchange on which registered

Securities registered pursuant to Section 12(g) of the Act: Common Stock, par value \$0.0001 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of common stock held by non-affiliates of the registrant, based on the closing price for the registrant's common stock on April 30, 2025 (the last business day of the second quarter of the registrant's current fiscal year), was \$6,136,220.

The number of shares of the registrant's common stock outstanding as of January 23, 2026 was 22,904,492.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement relative to the Annual Meeting of Stockholders for the year ended October 31, 2025 are incorporated by reference in Part III hereof.

PHARMA-BIO SERV, INC.
FORM 10-K
FOR THE YEAR ENDED OCTOBER 31, 2025

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PART I

ITEM 1. BUSINESS.

GENERAL

Pharma-Bio Serv, Inc. (“Pharma-Bio” or the “Company”) is a Delaware corporation organized on January 14, 2004. The Company operates in Puerto Rico, the United States, Europe and Brazil under the name of Pharma-Bio Serv, and is engaged in providing technical compliance consulting services to the pharmaceutical, chemical, biotechnology, medical devices, cosmetic and food industries, and allied products companies. References to “we,” “us,” “our” and similar words in this Annual Report on Form 10-K refer to Pharma-Bio Serv, Inc. and its subsidiaries. Our website is www.pbsvinc.com. Information on our website or any other website is not part of this Annual Report on Form 10-K.

OVERVIEW

We are a regulatory affairs, quality, compliance and technology transfer services consulting firm with headquarters in Puerto Rico, servicing the Puerto Rico, United States and European markets, and to a lesser extent the Brazilian market. The compliance consulting service sector in those markets consists of local compliance and validation consulting firms, United States dedicated validation and compliance consulting firms, and large publicly traded and private domestic and foreign engineering and consulting firms. We provide a broad range of compliance-related consulting services. We market our services to pharmaceutical, chemical, biotechnology, medical devices, cosmetic and food industries, and allied products companies principally in Puerto Rico, the United States, Europe and Brazil. Our consulting team includes experienced engineering and life science professionals, former quality assurance managers and directors, former health agency officials, and professionals with bachelors, masters and doctorate degrees in health sciences and engineering.

We have well-established and consistent relationships with the major pharmaceutical, biotechnology, medical device and chemical manufacturing companies in Puerto Rico and the United States, which provides us access to affiliated companies in other markets. We seek opportunities in markets that can yield profitable margins using our professional consulting force.

We believe the most significant factors to achieving future business growth include our ability to: (i) continue to provide quality value-added compliance services to our clients; (ii) recruit and retain highly educated and experienced consultants; (iii) further expand our products and services to address the expanding needs of our clients; and (iv) expand our market presence in the United States, Europe, Brazil and other emerging pharmaceutical markets to respond to the international compliance needs of our clients and potential clients. Our business is affected to the extent economic conditions impact decisions of our clients and potential clients to establish operations or continue or expand their existing operations.

Our revenue is derived from (i) time and materials contracts (representing approximately 99% of total revenue), where the clients are charged for the time, materials and expenses incurred on a particular project or service and (ii) fixed-fee contracts or from “not to exceed” contracts (approximately 1% of total revenue), which are generally short-term contracts, in which the value of the contract cannot exceed a stated amount. For time and materials contracts, our revenue is principally a function of the number of consultants and the number of hours billed per consultant. To the extent that our revenue is based on fixed-fee or “not to exceed” contracts, our ability to operate profitably is dependent upon our ability to estimate accurately the costs that we will incur on a project and to manage and monitor the project. If we underestimate our costs on any contract, we could sustain a loss on the contract or its profitability might be reduced.

The principal components for our consulting costs of services are compensation to our consulting team and expenses relating to the performance of the services. In order to ensure that our pricing is competitive yet minimize the impact on our margins, we manage increasing labor costs by (i) selecting consultants according to our cost for specific projects, (ii) negotiating, where applicable, rates with the consultant, (iii) subcontracting labor and (iv) negotiating and passing rate increases to our customers, as applicable. Although this strategy has been successful in the past, we cannot give any assurance that such a strategy will continue to be successful.

We have established quality systems for our employees which include:

- Training Programs - including a current Good Manufacturing Practices exam prior to recruitment and periodic refreshers,
- Recruitment Full Training Program - including employee manual, dress code, time sheets and good project management and control procedures, job descriptions, and firm operating and administration procedures,
- Safety Program - including Occupational Safety and Health Act (“OSHA”) and Environmental Health and Safety, and
- Code of Ethics and Business Conduct - a code of ethics and business conduct is used and enforced as one of the most significant company controls on personal behavior.

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In addition, we have implemented procedures to respond to client complaints and have in place customer satisfaction survey procedures. As part of our employee performance appraisal annual process, our clients receive an evaluation form for employee project performance feedback, including compliance with our code of ethics and business conduct.

The Company currently operates three reportable segments: (i) Puerto Rico technical compliance consulting, (ii) United States technical compliance consulting, and (iii) Europe technical compliance consulting. Financial information about our reporting segments appear in Note J to our Consolidated Financial Statements included in this Annual Report on Form 10-K.

BUSINESS STRATEGY AND OBJECTIVES

We are actively pursuing the expansion of our services in the United States, European and Latin American markets as part of our growth strategy, while maintaining our position in the Puerto Rico market. We have a well-established and consistent relationship with the major pharmaceutical, biotechnology, medical device and chemical manufacturing companies in Puerto Rico and the United States which provides us access to affiliated companies in other markets. We seek opportunities in markets that can yield profitable margins using our professional consulting force.

Our business strategy is based on a commitment to provide premium quality and professional consulting services and reliable customer service to our customer base. Our business strategy and objectives are as follows:

- Grow consulting services in each technical service, quality assurance, regulatory compliance, technology transfer, validation, engineering, and manufacturing departments by achieving greater market penetration from our marketing and sales efforts;
- Continue to enhance our technical consulting services through internal growth and acquisitions that provide solutions to our customers' needs;
- Motivate our consulting and support staff by implementing a compensation program which includes both individual performance and overall company performance as elements of compensation;
- Create a pleasant corporate culture and emphasize operational quality, safety and timely service;
- Continue to maintain our reputation as a trustworthy and highly ethical partner; and
- Efficiently manage our operating and financial costs and expenses.

TECHNICAL CONSULTING SERVICES

We have established a reputation as a premier technical consulting services firm to the pharmaceutical, chemical, biotechnology, medical devices, cosmetic and food industries, and allied products companies in various markets. These services include regulatory compliance, validation, technology transfer, engineering, project management and process support. During the year ended October 31, 2025, we have serviced approximately 70 customers that are among the largest pharmaceutical, chemical manufacturing, medical device and biotechnology companies. We participate in exhibitions, conferences, conventions and seminars as either exhibitors, sponsors or conference speakers.

MARKETING

We currently conduct our marketing activities in Puerto Rico, United States, Europe, Brazil and other markets. We actively utilize our project managers and leaders who are currently managing consulting service contracts at various client locations to also market consulting services to their existing and past client relationships. Our senior management is also actively involved in the marketing process, especially in marketing to major accounts. Our senior management and staff also concentrate on developing new business opportunities and focus on the larger customer accounts (by number of consultants or dollar volume) and responding to prospective customers' requests for proposals.

PRINCIPAL CUSTOMERS

Three customers represented 10% or more of our revenues in either of the years ended October 31, 2025 and 2024. During the years ended October 31, 2025 and 2024, these customers accounted for, in the aggregate, 43.5% and 44.2% of total revenue, respectively. Although a few customers represent a significant source of revenue, our functions are not a continuous process, accordingly, the client base for which our services are typically rendered, on a project-by-project basis, changes regularly. Therefore, in any given year a small number of customers could represent a significant source of our revenue for that year. The loss of, or significant reduction in the scope of work performed for any major customer or our inability to replace customers upon completion of contracts could adversely affect our revenue and impair our ability to operate profitably.

COMPETITION

We are engaged in a highly competitive and fragmented industry. Some of our competitors are larger than we are or are subsidiaries of larger companies, and therefore may possess greater resources than we do possess. Furthermore, because the technical professional aspects of our consulting business do not usually require large amounts of capital, there is relative ease of market entry for a new entrant possessing acceptable professional qualifications. Accordingly, we compete with regional, national, and international firms. Within our major markets, certain competitors, including local competitors, may possess greater resources than we do as well as better access to clients and potential clients.

Evaluation of validation and consulting services has previously been based primarily on reputation, track record, experience, and quality of service. However, given our clients' strategies to reduce costs, the price of service has become a major factor in sourcing these services. We believe our competitive advantages remain and result from our (i) historical market share within Puerto Rico (over 30 years), (ii) brand name, reputation and track record with many of the major pharmaceutical, biotechnology, medical device and chemical manufacturing companies and (iii) providing excellent service at a competitive price.

The market for hiring qualified and experienced consultants that can provide technical consulting services is very competitive and consists primarily of our competitors as well as companies in the pharmaceutical, chemical, biotechnology and medical device industries who are our clients and potential clients. In seeking qualified personnel, we market our name recognition in the Puerto Rico market, our reputation with our clients, and salary and benefit packages.

INTELLECTUAL PROPERTY RIGHTS

We have no proprietary software or products. We rely on non-disclosure agreements with our employees to protect our clients' proprietary software and other proprietary information. Any unauthorized use or disclosure of this information could harm our business.

HUMAN CAPITAL

Our workforce (which includes approximately 55 employees, plus 20 independent contractors), is vital to our success. As a human capital-intensive business, our ability to attract, develop, and retain exceptional and diverse employees and independent contractors is critical to our success. A diverse and inclusive workforce is a natural extension of our culture and original foundation. We are committed to ensuring that our workforce feels welcomed, valued, respected, and heard, so that they can fully contribute their unique talents for the benefit of their careers, our clients, our Company, and our communities.

The Company offers competitive compensation, healthcare insurance, wellness programs, paid time off, family leave, and workplace flexibility, among others.

All of our employees are full-time employees. None are represented by a labor union, and we consider our employee relations to be excellent.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following table sets forth certain information with respect to our executive officers.

Name	Age	Position
Victor Sanchez	55	Chief Executive Officer, President and President of European Operations
Pedro J. Lasanta	66	Chief Financial Officer, Vice President - Finance and Administration and Secretary

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Victor Sanchez has served as our Chief Executive Officer and President since January 1, 2015, and as the President of the European Operations of the Company since January 2011. Prior to joining the Company, he served as Operations Manager in the LOCM and OSD divisions of Merck Sharp & Dohme (“MSD”), a pharmaceutical company, in Madrid, Spain from April 2010 to January 2011 and as Operations Manager of the LOCM division of Schering-Plough S.A., a pharmaceutical company, in Madrid, Spain, from September 2004 to April 2010. He served as Quality Control Validations Manager for Schering-Plough Products, LLC, a pharmaceutical company (“Schering-Plough”), in Puerto Rico from December 2000 to August 2004 and as Quality Control Laboratory Supervisor of Schering-Plough from April 1996 to December 2000. Mr. Sanchez holds a Bachelor of Science in Chemistry, *summa cum laude*, and a M.B.A. in Industrial Management, *cum laude*, from the Interamerican University of Puerto Rico. He holds a Post Graduate Diploma in Pharmaceutical Validation Technology from the Dublin Institute of Technology, Ireland. He also has a US Regulatory Affairs certification from the Regulatory Affairs Professional Society. Mr. Sanchez is a chemist licensed by the Puerto Rico State Department and a member of the American Chemical Society, the Parenteral Drug Association, the Regulatory Affairs Professional Society, and the International Society for Pharmaceutical Engineers.

Pedro J. Lasanta has served as our Chief Financial Officer and Vice President - Finance and Administration since November 2007, and our Secretary since December 1, 2014. From 2006 until October 2007, Mr. Lasanta was in private practice as an accountant, tax and business counselor. From 1999 until 2006, Mr. Lasanta was the Chief Financial Officer for Pearle Vision Center PR, Inc. In the past, Mr. Lasanta was also an audit manager for Ernst & Young, formerly Arthur Young & Company. He is a *cum laude* graduate in business administration (accounting) from the University of Puerto Rico. Mr. Lasanta is a Certified Public Accountant. In 2012, he was awarded the Puerto Rico Manufacturers Association (North Region) Service Manager of the Year. Mr. Lasanta served as a Member of the Puerto Rico District Export Council for the U.S. Department of Commerce from January 2014 until December 2018.

ITEM 1A. RISK FACTORS.

This Annual Report on Form 10-K includes “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, including certain statements about our plans, strategies and prospects. Although we believe that our plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, we cannot assure you that such plans, intentions or expectations will be achieved. Important factors that could cause our actual results to differ materially from our forward-looking statements include those set forth in this Risk Factors section.

If any of the following risks, or other risks not presently known to us or that we currently believe to not be significant, develop into actual events, then our business, financial condition, results of operations, cash flows or prospects could be materially adversely affected.

Operational Risks

Because our business is concentrated in the life science and medical devices industries in Puerto Rico, the United States and Europe, any changes in those industries or in those markets could impair our ability to generate revenue and realize a profit.

Since most of our business is performed in Puerto Rico, the United States and Europe, for pharmaceutical, biotechnology, medical device and chemical manufacturing companies, our ability to generate revenue and realize a profit could be impaired by factors impacting those markets. For example, changes in tax laws or regulatory, political or economic conditions, exposure to foreign exchange variations, high inflation levels or interest rates, which discourage businesses from operating in the markets we serve, which affect the need for services such as those provided by us, could impair our ability to generate revenue and realize a profit.

Companies in the pharmaceutical and related industries for which we perform services are subject to economic pressures, which affect their global operations, and which may influence the decision to reduce or increase the scope of their operations in the markets we serve. These companies consider a wide range of factors in making such a decision, and may be influenced by a need to consolidate operations, to reduce expenses, to increase their business in geographical regions where there are large customer bases, tax, regulatory, economic and political considerations and many other factors. We cannot assure you that our customers and potential customers will not make extensive reductions or terminate their operations in the markets we serve, and/or our operations may be adversely affected by: changes in tax legislation, foreign exchange variations, high inflation levels or interest rates, which could significantly impair our ability to generate revenue and realize a profit.

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Puerto Rico's economy, including its governmental budgetary constraints, declining population growth, and the impact of hurricanes or any other natural disasters, including earthquakes, may affect the willingness of businesses to commence or expand operations in Puerto Rico, or may also consider closing operations located in Puerto Rico.

As a result of Puerto Rico's governmental budgetary constraints being imposed by the Oversight and Management Board for Puerto Rico under the Puerto Rico Management and Economic Stability Act (PROMESA), the declining population growth, and the impacts of hurricanes or other natural disasters, including earthquakes, businesses may be reluctant to establish or expand their operations in Puerto Rico, or might consider closing operations currently in Puerto Rico. Also, the damage resulting from the hurricanes or other natural disasters to the operating conditions of our clients, and insufficient federal recovery and rebuilding assistance may cause lasting and severe damage to the island's economic base. Furthermore, since Puerto Rico's economy is petroleum-based, the fluctuating price of oil, combined with Puerto Rico's debt, and a weak energy infrastructure, may make Puerto Rico a less attractive place to expand existing operations or commence new business activities. In the event that companies in the pharmaceutical and related industries decide not to commence new operations or not to expand their existing operations in Puerto Rico, or consider closing operations in Puerto Rico, the demand for our services could be negatively affected.

Because our business is dependent upon a small number of clients, the loss of a major client could impair our ability to operate profitably.

Our business is currently and has historically been dependent upon a small number of clients. During the years ended October 31, 2025 and 2024, a small number of clients accounted for a disproportionately large percentage of our revenue. In the years ended October 31, 2025 and 2024, three customers accounted for, in aggregate, approximately 43.5% and 44.2% of total revenue, respectively.

The loss of, or significant reduction in the scope of work performed for, or any significant change in the financial terms related to, any major customer could impair our ability to operate profitably. We cannot assure that we will not sustain significant decreases in revenue from our major customers or that we will be able to replace any major customers or the resulting decline in revenue.

The collectability of our accounts receivable may be subject to our customers' operations and funding sources.

If our customers' cash flow, working capital, financial conditions or results of operations deteriorate, they may be unable to pay the accounts receivable owed to us promptly or at all. If a major customer experiences, or a significant number of customers experience, financial difficulties, the effect on us could be material and have an adverse effect on our business, financial condition and results of operations.

Customer procurement and sourcing practices intended to reduce costs could have an adverse effect on our margins and profitability.

To reduce their costs, many of our customers are establishing or extending the scope of their procurement departments to include consulting and project management services, such as ours. As a result, we have less interaction with the end user of our services (typically labs or production units) when bidding on a project, which we believe decreases the focus on the quality of service provided and increases the emphasis on the cost of the service. This may cause us to lower the price of our bids, which would reduce the margins in a given project. Also, some customers have established vendor management programs with third parties (some of whom are also our competitors). Because these vendor management programs may receive a percentage of our fees, without a corresponding increase in the fee itself, our margins may be adversely affected. In addition, where a vendor management program is a competitor for a particular service we provide, we may have difficulty securing that particular project, which would adversely impact revenue. Some of these vendor neutral programs are intended to limit our interaction with our direct end user, and our interaction is limited to the representative of the vendor neutral agency. This limitation impairs our ability to establish and maintain our relationships with our customers and recognition of the value added to the service.

We may be unable to pass on increased labor costs to our clients.

The principal components of our cost of revenues are employee compensation (salaries, wages, taxes and benefits), independent contractors' fees and expenses relating to the performance of the services we provide. We face increasing labor costs which we seek to pass on to our customers through increases in our rates. To remain competitive, we may not be able to pass these increased costs on to our clients, and, to the extent that we are not able to pass these increased costs on to our clients, our operating margin may be reduced.

Consolidation in the pharmaceutical industry may have a harmful effect on our business.

In the past, the pharmaceutical industry has undergone consolidation and may undergo further substantial consolidation which may reduce the number of our existing and potential customers. Consolidation in the pharmaceutical industry may have a harmful effect on our business and our ability to maintain and replace customers.

We may be held liable for the actions of our employees or contractors when on assignment.

We may be exposed to liability for actions taken by our employees or contractors while on assignment, such as damage caused by their errors, misuse of client proprietary information or theft of client property. Due to the nature of our assignments, we cannot assure you that we will not be exposed to liability as a result of our employees or contractors being on assignment. Furthermore, our reputation may be damaged and our ability to generate business may be affected.

To the extent that we perform services pursuant to fixed-price or incentive-based contracts, our cost of services may exceed our revenue on the contract.

Some of our revenue is derived from fixed-price contracts. Our costs of services may exceed the revenue from these contracts if we do not accurately estimate the time and complexity of an engagement. Further, we are seeking contracts by which our compensation is based on specified performance objectives, such as the realization of cost savings, quality improvements or other performance objectives. Our failure to achieve these objectives would reduce our revenue and could impair our ability to operate profitably.

Our profit margin is largely a function of the rates we are able to charge and collect for our services and the utilization rate of our consultants. Accordingly, if we are not able to maintain our pricing for our services or an appropriate utilization rate for our consultants without corresponding cost reductions, our profit margin and profitability will suffer. The rates we are able to charge for our services are affected by a number of factors, including:

- Our clients' perception of our ability to add value through our services;
- Our ability to complete projects on time;
- Pricing policies of competitors;
- Our ability to accurately estimate, attain and sustain engagement revenues, margins and cash flows over increasingly longer contract periods; and
- General economic and political conditions.

Our utilization rates are also affected by a number of factors, including:

- Our ability to shift employees and contractors from completed projects to new engagements; and
- Our ability to manage the attrition of our employees and contractors.

Because most of our contracts may be terminated on little or no advance notice, our failure to maintain or generate new business could impair our ability to operate profitably.

Most of our contracts can be terminated by our clients with little or no advance notice. Our clients typically retain us on a non-exclusive, engagement-by-engagement basis, and the client may terminate, cancel or delay any engagement or the project for which we are engaged, at any time and on no advance notice. As a result, the termination, cancellation, expiration or delay of contracts could have a significant impact on our ability to operate profitably.

Because of the competitive nature of the pharmaceutical, biotechnology, medical device and chemical manufacturing consulting market, we may not be able to compete effectively if we cannot efficiently respond to changes in the structure of the market and developments in technology.

Because of consolidations in the pharmaceutical, biotechnology, medical device and chemical manufacturing consulting business, we are faced with an increasing number of larger companies that offer a wider range of services and have better access to capital than us. We believe that larger and better-capitalized competitors have enhanced abilities to compete for both clients and skilled consultants. In addition, one or more of our competitors may develop and implement methodologies that result in superior productivity and price reductions without adversely affecting their profit margins. We cannot provide any assurance that we will be able to compete effectively in an increasingly competitive market.

Because we are dependent upon our management and technical personnel, our ability to develop our business may be impaired if we are not able to engage skilled personnel.

Our future success will depend in part upon our ability to attract and retain qualified management and technical personnel. Competition for such personnel is intense, and we compete for qualified personnel with numerous other employers, including consulting firms, some of which have greater resources than we have, as well as pharmaceutical companies, most of which have significantly greater financial and other resources than we do. We may experience increased costs to retain and attract skilled employees. Our failure to attract additional personnel or to retain the services of key personnel and independent contractors could have a material adverse effect on our ability to operate profitably.

Our cash could be adversely affected if the financial institutions in which we hold our cash fail.

The Company maintains domestic cash deposits in Federal Deposit Insurance Corporation ("FDIC") insured banks and in money market obligation trusts registered under the US Investment Company Act of 1940, as amended. The domestic bank deposit balances may exceed the FDIC insurance limits. In the foreign markets we serve, we also maintain cash deposits in foreign banks, some of which are not insured or partially insured by the FDIC or other similar agency. These balances could be impacted if one or more of the financial institutions in which we deposit monies fails or is subject to other adverse conditions in the financial or credit markets. We can provide no assurance that access to our invested cash will not be impacted by adverse conditions in the financial and credit markets.

We may be harmed if we do not penetrate markets and expand our current business operations.

If we fail to further penetrate target markets, or to successfully expand our business into new markets, the growth in sales of our services, along with our operating results, could be materially adversely impacted. A key element of our growth strategy may be to grow our business through acquisitions. Acquisitions involve many different risks, including (1) the ability to finance acquisitions, either with cash, debt, or equity issuances; (2) the ability to integrate acquisitions; (3) the ability to realize anticipated benefits of the acquisitions; (4) the potential to incur unexpected costs, expenses, or liabilities; and (5) the diversion of management's attention and Company resources. Many of our competitors may also compete with us for acquisition candidates, which can increase the price of acquisitions and reduce the number of available acquisition candidates. We cannot provide any assurance that efforts to increase market penetration in our core markets and existing geographic markets will be successful. Our failure to penetrate markets and grow our current business operations could have a material adverse effect on our business, financial condition, results of operations, and cash flow.

Disruptions in our information technology systems could adversely affect our business and the results of operations. If these systems fail or become unavailable for any period of time this could limit our ability to effectively monitor and control our operations and adversely affect our operations. Additionally, a breach or an alleged breach of our information technology systems could subject us to liability or reputational damage.

Our information technology systems facilitate our ability to transact business, monitor and control our operations and adjust to changing market conditions. Any disruption in our information technology systems or the failure of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect our operating results by limiting our capacity to effectively transact business, monitor and control our operations and adjust to changing market conditions in a timely manner.

In addition, because of recent advances in technology and well-known efforts on the part of computer hackers and cyber-terrorists to breach data security systems, we may face cyber threats and/or attacks which may lead to the potential risk of failure to detect such breaches or adequately protect critical corporate, customer and employee data, which, if released, could adversely impact our customer relationships, our reputation, and even violate privacy laws.

There can be no assurance that our efforts to protect our data and information technology systems will prevent breaches in our systems (or that of our third-party providers) that could adversely affect our business and result in financial and reputational harm to us, theft of trade secrets and other proprietary information, legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties.

Despite the implementation of our cybersecurity processes, our security measures cannot guarantee that a significant cybersecurity attack will not occur. There can also be no guarantee that our policies and procedures under our cybersecurity risk management program will be properly followed in every instance or that those policies and procedures will be effective. While we devote resources to our security measures designed to protect our systems and information, we cannot guarantee the security measures are infallible.

Regulatory Risks

Because the pharmaceutical industry is subject to government regulations, changes in government regulations relating to this industry may affect the need for our services.

Because government regulations affect all aspects of the pharmaceutical, biotechnology, medical device and chemical manufacturing industries, including regulations relating to the testing and manufacturing of pharmaceutical products and the disposal of materials which are or may be considered toxic, any change in government regulations could have a profound effect upon not only these companies but companies, such as ours, that provide services to these industries. If we are not able to adapt and provide necessary services to meet the requirements of these companies in response to changes in government regulations, our ability to generate business may be impaired.

The prices of prescription pharmaceuticals in the U.S. and foreign jurisdictions are subject to considerable legislative and executive actions and could impact the prices of our customers products.

The prices of prescription pharmaceuticals have been the subject of considerable discussion in the U.S. There have been several U.S. congressional inquiries, proposed and enacted state and federal legislation, as well as agreements between the U.S. government and major pharmaceutical companies designed to, among other things, bring more transparency to pharmaceutical pricing, review the relationship between pricing and manufacturer patient programs, and reduce the costs of pharmaceuticals. In the European Union, similar political, economic, and regulatory developments may affect our customers' ability to profitably commercialize their products. These factors could affect our customers' willingness and level of services required to us; this may have an unfavorable impact on our business financial condition and results of operations.

Changes in tax laws in the United States, Puerto Rico or in other jurisdictions where we do business may adversely impact the willingness of our customers to continue or to expand their operations where we do business and may also impact our tax business model.

As a result of the continued changes in tax laws in the United States, Puerto Rico or other jurisdictions where we do business, the tax business model of various US or foreign companies and their subsidiaries, doing business in Puerto Rico and other foreign jurisdictions may be affected, making them a less attractive investment. For example, on July 4, 2025, Public Law 119-21, commonly known as the One Big Beautiful Bill Act of 2025 ("OBBBA"), was enacted and changed the Global Intangible Lo-Tax Income ("GILTI") provisions that were part of the 2017 Tax Cuts and Jobs Act ("TCJA"). OBBBA renames the GILTI provision to "net CFC tested income" and increases the effective tax rate on net CFC tested income from 10.5% to approximately 12.6%. In addition, OBBBA includes some limitations on foreign tax credits, if any, to be used against net CFC tested income. Consequently, this may affect the willingness of such companies to continue, expand and/or bring new operations to jurisdictions where we do business, which may impair our ability to generate business in those markets, and may also impact our tax business model.

Changes to trade regulation, quotas, duties or tariffs, caused by the changing U.S. and geopolitical environments or otherwise, may materially adversely affect customer demand for our services.

The United States has recently enacted and/or proposed to enact significant new *tariffs* on goods imported from numerous countries, including those where we do business. Federal agencies have been directed to further evaluate key aspects of U.S. trade policy and there has been ongoing discussion and commentary regarding potential significant changes to U.S. trade policies, treaties and tariffs. There continues to exist significant uncertainty about the future relationship between the U.S. and other countries with respect to such trade policies, treaties and tariffs.

Furthermore, because of policy changes and government proposals, there may be greater restrictions and economic disincentives on international trade in general. The new tariffs and other changes in U.S. trade policy could trigger retaliatory actions by affected countries, and foreign governments have instituted or are considering imposing trade sanctions on U.S. goods. Such changes have the potential to adversely impact the U.S. economy or sectors thereof, including the industry and countries we serve, and as a result, could have a negative impact on our business, financial condition and results of operations.

If we are unable to renegotiate the term of the tax grant issued by the Puerto Rico Industrial Development Company ("PRIDCO") we may incur increased tax payments, which could have a material adverse effect on our business, financial condition, results of operations, and cash flow.

The Company held a tax grant issued by PRIDCO, which provides relief on various Puerto Rico taxes, including income tax, with certain limitations, for most of the activities carried on within Puerto Rico, including those that are for services to parties located outside of Puerto Rico. The grant was effective as of November 1, 2009, and covered a fifteen-year period, ending on October 31, 2024. Under the provisions of Puerto Rico Acts 60-2019 and 73-2008, we have requested the renegotiation of the grant from PRIDCO for an additional term of fifteen years. As of the date of this filing, we have not received from PRIDCO a status for this request. If we are unable to renegotiate the term of the grant, in the future we may incur increased tax payments, which could have a material adverse effect on our business, financial condition, results of operations, and cash flow.

Intellectual Property Risks

Since our business is dependent upon the development and enhancement of patented pharmaceutical products or processes by our clients, the failure of our clients to obtain and maintain patents could impair our ability to operate profitably.

Companies in the pharmaceutical industry are highly dependent on their ability to obtain and maintain patents for their products or processes. The inability by our clients to obtain new patents and the expiration of active patents may reduce the need for our services and thereby impair our ability to operate profitably.

If we are unable to protect our clients' intellectual property, our ability to generate business will be impaired.

Our services either require us to develop intellectual property for clients or provide our personnel with access to our clients' intellectual property. Because of the highly competitive nature of the pharmaceutical, biotechnology, medical device and chemical manufacturing industries and the sensitivity of our clients' intellectual property rights, our ability to generate business would be impaired if we fail to protect those rights. Although our employees and contractors are required to sign non-disclosure agreements, any disclosure of a client's intellectual property by an employee or contractor may subject us to litigation and may impair our ability to generate business either from the affected client or other potential clients. In addition, we are required to enter into confidentiality agreements and our failure to protect confidential information from our clients may impair our business relationship.

We may be subject to liability if our services or solutions for our clients infringe upon the intellectual property rights of others.

It is possible that in performing services for our clients, we may inadvertently infringe upon the intellectual property rights of others. In such an event, the owner of the intellectual property may commence litigation seeking damages and an injunction against both us and our client, and the client may bring a claim against us. Any infringement litigation would be costly. Even if we prevail, we will incur significant expenses and our reputation could be hurt, which would affect our ability to generate business and the terms on which we would be engaged, if at all.

Common Stock Risks

Because there is a limited market in our common stock, stockholders may have difficulty in selling our common stock and our common stock may be subject to significant price swings.

There is a limited market for our common stock. Since trading commenced in December 2006, there has been limited volume, and on some days there has been no trading in our common stock. Because of the limited market for our common stock, the purchase or sale of a relatively small number of shares may have an exaggerated effect on the market price for our common stock. We cannot assure stockholders that they will be able to sell common stock or, that if they are able to sell their shares, that they will be able to sell the shares in any significant quantity at the quoted price.

Our revenues, operating results and profitability will vary from quarter to quarter, which may result in increased volatility of our stock price.

Our quarterly revenues, operating results and profitability have varied in the past and are likely to vary significantly from quarter to quarter, making them difficult to predict. This may lead to volatility in our share price. The factors that are likely to cause these variations are:

- Number of workdays, holidays and vacations;
- The business decisions of clients regarding the use of our services;
- Periodic differences between clients estimated and actual levels of business activity associated with ongoing engagements, including the delay, reduction in scope and cancellation of projects;
- The stage of completion of existing projects and their termination;
- Our ability to move consultants quickly from completed projects to new engagements and our ability to replace completed contracts with new contracts with the same clients or other clients;
- The introduction of new services by us or our competitors;
- Changes in pricing policies by us or our competitors;
- Our ability to manage costs, including personnel compensation, support-services and severance costs;
- Acquisition and integration costs related to possible acquisitions of other businesses;
- Changes in estimates, accruals and payments of variable compensation to our employees or contractors; and
- Global economic and political conditions and related risks, including acts of terrorism.

We cannot guarantee that our Stock Repurchase Program will be fully implemented or that it will enhance long-term stockholder value.

On June 13, 2014, the Board of Directors of the Company approved the Company Stock Repurchase Program authorizing the Company to repurchase up to two million shares of its outstanding common stock (the “Stock Repurchase Program”). The timing, manner, price and amount of any repurchases is at the discretion of the Company, subject to the requirements of the Securities Exchange Act of 1934, as amended, and related rules. As a result, there can be no guarantee around the timing or volume of our share repurchases. We intend to finance any stock repurchases through operating cash flow. There is no guarantee as to the number of shares that will be repurchased, and the Stock Repurchase Program may be extended, suspended or discontinued at any time without notice at our discretion, which may result in a decrease in the trading price of our common stock. The Stock Repurchase Program could increase volatility in and affect the price of our common stock. The existence of our Stock Repurchase Program could also cause the price of our common stock to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our common stock. Additionally, repurchases under our Stock Repurchase Program will reduce our cash reserves. There can be no assurance that any share repurchases will enhance stockholder value because the market price of our common stock may decline below the levels at which we repurchased such shares. Any failure to repurchase shares after we have announced our intention to do so may negatively impact our reputation and investor confidence in us and may negatively impact our stock price. Although our Stock Repurchase Program is intended to enhance long-term stockholder value, short-term stock price fluctuations could reduce the program’s effectiveness.

The issuance of securities, whether in connection with an acquisition or otherwise, may result in significant dilution to our stockholders.

If we are required to issue securities either as payment of all or a portion of the purchase price of an acquisition or in order to obtain financing for the acquisition or for other corporate purposes, such an issuance could result in dilution to our stockholders. The amount of such dilution will be dependent upon the terms on which we issue securities. The issuance of securities at a price which is less than the exercise price of outstanding warrants or the conversion price of securities could result in additional dilution if we are required to reduce the exercise price or conversion price of the then outstanding options or warrants or other convertible securities.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 1C. CYBER SECURITY.

Risk management and strategy

We rely on information technology to operate our business. We have policies and processes designed to protect our information technology systems, some of which are managed by third parties, and resolve issues in a timely manner in the event of a cybersecurity threat or incident.

As part of our broader risk management framework, we have identified the potential cybersecurity risks for our business. We have designed our business applications and hosting services to minimize the impact that cybersecurity incidents could have on our business and have identified back-up systems where appropriate. We seek to further mitigate cybersecurity risks through a combination of monitoring and detection activities, use of anti-malware applications, employee training, quality audits and communication and reporting structures, among other processes.

We have (i) engaged a third-party consultant to assist us with designing controls and our cybersecurity risk management framework; (ii) engaged third party applications to perform penetration testing, and (iii) retained third parties to assist with the monitoring and detection of cybersecurity threats and responding to any cybersecurity threats or incidents.

We have not encountered cybersecurity threats or incidents that have had a material impact on our business.

Despite the implementation of our cybersecurity processes, our security measures cannot guarantee that a significant cybersecurity attack will not occur. There can also be no guarantee that our policies and procedures under our cybersecurity risk management program will be properly followed in every instance or that those policies and procedures will be effective. While we devote resources to our security measures designed to protect our systems and information, we cannot guarantee the security measures are infallible.

Governance

Our Board of Directors oversees our general risk management, including cybersecurity. Policies, practices and potential risks associated with cybersecurity are discussed and managed by the Board of Directors and management.

Our chief financial officer has primary responsibility for assessing, monitoring, managing cybersecurity risks and updating the Board of Directors on any significant risks related to cybersecurity on a quarterly basis. Our incident response plan includes notifying the Board of Directors of any material threats or incidents that arise.

ITEM 2. PROPERTIES.

The Company previously performed its administrative operations in office facilities located in Dorado, Puerto Rico (the “Office Facilities”). The Office Facilities were under a lease agreement, which expired on December 31, 2025. As of January 1, 2026, we are a remote company and do not maintain physical offices, except for an office facility in Madrid, Spain, which is under a month-to-month lease with monthly payment of approximately \$500.

For purposes of compliance with applicable requirements of the Securities Act and the Exchange Act, stockholder communications required to be sent to our principal executive offices may be directed to the Corporate Secretary, Pharma-Bio Serv, Inc., PO Box 1049, Dorado, Puerto Rico and info@phamabioserv.com.

ITEM 3. LEGAL PROCEEDINGS.

From time to time, we may be a party to legal proceedings incidental to our business. Currently, there are no proceedings threatened or pending against us, which, if determined adversely to us, would have a material effect on our financial position or results of operations and cash flows. However, the Company is a complainant in one legal proceeding as described below.

On March 15, 2023, the Company’s subsidiaries Pharma-Bio Serv PR, Inc., Pharma Serv, Inc. and Scienza Labs, Inc., filed a breach of contract and money collection complaint against Romark Global Pharma, LLC, Romark Properties, LLC, Romark Biosciences, LLC and Romark Holdings, LLC (collectively, “Romark”), before the Commonwealth of Puerto Rico Court of First Instance, San Juan Superior Section. On November 13, 2023, a judgment was entered by the Court ordering Romark to pay jointly to the Company’s subsidiaries \$6,717,431.69, which includes the principal amount of \$5,246,782, plus interest up to the date of the judgment. The Company’s subsidiaries are pursuing assets and monies from Romark to collect the judgment. To this date, however, we have been unable to identify assets of Romark against which to collect. Also, multiple other creditors of Romark have filed claims against it. Aside from legal fees and the costs of identifying assets, and costs of collection efforts, no further losses are expected. The Company’s subsidiaries will continue the collection efforts with Romark. However, we cannot guarantee a successful outcome in collecting the funds owed to the Company’s subsidiaries.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our common stock has been quoted on the Over-the-Counter Bulletin Board under the trading symbol PBSV since December 4, 2006. Any over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

On January 20, 2026, there were approximately 62 holders of record of our common stock.

On March 20, 2025, the Company paid dividends of \$0.075 per share of common stock to shareholders of record at the close of business on February 28, 2025. The Board of Directors will continue to evaluate the Company's strategic plan, which might include future acquisitions, sales of business units, dividends or any combination of these opportunities while continuing its stock repurchase plan.

Equity Compensation Plan Information

The following table summarizes the equity compensation plan under which our securities may be issued as of October 31, 2025.

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price per share of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders:			
2014 Long-Term Incentive Plan	453,350	\$ 0.9108	1,050,000
Equity compensation plans not approved by security holders	-	\$ -	-
Total	453,350		1,050,000

The 2014 Long-Term Incentive Plan was approved in April 2014 and amended on May 2, 2024, by the stockholders to extend the term for an additional ten years ending March 31, 2034.

Stock Repurchase Program

The following table provides information about purchases by the Company of its shares of common stock under the Company Stock Repurchase Program during the three-month period ended October 31, 2025:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1)
August 1, 2025 through August 31, 2025	2,350	\$ 0.60	2,350	1,461,392
September 1, 2025 through September 30, 2025	3,100	\$ 0.59	3,100	1,458,292
October 1, 2025 through October 31, 2025	9,000	\$ 0.66	9,000	1,449,292
	14,450	\$ 0.64	14,450	

- (1) On June 13, 2014, the Board of Directors of the Company approved the Company Stock Repurchase Program authorizing the Company to repurchase up to two million shares of its outstanding common stock. The timing, manner, price and amount of any repurchases will be at the discretion of the Company, subject to the requirements of the Securities Exchange Act of 1934, as amended, and related rules. The Company Stock Repurchase Program does not oblige the Company to repurchase any shares, and it may be modified, suspended or terminated at any time and for any reason. Under the program no shares will be repurchased directly from directors or officers of the Company. The Company Stock Repurchase Program does not have an expiration date.

ITEM 6. [RESERVED.]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion of our results of operations and financial condition should be read in conjunction with Part I, including matters set forth in the "Risk Factors" section of this Annual Report on Form 10-K, and our Consolidated Financial Statements and notes thereto included elsewhere in this Annual Report on Form 10-K.

Overview

We are a compliance and technology transfer services consulting firm with headquarters in Puerto Rico, servicing the Puerto Rico, United States and European markets, and to a lesser extent the Brazilian market which is under development. The compliance consulting service sector in those markets consists of local compliance and validation consulting firms, United States dedicated validation and compliance consulting firms and large publicly traded and private domestic and foreign engineering and consulting firms. We provide a broad range of compliance-related consulting services. We market our services to pharmaceutical, chemical, biotechnology, medical devices, cosmetics and food industries, and allied products companies in Puerto Rico, the United States, Europe and Brazil. Our consulting team includes experienced engineering and life science professionals, former quality assurance managers and directors, and professionals with bachelors, masters and doctorate degrees in health sciences and engineering.

We actively operate in Puerto Rico, the United States, Europe and, to a lesser extent, Brazil and pursue to further expand these markets by strengthening our business development infrastructure and by constantly realigning our business strategies as new opportunities and challenges arise.

We market our services with a presence in industry trade shows, professional conventions, industry publications and company provided seminars to the industry. Our senior management is also actively involved in the marketing process, especially in marketing to major accounts. Our senior management and staff also concentrate on developing new business opportunities and focus on the larger customer accounts (by number of consultants or dollar volume) and responding to prospective customers' requests for proposals.

We consider our core business to be Food and Drug Administration ("FDA") and international agencies regulatory compliance consulting related services.

The Company held a tax grant issued by PRIDCO, which provided relief on various Puerto Rico taxes, including income tax, with certain limitations, for most of the activities conducted within Puerto Rico, including those that are for services to parties located outside of Puerto Rico. The grant was effective as of November 1, 2009, and covered a fifteen-year period, which ended on October 31, 2024. Under the provisions of Puerto Rico Acts 60-2019 and 73-2008, we have requested PRIDCO renegotiation of the tax grant for an additional term of fifteen years. As of the date of this filing, we have not received a status update from PRIDCO for that tax grant request. However, we do not anticipate any significant concerns with the Grant approval. Under ACT 20-2012, the Company obtained another tax grant from PRIDCO which, with certain limitations, also covers the services provided by the Company's Puerto Rico subsidiaries to parties located outside of Puerto Rico. The ACT 20-2012 tax grant is for a twenty-year term which ends on December 30, 2039. For additional information relating to the tax grants issued by PRIDCO, please see Note D – Income Taxes of the consolidated financial statements.

The Company's headquarters office facilities lease expired on December 31, 2025. Prior to the lease's expiration, the Company vetted various technologies which resulted in the Company moving its headquarters administrative operations to a virtual landscape. The move will enable us to maintain the same level of service in a more competitive manner.

Regional or global conflicts, including war and economic sanctions between nations, price inflation, pandemics, OBBBA, possible tax changes on jurisdictions where we do business, bio-pharmaceutical industry consolidations and relocations, and the trends on managing contract resources, all pose current and future challenges which may adversely affect our future performance. We believe that our future profitability and liquidity will be dependent on the effect the local and global economy, including any impacts of regional or global conflicts, price inflation, pandemics, changes in tax laws, worldwide life science manufacturing industry consolidations and restructurings, operational constraints imposed by our customers due to pandemics and resources management trends, will have on our operations, and our ability to seek service opportunities and adapt to industry trends.

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The following table sets forth information as to our revenue for the years ended October 31, 2025 and 2024, by geographic regions (dollars in thousands).

Revenues by Region	Year ended October 31,			
	2025		2024	
Puerto Rico	\$ 4,637	51.5%	\$ 5,690	59.8%
United States	2,620	29.1%	3,162	33.3%
Europe	1,727	19.2%	571	6.0%
Other	17	0.2%	86	0.9%
Total revenue	\$ 9,001	100.0%	\$ 9,509	100.0%

For the year ended October 31, 2025, the Company's revenues were approximately \$9.0 million, a net decrease of \$0.5 million when compared to last year. The European market sustained an increase in project revenue of approximately \$1.2 million, which was offset by project revenue decline in the Puerto Rico, US and Brazil consulting markets of approximately \$1.1, \$0.5 and \$0.1 million, respectively. As set forth below, when compared to the same period last year, gross profit improved by 5.8 percentage points. The net increase in gross profit percentage points is mainly attributable to the improvement of margins in Puerto Rico and United States consulting markets, plus a high margin yielding project within the European market.

Results of Operations

The following table sets forth our statements of operations for the year ended October 31, 2025 and 2024 (dollars in thousands, and as a percentage of revenues):

	Year ended October 31,			
	2025		2024	
Revenues	\$ 9,001	100.0%	\$ 9,509	100.0%
Cost of services	6,091	67.7%	6,993	73.5%
Gross profit	2,910	32.3%	2,516	26.5%
Selling, general and administrative expenses	3,547	39.4%	3,804	40.0%
Other income, net	543	6.0%	532	5.5%
Loss before income taxes	(94)	-1.1%	(756)	-8.0%
Income tax expense	6	0.0%	22	0.2%
Net loss	(100)	-1.1%	(778)	-8.2%

Revenues. Revenues for the year ended October 31, 2025 were approximately \$9.0 million, a net decrease of \$0.5 million when compared to last year. The European market sustained an increase in project revenue of approximately \$1.2 million, which was offset by project revenue decline in the Puerto Rico, US and Brazil consulting markets of approximately \$1.1, \$0.5 and \$0.1 million, respectively.

Cost of Services; Gross Profit. Cost of services for the year ended October 31, 2025 were \$6.1 million, a decrease of \$0.9 million when compared to last year. Gross profit for the year ended October 31, 2025 increased by 5.8 percentage points when compared to last year. The net increase in gross profit percentage points is mainly attributable to the improvement of margins in Puerto Rico and United States consulting markets, combined with a high margin project within the European market.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were approximately \$3.5 million, a net decrease of approximately \$0.3 million when compared to last year. The decline is attributable to planned reduction in general and administrative expenses.

Other Income, Net. Other income, net for the year ended October 31, 2025, was approximately \$0.5 million. This balance is mostly attributable to interest income, plus the settlement of foreign exchange rates on intercompany balances of approximately \$0.1 million.

Net loss. Net loss for the year ended October 31, 2025 was approximately \$0.1 million, an improvement of approximately \$0.7 million when compared to last year.

For the year ended October 31, 2025, net loss per share of common stock for both basic and diluted was \$0.004, an improvement of \$0.030 per share when compared to last year.

Liquidity and Capital Resources

Liquidity is a measure of our ability to meet potential cash requirements, including planned capital expenditures. As of October 31, 2025, the Company had approximately \$11.6 million of working capital.

On June 13, 2014, the Board of Directors of the Company authorized the Company to repurchase up to two million shares of its common stock the Stock Repurchase Program. The Stock Repurchase Program does not have an expiration date. During the year ended October 31, 2025, the Company purchased an aggregate of 52,151 shares of its common stock under the Stock Repurchase Program. As of October 31, 2025, the Company has 1,449,292 shares of common stock available for future repurchases under the Stock Repurchase Program.

Our primary cash needs consist of the payment of compensation to our consulting team, overhead expenses, and statutory taxes. Additionally, we may use cash for the repurchase of our common stock under the Repurchase Program, capital expenditures and business development expenses. Management believes that based on the current level of working capital, operations and cash flows from operations, and the collectability of high-quality customer receivables are sufficient to fund anticipated expenses and satisfy other possible long-term contractual commitments for and beyond the next twelve months.

While uncertainties relating to the current local and global economic condition, competition, the industries and geographical regions served by us and other regulatory matters exist within the consulting services industry, as described above, management is not aware of any other trends or events likely to have a material adverse effect on liquidity or its financial statements.

Off-Balance Sheet Arrangements

We were not involved in any significant off-balance sheet arrangements during the fiscal year ended October 31, 2025.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States. We believe the following are the critical accounting policies that impact the consolidated financial statements, some of which are based on management's best estimates available at the time of preparation. Actual experience may differ from these estimates.

Consolidation - The accompanying consolidated financial statements include the accounts of our wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Segments - The Company operates in three reportable business segments: (i) Puerto Rico technical compliance consulting, (ii) United States technical compliance consulting, and (iii) Europe technical compliance consulting. Accordingly, the accompanying consolidated financial statements are presented to show these three reportable segments.

Use of Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from these estimates.

Fair Value of Financial Instruments - Accounting standards have established a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting standards have established three levels of input that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets with insufficient volume or infrequent transactions (less active markets), or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

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Marketable securities consist of U.S. Treasury securities, which are categorized in Level 1 and have a short-term maturity.

The carrying value of the Company's financial instruments, cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, are considered reasonable estimates of fair value due to their liquidity or short-term nature.

Revenue Recognition - The Company records revenue under Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers. We evaluate our revenue contracts with customers based on the five-step model under ASC 606: (i) Identify the contract with the customer; (ii) Identify the performance obligations in the contract; (iii) Determine the transaction price; (iv) Allocate the transaction price to separate performance obligations; and (v) Recognize revenue when (or as) each performance obligation is satisfied.

Revenue is primarily derived from: (1) time and material contracts (representing approximately 99% of total revenues), and (2) short-term fixed-fee contracts or "not to exceed" contracts (representing approximately 1% of total revenues). Time and material contracts are typically based on the number of hours worked at contractually agreed upon rates. These service contracts relate to work which has no alternative use and for which the Company has an enforceable right to payment for the work completed to date. As a result, revenue is recognized over time when or as the Company transfers control of the promised products or services (known as performance obligations) to its customers. Revenue for short term fixed fee contracts or "not to exceed" contracts is recognized similarly, except that certain milestones also must be reached before revenue is recognized. If the Company determines that a contract will result in a loss, the Company recognizes the estimated loss in the period in which such a determination is made.

Cash and Cash Equivalents - For purposes of the consolidated statements of cash flows, cash and cash equivalents include investments in a money market obligations trust that is registered under the U.S. Investment Company Act of 1940, as amended, and liquid investments, including US Treasury securities, with original maturities of three months or less.

Accounts Receivable - Accounts receivable are reported net of an allowance for credit losses. The Company maintains an allowance for credit losses to provide for estimated amounts of receivables that will not be collected. This estimation is based on historical collection experience, the age of the receivables, an assessment of the creditworthiness of customers, and current economic conditions. The allowance for credit losses is subject to estimation uncertainty. If actual future uncollectible amounts differ from estimates, future provisions for credit losses may be affected. The allowance is increased by provisions charged to credit loss expense and reduced by charge-offs of uncollectible accounts.

Income Taxes - We follow an asset and liability approach method of accounting for income taxes. This method measures deferred income taxes by applying enacted statutory rates in effect at the balance sheet date to the differences between the tax basis of assets and liabilities and their reported amounts on the financial statements. The resulting deferred tax assets or liabilities are adjusted to reflect changes in tax laws as they occur. A valuation allowance is provided when it is more likely than not that a deferred tax asset will not be realized.

The Company follows guidance from the Financial Accounting Standards Board ("FASB") related to *Accounting for Uncertainty in Income Taxes*, which includes a two-step approach to recognizing, de-recognizing and measuring uncertain tax positions. As of October 31, 2025, the Company had no significant uncertain tax positions that would be reduced as a result of a lapse of the applicable statute of limitations.

Leases - The Company follows accounting standards issued by the FASB for the accounting and disclosure of leases. Under those standards, assets and liabilities that arise from leases are recognized on the balance sheet, and the leases are categorized at their inception as either operating or finance leases.

Operating lease right-of-use assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments under the lease. Lease recognition occurs at the commencement date, and lease liability amounts are based on the present value of lease payments made during the lease term.

Property and Equipment - Owned property and equipment are stated at cost. Depreciation of owned assets are provided for, when placed in service, in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, using straight-line basis. Expenditures for repairs and maintenance are expensed when incurred.

Impairment of Long-Lived Assets - The Company evaluates for impairment its long-lived assets to be held and used, and long-lived assets to be disposed of, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Based on management estimates, no impairment of the long-lived assets was present as of October 31, 2025 and 2024.

Investment - Minority non-controlling investment is stated at cost and included within the Other Assets caption on the consolidated balance sheet.

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Stock-based Compensation - Stock-based compensation expense is recognized in the consolidated financial statements based on the fair value of the awards granted. Stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period, which generally represents the vesting period, and includes an estimate of awards that will be forfeited. We calculate the fair value of stock options using the Black-Scholes option-pricing model at the grant date, while for restricted stock units the fair market value of the units is determined by Company's share market value at grant date. Excess tax benefits related to stock-based compensation are reflected in cash flows from financing activities rather than cash flows from operating activities. We have not recognized such cash flow from financing activities since there has been no tax benefit related to stock-based compensation.

Loss Per Share of Common Stock - Basic loss per share of common stock is calculated by dividing net loss by the weighted average number of shares of common stock outstanding. Diluted loss per share includes the dilution of common stock equivalents.

The diluted weighted average shares of common stock outstanding were calculated using the treasury stock method for the respective periods.

Foreign Operations - The functional currency of our foreign subsidiaries is their respective local currencies. The assets and liabilities of our foreign subsidiary are translated into U.S. dollars at exchange rates in effect at the balance sheet date. Income and expense items are translated at the average exchange rates prevailing during the period. The cumulative translation effect for subsidiaries using a functional currency other than the U.S. dollar is included as a cumulative translation adjustment in stockholders' equity and as a component of comprehensive income.

Our intercompany accounts are typically denominated in the functional currency of the foreign subsidiary. Gains and losses resulting from the remeasurement of intercompany receivables that we consider to be of a long-term investment nature are recorded as a cumulative translation adjustment in stockholders' equity and as a component of comprehensive income, while gains and losses resulting from the remeasurement of intercompany receivables from those international subsidiaries for which we anticipate settlement in the foreseeable future are recorded in the consolidated statements of operations.

Recent Accounting Pronouncements

Recent accounting pronouncements pending adoption not discussed elsewhere in this Annual Report on Form 10-K or the Consolidated Financial Statements, are either not applicable, or will not have or are not expected to have a material impact on us.

Forward-Looking Statements

Our business, financial condition, results of operations, cash flows and prospects, and the prevailing market price and performance of our common stock, may be adversely affected by a number of factors, including the matters discussed below. Certain statements and information set forth in this Annual Report on Form 10-K, as well as other written or oral statements made from time to time by us or by our authorized executive officers on our behalf, constitute "forward-looking statements" within the meaning of the Federal Private Securities Litigation Reform Act of 1995. These statements include all statements other than those made solely with respect to historical fact and identified by words such as "believes," "anticipates," "expects," "intends" and similar expressions, but such words are not the exclusive means of identifying such statements. We intend for our forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and we set forth this statement and these risk factors in order to comply with such safe harbor provisions. You should note that our forward-looking statements speak only as of the date of this Annual Report on Form 10-K or when made and we undertake no duty or obligation to update or revise our forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Although we believe that the expectations, plans, intentions and projections reflected in our forward-looking statements are reasonable, such statements are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The risks, uncertainties and other factors that our stockholders and prospective investors should consider are discussed in "Item 1A Risk Factors" above.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Our Consolidated Financial Statements, together with the report of our independent registered public accounting firm, are included herein immediately following the signature page of this report. See Index to Consolidated Financial Statements on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate "internal control over financial reporting," as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, for the Company. This rule defines internal control over financial reporting as a process designed by, or under the supervision of, a company's principal executive officer and principal financial officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company,
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company, and
- provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, our internal control systems and procedures may not prevent or detect misstatements. An internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

We, under the supervision of and with the participation of our management, including the principal executive officer and principal financial officer, assessed the effectiveness of the Company's internal control over financial reporting as of October 31, 2025, based on criteria for effective internal control over financial reporting described in "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our principal executive officer and principal financial officer concluded that the Company maintained effective internal control over financial reporting as of October 31, 2025.

Disclosure Controls and Procedures.

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Annual Report on Form 10-K. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

Based on an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, there has been no change in our internal control over financial reporting during our last fiscal quarter identified in connection with that evaluation that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

Rule 10b5-1 Trading Arrangements

During the fiscal quarter ended October 31, 2025, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” (in each case, as defined in Item 408 of Regulation S-K).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not Applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by this Item is incorporated by reference to our Proxy Statement for our Annual Meeting of Stockholders for the fiscal year ended October 31, 2025, which will be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year covered by this Form 10-K, or, alternatively, by amendment to this Form 10-K under cover of Form 10-K/A no later than the end of such 120 day period.

Information with respect to our executive officers is included in Part I.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item is incorporated by reference to our Proxy Statement for our Annual Meeting of Stockholders for the fiscal year ended October 31, 2025, which will be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year covered by this Form 10-K, or, alternatively, by amendment to this Form 10-K under cover of Form 10-K/A no later than the end of such 120 day period.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by this Item is incorporated by reference to our Proxy Statement for our Annual Meeting of Stockholders for the fiscal year ended October 31, 2025, which will be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year covered by this Form 10-K, or, alternatively, by amendment to this Form 10-K under cover of Form 10-K/A no later than the end of such 120 day period.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this Item is incorporated by reference to our Proxy Statement for our Annual Meeting of Stockholders for the fiscal year ended October 31, 2025, which will be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year covered by this Form 10-K, or, alternatively, by amendment to this Form 10-K under cover of Form 10-K/A no later than the end of such 120 day period.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by this Item is incorporated by reference to our Proxy Statement for our Annual Meeting of Stockholders for the fiscal year ended October 31, 2025, which will be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year covered by this Form 10-K, or, alternatively, by amendment to this Form 10-K under cover of Form 10-K/A no later than the end of such 120 day period.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

The following documents are filed as a part of this Annual Report on Form 10-K:

1. All Financial Statements: Consolidated Financial Statements are included herein immediately following the signature page of this report. See Index to Consolidated Financial Statements on page F-1.
2. Financial Statement Schedules: None.
3. Exhibits: The following exhibits are filed herewith or are incorporated by reference to exhibits previously filed with the Commission, as indicated in the description of each.

Exhibit Number	Exhibit Description	Incorporated By Reference			
		Form	File Number	Exhibit	Filing Date
3.1	Restated Certificate of Incorporation	8-K	000-50956	99.1	5/1/2006
3.2	Certificate of Amendment to the Certificate of Incorporation	8-K	000-50956	3.1	4/12/2013
3.3	Amended and Restated Bylaws of Pharma-Bio Serv Inc.	8-K	000-50956	3.1	2/9/2023
4.1	Description of the Registrant's securities	10-K	000-50956	4.1	1/29/2020
10.1	Employment Agreement, effective January 1, 2015, between Pharma-Bio Serv, Inc. and Victor Sanchez	8-K	000-50956	10.2	1/5/2015
10.2	Employment Agreement dated November 5, 2007, between the Pharma-Bio Serv, Inc. and Pedro Lasanta	10-K	000-50956	10.8	1/29/2009
10.3	Amendment to Employment Agreement dated December 17, 2008, between the Registrant and Pedro Lasanta	8-K	000-50956	99.1	12/23/2008
10.4	Amendment to Employment Agreement, dated March 11, 2009, by and between the Company and Pedro Lasanta	8-K	000-50956	10.3	3/17/2009
10.5	Employment Agreement Amendment, effective as of January 1, 2010, by and between the Company and Pedro Lasanta	8-K	000-50956	10.2	1/07/2010
10.6	Employment Agreement Amendment, dated January 31, 2012, by and between the Company and Pedro J. Lasanta	8-K	000-50956	10.1	2/2/2012
10.7	Employment Agreement Amendment, dated December 31, 2012, by and between the Company and Pedro J. Lasanta	8-K	000-50956	10.1	1/7/2013
10.8	Employment Agreement Amendment between Pharma-Bio Serv, Inc. and Pedro J. Lasanta, effective January 1, 2014.	8-K	000-50956	10.2	2/21/2014
10.9	Employment Agreement Amendment, dated October 7, 2019, by and between the Company and Pedro J. Lasanta	8-K	000-50956	10.1	10/11/2019

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10.10	2005 Long-Term Incentive Plan, as amended	DEF 14A	000-50956	Appendix C	3/26/2007
10.11	Amendment to 2005 Long-Term Incentive Plan	10-Q	000-50956	10.4	3/17/2014
10.12	Pharma-Bio Serv, Inc. 2014 Long-Term Incentive Plan	8-K	000-50956	10.1	5/2/2014
10.13	Amendment to Pharma-Bio Serv, Inc. 2014 Long-Term Incentive Plan	8-K	000-50956	10.1	5/2/2024
14.1	Code of business conduct and ethics for senior management	10-KSB	000-50956	14.1	2/2/2007
19.1	Insider Trading Policy (included in exhibit 14.1)	10-KSB	000-50956	14.1	2/2/2007
21.1*	List of Subsidiaries				
23.1*	Consent of Crowe PR PSC				
31.1*	Certification of chief executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2*	Certification of chief financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.1**	Certification of chief executive officer and chief financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
101.INS*	XBRL Instance Document				
101.SCH*	XBRL Taxonomy Extension Schema				
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase				
101.DEF*	XBRL Taxonomy Extension Definition Linkbase				
101.LAB*	XBRL Taxonomy Extension Label Linkbase				
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase				
104*	Cover page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)				

* Filed herewith

** Furnished herewith

Exhibits 10.1 through 10.13 are management contracts or compensatory plans, contracts or arrangements.

ITEM 16. FORM 10-K SUMMARY.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PHARMA-BIO SERV, INC.

Dated: January 29, 2026

By: /s/ Victor Sanchez
Name: Victor Sanchez
Title: Chief Executive Officer and
President Europe Operations
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Victor Sanchez</u> Victor Sanchez	Chief Executive Officer and President of European Operations (Principal Executive Officer)	January 29, 2026
<u>/s/ Pedro J. Lasanta</u> Pedro J. Lasanta	Chief Financial Officer, Vice President Finance and Administration and Secretary (Principal Financial and Accounting Officer)	January 29, 2026
<u>/s/ Kirk Michel</u> Kirk Michel	Chairman	January 29, 2026
<u>/s/ Howard Spindel</u> Howard Spindel	Director	January 29, 2026
<u>/s/ Dov Perlysky</u> Dov Perlysky	Director	January 29, 2026
<u>/s/ Irving Wiesen</u> Irving Wiesen	Director	January 29, 2026

PHARMA-BIO SERV, INC.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of
Pharma-Bio Serv, Inc.
Dorado, Puerto Rico

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Pharma-Bio Serv, Inc. (“the Company”) as of October 31, 2025 and 2024, and the related consolidated statements of operations, comprehensive income (loss), stockholders’ equity, and cash flows for the years then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of October 31, 2025 and 2024, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Revenue Recognition – Refer to Note A to the Consolidated Financial Statements

Description of the Matter

As disclosed in Note A to the consolidated financial statements, under the caption *Summary of Significant Accounting Policies, Revenue Recognition*, the Company recognizes revenue upon transfer of control of promised products or services to customers in an amount that reflects the consideration of the Company to receive in exchange for those products or services.

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Significant judgment is exercised by the Company in determining revenue recognition for these agreements, and includes the following:

- The pattern of delivery (i.e., timing of when revenue is recognized) for each distinct performance obligation.
- Identification and treatment of contract terms that may impact on the timing and amount of revenue recognized.
- Determination of stand-alone selling prices for each distinct performance obligation.
- Determination of the precise point at which services are considered incurred, and revenue can be recognized.
- Judgment of the amount of revenue to be recognized for services performed but not yet billed.
- Evaluation of changes to service contracts, such as scope adjustments or extensions, and determining their impact on revenue recognition.

How the Critical Audit Matter Was Addressed in the Audit

Our principal audit procedures related to the Company's revenue recognition for these customer agreements included the following:

- We evaluated management's significant accounting policies related to these customer agreements for reasonableness.
- We tested the design and operating effectiveness of controls over revenue recognition, including controls over the identification of performance obligations, the determination of transaction prices, and the allocation of transaction prices to performance obligations.
- We selected a sample of revenue transactions and performed the following substantive procedures:
 1. Obtained and read contract source documents for each selection, including master agreements, and other documents that were part of the agreement.
 2. Tested management's identification and treatment of significant contract terms for accuracy and completeness.
 3. Assessed the terms in the customer agreement and evaluated the appropriateness of management's application of their accounting policies, along with their use of estimates, in the determination of revenue recognition conclusions.
 4. Determined delivery of services was transferred and approved by customers to recognize revenue in the appropriate period.
- We performed analytical procedures to identify and investigate any unusual or unexpected trends in revenue.
- We performed a search to ascertain there were no significant journal entries to revenue that were not adequately supported.
- We evaluated the adequacy of the entity's disclosures related to revenue recognition in the consolidated financial statements.

/s/ CROWE PR PSC
Guaynabo, Puerto Rico
January 29, 2026
DPSC16-887

Crowe PR PSC is a member of the global network of Crowe LLP, the members of which are separate and independent legal entities.

We have served as the Company's auditor since 2006.

PHARMA-BIO SERV, INC.
Consolidated Balance Sheets
October 31, 2025 and 2024

	October 31,	
	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,379,212	\$ 6,767,356
Marketable securities	7,475,377	5,978,104
Accounts receivable	2,360,682	2,510,909
Prepays and other assets	171,574	442,384
Total current assets	13,386,845	15,698,753
Property and equipment	116,059	169,281
Operating lease right-of-use	29,388	198,597
Other assets	120,754	225,599
Total assets	\$ 13,653,046	\$ 16,292,230
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current operating lease liabilities	\$ 28,834	\$ 165,201
Accounts payable and accrued expenses	991,169	1,127,649
Current portion of US TCJA Transition Tax and income taxes payable	718,796	594,316
Total current liabilities	1,738,799	1,887,166
US TCJA Transition Tax payable	-	660,903
Long term operating lease liabilities	-	28,834
Total liabilities	1,738,799	2,576,903
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$0.0001 par value; authorized 10,000,000 shares; none issued or outstanding	-	-
Common stock, \$0.0001 par value; authorized 50,000,000 shares; 23,519,672 and 23,519,672 shares issued, and 22,905,992 and 22,958,143 shares outstanding on October 31, 2025 and 2024, respectively	2,352	2,352
Additional paid-in capital	1,679,547	1,644,468
Retained earnings	10,533,589	12,353,970
Accumulated other comprehensive income	278,045	262,380
	12,493,533	14,263,170
Treasury stock, at cost; 613,680 and 561,529 common shares held on October 31, 2025 and 2024, respectively	(579,286)	(547,843)
Total stockholders' equity	11,914,247	13,715,327
Total liabilities and stockholders' equity	\$ 13,653,046	\$ 16,292,230

See notes to consolidated financial statements.

PHARMA-BIO SERV, INC.
Consolidated Statements of Operations
For the Years Ended October 31, 2025 and 2024

	Years ended October 31,	
	2025	2024
REVENUES	\$ 9,001,096	\$ 9,509,279
COST OF SERVICES	6,091,064	6,993,241
GROSS PROFIT	2,910,032	2,516,038
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	3,547,694	3,803,625
LOSS FROM OPERATIONS	(637,662)	(1,287,587)
OTHER INCOME, NET	543,402	532,139
LOSS BEFORE INCOME TAX	(94,260)	(755,448)
INCOME TAX EXPENSE	6,203	22,171
NET LOSS	\$ (100,463)	\$ (777,619)
BASIC AND DILUTED LOSS PER SHARE OF COMMON STOCK	\$ (0.004)	\$ (0.034)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC	22,947,243	22,965,995
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – DILUTED	22,956,853	22,974,124

See notes to consolidated financial statements.

PHARMA-BIO SERV, INC.
Consolidated Statements of Comprehensive Loss
For the Years Ended October 31, 2025 and 2024

	<u>Years ended October 31,</u>	
	<u>2025</u>	<u>2024</u>
NET LOSS	\$ (100,463)	\$ (777,619)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF RECLASSIFICATION ADJUSTMENTS AND TAXES:		
Foreign currency translation:		
Net unrealized gain (loss)	136,007	(17,710)
Intercompany balances foreign exchange settlement, included in net loss	(120,342)	69,824
TOTAL OTHER COMPREHENSIVE INCOME	15,665	52,114
COMPREHENSIVE LOSS	\$ (84,798)	\$ (725,505)

See notes to consolidated financial statements.

PHARMA-BIO SERV, INC.
Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended October 31, 2025 and 2024

	Common Stock		Preferred Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
	Shares	Amount	Shares	Amount					
BALANCE AT OCTOBER 31, 2023	23,512,880	\$ 2,351	-	\$ -	\$ 1,596,922	\$ 14,853,826	\$ 210,266	\$ (536,580)	\$ 16,126,785
STOCK-BASED COMPENSATION	-	-	-	-	47,546	-	-	-	47,546
ISSUANCE OF COMMON STOCK PURSUANT TO THE CASHLESS EXERCISE OF STOCK OPTIONS	6,792	1	-	-	-	(1)	-	-	-
PURCHASE OF TREASURY STOCK (12,100 SHARES)	-	-	-	-	-	-	-	(11,263)	(11,263)
NET LOSS	-	-	-	-	-	(777,619)	-	-	(777,619)
OTHER COMPREHENSIVE INCOME, NET OF TAX	-	-	-	-	-	-	52,114	-	52,114
CASH DIVIDENDS (\$0.075 PER COMMON, SHARE AT RECORD DATE)	-	-	-	-	-	(1,722,236)	-	-	(1,722,236)
BALANCE AT OCTOBER 31, 2024	23,519,672	2,352	-	-	1,644,468	12,353,970	262,380	(547,843)	13,715,327
STOCK-BASED COMPENSATION	-	-	-	-	35,079	-	-	-	35,079
PURCHASE OF TREASURY STOCK (52,151 SHARES)	-	-	-	-	-	-	-	(31,443)	(31,443)
NET LOSS	-	-	-	-	-	(100,463)	-	-	(100,463)
OTHER COMPREHENSIVE INCOME, NET OF TAX	-	-	-	-	-	-	15,665	-	15,665
CASH DIVIDEND (\$0.075 PER SHARE OF COMMON STOCK AT RECORD DATES)	-	-	-	-	-	(1,719,918)	-	-	(1,719,918)
BALANCE AT OCTOBER 31, 2025	<u>23,519,672</u>	<u>\$ 2,352</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 1,679,547</u>	<u>\$ 10,533,589</u>	<u>\$ 278,045</u>	<u>\$ (579,286)</u>	<u>\$ 11,914,247</u>

See notes to consolidated financial statements.

PHARMA-BIO SERV, INC.
Consolidated Statements of Cash Flows
For the Years Ended October 31, 2025 and 2024

	Years ended October 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (100,463)	\$ (777,619)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	35,079	47,546
Depreciation and amortization	59,866	23,311
Amortization of operating lease right-of-use	169,209	157,853
Reinvested interests	(37,526)	(245,815)
Decrease in accounts receivable	203,643	1,456,947
Decrease (increase) in prepaids and other assets	308,312	(21,595)
Decrease in liabilities	(853,006)	(1,207,329)
NET CASH USED IN OPERATING ACTIVITIES	(214,886)	(566,701)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, equipment and software	(6,644)	(159,743)
Marketable securities investment, net	(1,459,747)	(1,201,125)
NET CASH USED IN INVESTING ACTIVITIES	(1,466,391)	(1,360,868)
CASH FLOW FROM FINANCING ACTIVITIES:		
Repurchase of common stock	(31,443)	(11,263)
Cash dividends paid to shareholders	(1,719,918)	(1,722,236)
NET CASH USED IN FINANCING ACTIVITIES	(1,751,361)	(1,733,499)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	44,494	(17,630)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,388,144)	(3,678,698)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	6,767,356	10,446,054
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 3,379,212	\$ 6,767,356
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Income taxes	\$ 528,746	\$ 661,224
Interest	\$ -	\$ -
SUPPLEMENTARY SCHEDULES OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Income tax withheld by clients to be used as a credit in the Company's income tax returns	\$ 988	\$ 50,713
Decommissioned fully depreciated and/or amortized old property and equipment written off during the year ended October 31, 2025	\$ 516,563	\$ -
Conversion of cashless exercise of options to shares of common stock	\$ -	\$ 1

See notes to consolidated financial statements.

PHARMA-BIO SERV, INC.
Notes To Consolidated Financial Statements
For the Years Ended October 31, 2025 and 2024

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Pharma-Bio Serv, Inc. ("Pharma-Bio") is a Delaware corporation organized on January 14, 2004. Pharma-Bio is the parent company of Pharma-Bio Serv PR, Inc. ("Pharma-PR"), Pharma Serv, Inc. ("Pharma-Serv"), and Scienza Labs, Inc. ("Scienza Labs") (currently inactive), each a Puerto Rico corporation, Pharma-Bio Serv US, Inc. ("Pharma-US"), a Delaware corporation, Pharma-Bio Serv SL ("Pharma-Spain"), a Spanish limited liability company, and Pharma-Bio Serv Brasil Servicos de Consultoria Ltda. (currently insignificant) ("Pharma-Brazil"), a Brazilian limited liability company. Pharma-Bio, Pharma-PR, Pharma-Serv, Scienza Labs, Pharma-US, Pharma-Spain and Pharma-Brazil are collectively referred to as the "Company." The Company operates in Puerto Rico, the United States, Europe and Brazil under the name of Pharma-Bio Serv and is engaged in providing technical compliance consulting service.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Segments

The Company operates in three reportable business segments: (i) Puerto Rico technical compliance consulting, (ii) United States technical compliance consulting, and (iii) Europe technical compliance consulting. Accordingly, the accompanying consolidated financial statements are presented to show these three reportable segments.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from these estimates.

Fair Value of Financial Instruments

Accounting standards have established a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting standards have established three levels of input that may be used to measure fair value:

- Level 1:* Quoted prices in active markets for identical assets and liabilities.
- Level 2:* Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets with insufficient volume or infrequent transactions (less active markets), or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3:* Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Marketable securities consist of U.S. Treasury securities, which are categorized in Level 1 and have a short-term maturity.

The carrying value of the Company's financial instruments, cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, are considered reasonable estimates of fair value due to their liquidity or short-term nature.

Revenue Recognition

The Company records revenue under Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*. We evaluate our revenue contracts with customers based on the five-step model under ASC 606: (i) Identify the contract with the customer; (ii) Identify the performance obligations in the contract; (iii) Determine the transaction price; (iv) Allocate the transaction price to separate performance obligations; and (v) Recognize revenue when (or as) each performance obligation is satisfied.

Revenue is primarily derived from: (1) time and material contracts (representing approximately 99% of total revenues), and (2) short-term fixed-fee contracts or "not to exceed" contracts (representing approximately 1% of total revenues). Time and material contracts are typically based on the number of hours worked at contractually agreed upon rates. These service contracts relate to work which has no alternative use and for which the Company has an enforceable right to payment for the work completed to date. As a result, revenue is recognized over time when or as the Company transfers control of the promised products or services (known as performance obligations) to its customers. Revenue for short term fixed fee contracts or "not to exceed" contracts is recognized similarly, except that certain milestones also must be reached before revenue is recognized. If the Company determines that a contract will result in a loss, the Company recognizes the estimated loss in the period in which such a determination is made.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include investments in a money market obligations trust that is registered under the U.S. Investment Company Act of 1940, as amended, and liquid investments, including US Treasury securities, with original maturities of three months or less.

Accounts Receivable

Accounts receivable are reported net of an allowance for credit losses. The Company maintains an allowance for credit losses to provide for estimated amounts of receivables that will not be collected. This estimation is based on historical collection experience, the age of the receivables, an assessment of the creditworthiness of customers, and current economic conditions. The allowance for credit losses is subject to estimation uncertainty. If actual future uncollectible amounts differ from estimates, future provisions for credit losses may be affected. The allowance is increased by provisions charged to credit loss expense and reduced by charge-offs of uncollectible accounts. As of October 31, 2025 and 2024, the allowance for credit losses was approximately \$5.3 million, and there were no charges to expense or charge-offs of uncollectible accounts during the years ended October 31, 2025 and 2024. The existing allowance is mostly related to an account that is being litigated, which was fully allowed in 2021.

Income Taxes

The Company follows an asset and liability approach method of accounting for income taxes. This method measures deferred income taxes by applying enacted statutory rates in effect at the balance sheet date to the differences between the tax basis of assets and liabilities and their reported amounts on the financial statements. The resulting deferred tax assets or liabilities are adjusted to reflect changes in tax laws as they occur. A valuation allowance is provided when it is more likely than not that a deferred tax asset will not be realized.

The Company follows guidance from the Financial Accounting Standards Board ("FASB") related to *Accounting for Uncertainty in Income Taxes*, which includes a two-step approach to recognizing, de-recognizing and measuring uncertain tax positions. As of October 31, 2025, the Company had no significant uncertain tax positions that would be reduced as a result of a lapse of the applicable statute of limitations.

Leases

The Company follows accounting standards issued by the FASB for the accounting and disclosure of leases. Under those standards, assets and liabilities that arise from leases are recognized on the balance sheet, and the leases are categorized at their inception as either operating or finance leases.

Operating lease right-of-use assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments under the lease. Lease recognition occurs at the commencement date, and lease liability amounts are based on the present value of lease payments made during the lease term, based on a discount rate of 8%.

Property and Equipment

Owned property and equipment and developed software are stated at cost.

Depreciation and amortization of owned assets are provided for, when placed in service, in amounts sufficient to relate the cost of depreciable and amortizable assets to operations over their estimated service lives, using straight-line basis. Expenditures for repairs and maintenance are expensed when incurred.

Impairment of Long-Lived Assets

The Company evaluates for impairment its long-lived assets to be held and used, and long-lived assets to be disposed of, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Based on management estimates, no impairment of the long-lived assets was present as of October 31, 2025 and 2024.

Investment

Minority non-controlling investment is stated at cost and included within the Other Assets caption on the consolidated balance sheet.

Stock-based Compensation

Stock-based compensation expense is recognized in the consolidated financial statements based on the fair value of the awards granted. Stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period, which generally represents the vesting period, and includes an estimate of awards that will be forfeited. The Company calculates the fair value of stock options using the Black-Scholes option-pricing model at the grant date, while for restricted stock units the fair market value of the units is determined by Company's share market value at grant date. Excess tax benefits related to stock-based compensation are reflected in cash flows from financing activities rather than cash flows from operating activities. However, the Company has not recognized such cash flow from financing activities since there has been no tax benefit related to the stock-based compensation.

Loss Per Share of Common Stock

Basic loss per share of common stock is calculated by dividing net loss by the weighted average number of shares of common stock outstanding. Diluted loss per share includes the dilution of common stock equivalents.

The diluted weighted average shares of common stock outstanding were calculated using the treasury stock method for the respective periods.

Foreign Operations

The functional currency of the Company's foreign subsidiaries is its local currency. The assets and liabilities of the Company's foreign subsidiaries are translated into U.S. dollars at exchange rates in effect at the balance sheet date. Income and expense items are translated at the average exchange rates prevailing during the period. The cumulative translation effect for subsidiaries using a functional currency other than the U.S. dollar is included as a cumulative translation adjustment in stockholders' equity and as a component of comprehensive income (loss).

The Company's intercompany accounts are typically denominated in the functional currency of the foreign subsidiary. Gains and losses resulting from the remeasurement of intercompany receivables that the Company considers to be of a long-term investment nature are recorded as a cumulative translation adjustment in stockholders' equity and as a component of comprehensive income (loss), while gains and losses resulting from the remeasurement of intercompany receivables from those international subsidiaries for which the Company anticipates settlement in the foreseeable future are recorded in the consolidated statements of operations.

Subsequent Events

The Company has evaluated subsequent events to the date of the issuance of the consolidated financial statements. The Company has determined that there are no events occurring in this period that require disclosure or adjustment, except as disclosed in the accompanying consolidated financial statements.

Reclassifications

Certain reclassifications have been made to the October 31, 2024 consolidated financial statements to conform them to the October 31, 2025 consolidated financial statements presentation. Such reclassifications do not have an effect on net income as previously reported.

Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) establishes the FASB Accounting Standards Codification (ASC) as the single source of authoritative U.S. GAAP. New standards are communicated through an Accounting Standards Update (ASU). The Company considers the applicability and impact of all ASUs. However, the Company has evaluated the possible impact of standards still not implemented and does not foresee that the implementation of those standards in the future may have any significant effect on the consolidated financial statements.

NOTE B – MARKETABLE SECURITIES

Marketable securities consist of short-term U.S. Treasury securities with maturities over three months, which are held until maturity and accordingly, are measured at cost plus accreted interest income.

NOTE C - PROPERTY AND EQUIPMENT

The balance of property and equipment on October 31, 2025 and 2024 consisted of the following:

	Useful life (years)	October 31,	
		2025	2024
Vehicles	5	\$ 115,623	\$ 115,623
Computers and software (including software under development in 2024)	3	198,874	565,383
Other	3-10	1,491	146,524
Total		315,988	827,530
Less: Accumulated depreciation and amortization		(199,929)	(658,249)
Property and equipment, net		<u>\$ 116,059</u>	<u>\$ 169,281</u>

The Company decommissioned fully depreciated and/or amortized old property and equipment during the year ended October 31, 2025. The decommissioning write-off had no impact on operations.

NOTE D - INCOME TAXES

On December 22, 2017, Public Law 115-97, commonly known as the Tax Cuts and Jobs Act of 2017 (the “TCJA”), was enacted. TCJA imposed a mandatory one-time transition tax (the “Transition Tax”) over foreign subsidiaries undistributed earnings and profits (“E&Ps”) earned prior to a date set by the statute. Based on the Company’s E&Ps, the Transition Tax was determined to be approximately \$2.7 million. The Transition Tax liability must be paid over a period of eight years, which started with the Company’s second quarter of fiscal year 2019. Previously, most of these E&Ps were not repatriated since such E&Ps were considered to be reinvested indefinitely in the foreign location, therefore no US tax liability was incurred unless the E&Ps were repatriated as a dividend. After December 31, 2017, the TCJA established a 100% tax exemption on the foreign-source portion of dividends received attributable to E&Ps, with certain limitations.

On July 4, 2025, Public Law 119-21, OBBBA was enacted and changed the GILTI provisions that were part of the TCJA for taxing foreign subsidiaries earnings. OBBBA renames the GILTI provision to “net CFC tested income” and increases the effective tax rate on net CFC tested income from 10.5% to approximately 12.6%. Also, OBBBA includes some limitations on foreign tax credits, if any, to be used against net CFC tested income. The Company will be subject to the above named OBBBA provisions effective with our fiscal year ended October 31, 2027. We are currently assessing its impact on our consolidated financial statements.

In June 2011, Pharma-Bio, Pharma-PR and Pharma-Serv obtained a Grant of Industrial Tax Exemption pursuant to the terms and conditions set forth in Act No. 73 of May 28, 2008 (“the Grant”) issued by the Puerto Rico Industrial Development Company (“PRIDCO”). The Grant was effective as of November 1, 2009, and covered a fifteen-year period which expired on October 31, 2024. Under the provisions of Puerto Rico Acts 60-2019 and 73-2008, the Company requested that PRIDCO extend the Grant for an additional term of fifteen years. As of the date of this filing, we have not received a status update from PRIDCO for this request. Furthermore, under ACT 20-2012, the Company obtained another tax grant from PRIDCO which, with certain limitations, also covers the services provided by the Company’s Puerto Rico subsidiaries to parties located outside of Puerto Rico. The ACT 20-2012 tax grant is for a twenty-year term which ends on December 30, 2039. The income generated under the provisions of the above-mentioned grants is subject to a fixed income tax rate of 4%, and the related earnings are exempt from Puerto Rico earnings distribution tax.

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Puerto Rico operations not covered in the exempt activities of the Grant are subject to Puerto Rico income tax at a maximum tax rate of 37.5% as provided by the 2011 Puerto Rico Internal Revenue Code, as amended. The operations carried out in the United States by the Company's subsidiaries, is taxed in the United States at a maximum regular federal income tax rate of 21%. The Spanish subsidiary operations in Spain are taxed at a regular income tax rate of 25%.

On October 31, 2025, Pharma-Bio, Pharma-Spain and Pharma-Serv have unused net operating losses of approximately \$959,000, \$295,000 and \$1,120,000, respectively. These net operating losses for Pharma-Bio and Pharma-Spain are available to offset indefinitely for future taxable income, while for Pharma-Serv expire \$147,000, \$219,000, \$545,000 and \$209,000 on the years ended October 31, 2032, 2033, 2034 and 2035, respectively. After considering various timing differences for income tax purposes, these unused operating losses result in a potential deferred tax asset for Pharma-Bio, Pharma-Spain and Pharma-Serv of approximately \$201,400, \$73,900, and \$44,800, respectively. However, an allowance has been provided covering the sum of such balance since it is uncertain whether the net operating losses can be used to offset future taxable income. Realization of future tax benefits related to a deferred tax asset is dependent on many factors, including the Company's ability to generate taxable income. Accordingly, the income tax benefit will be recognized when realization is determined to be more probable than not.

The reconciliation between the United States federal statutory rate and our effective tax rate applicable to continuing operations for the years ended October 31, 2025, and 2024 is as follows:

	October 31,	
	2025	2024
United States federal statutory rate	(21.0)%	(21.0)%
Allowance of resulting deferred tax assets and others	64.8%	28.3%
Tax holiday (PRIDCO Grants), net of GILTI, if any	(37.2)%	(4.4)%
Effective tax rate	6.6%	2.9%

The effective tax rates, for the years ended October 31, 2025 and 2024, differ from the federal statutory rate mainly due to the impact of the jurisdictional mix of income and expenses. The variance in our effective tax rate is mainly attributable to (i) foreign earnings results from the Company's operations conducted in Puerto Rico, a territory of the United States that is treated as a foreign jurisdiction for U.S. tax purposes and is subject to tax incentive grants, (ii) other foreign earnings other than from Puerto Rico, and (iii) the allowance of resulting deferred tax asset for net operating losses carry forward. As previously disclosed, foreign earnings (including Puerto Rico) are also subject to U.S. tax at a reduced rate of 10.5%.

The Company had no income tax expense related to US federal and state taxes for the years ended October 31, 2025 and 2024. For the years ended October 31, 2025 and 2024, foreign income taxes included on income tax expense were approximately \$6,200 and \$22,200, respectively.

The Company files income tax returns in the United States (federal and various states jurisdictions), Puerto Rico, Spain and Brazil. The 2021 (2020 for Puerto Rico) through 2024 tax years are open and may be subject to potential examination in one or more jurisdictions. Currently, the Company is not subject to a federal, state, Puerto Rico or foreign income tax examination.

NOTE E – LEASES

Operating facilities – The Company conducted its headquarters administrative operations in office facilities located in Dorado, Puerto Rico (the "Office Facilities"). The Office Facilities were leased from an affiliate of our past Chairman of the Board (the "Landlord"). The lease agreement was for an initial five-year term which commenced January 1, 2016, with a renewal option for five additional years which was exercised and became effective January 1, 2021, and expired on December 31, 2025. The lease agreement, as amended, had monthly rental payments of \$14,561 through the end of the renewal option term. The lease agreement also required the payment of utilities, property taxes, insurance and expenses incurred by the affiliate in connection with the maintenance of common areas. For fiscal year 2026 the remaining monthly rental payments to the lease expiration date on December 31, 2025 were \$29,122. Upon lease termination, the Company decided to embrace available technologies and move its headquarters administrative operations to a virtual landscape.

The Company maintains an office facility in Madrid, Spain. The facility is under a month-to-month lease with monthly payments of approximately \$500.

Lease expense for the years ended October 31, 2025 and 2024, was approximately \$180,900 and \$181,400, respectively.

NOTE F – CONTINGENCIES

In the ordinary course of business, the Company may be a party to legal proceedings incidental to the business. These proceedings are not expected to have a material adverse effect on the Company's business or financial condition.

NOTE G – EQUITY TRANSACTIONS

On June 13, 2014, the Board of Directors of the Company authorized the Company to repurchase up to two million shares of its outstanding common stock under the Company Stock Repurchase Program (the "Repurchase Program"). The timing, manner, price and amount of any repurchases under the Repurchase Program will be at the discretion of the Company, subject to the requirements of the Securities Exchange Act of 1934, as amended, and related rules. The Repurchase Program does not oblige the Company to repurchase any shares, and it may be modified, suspended or terminated at any time and for any reason. No shares will be repurchased under the Repurchase Program directly from directors or officers of the Company. As of October 31, 2025 and 2024, a total of 550,708 and 498,557 shares of the Company's common stock were purchased under the Repurchase Program for an aggregate amount of \$516,314 and \$484,871, respectively.

On January 28, 2025, the Board of Directors of the Company declared a cash dividend of \$0.075 per common share for shareholders of record as of the close of business on February 28, 2025. Accordingly, an aggregate dividend payment of \$1,719,918 was paid on March 20, 2025.

NOTE H – LOSS PER SHARE

The computation of basic loss per share is based on the weighted-average number of our common shares outstanding. The computation of diluted loss per share is based on the weighted-average number of our common shares outstanding and dilutive potential common shares, which include principally shares that may be issued under warrants, stock option and restricted stock unit awards, determined using the treasury stock method. The following data show the amounts used in the calculations of basic and diluted loss per share.

	Years ended October 31,	
	2025	2024
Net loss available to common equity holders - used to compute basic and diluted loss per share	\$ (100,463)	\$ (777,619)
Weighted average number of common shares - used to compute basic loss per share	22,947,243	22,965,995
Effect of options to purchase common stock	9,610	8,129
Weighted average number of shares - used to compute diluted loss per share	22,956,853	22,974,124

For the years ended October 31, 2025 and 2024, options for the purchase of 373,350 and 293,350 shares of common stock, respectively, were not included in computing loss per share because their effect was antidilutive.

NOTE I - STOCK OPTIONS AND STOCK BASED COMPENSATION

The Company has an incentive plan that covers 2,300,000 shares of the Company's common stock, that provide for the grant of incentive and non-qualified options, stock grants, stock appreciation rights and other equity-based incentives to employees, including officers, consultants and directors (the "2014 Long-Term Incentive Plan" also known as the "2014 Plan"). On March 6, 2024, the Company's board of directors adopted, and on May 2, 2024, the Company's stockholders approved, extending the 2014 Plan for an additional ten years from March 31, 2024 to March 31, 2034. The 2014 Plan is to be administered by a committee of independent directors. In the absence of a committee, the plan is administered by the Board of Directors. Options intended to be incentive stock options must be granted at an exercise price per share which is not less than the fair market value of the common stock on the date of grant and may have a term which is not longer than ten years. If the option holder holds at least 10% of the Company's common stock, the exercise price must be at least 110% of the fair market value on the date of the grant and the term of the option cannot exceed five years.

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Stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period, which generally represents the vesting period, and includes an estimate of awards that will be forfeited. The fair value of stock-based awards to employees is calculated using the Black-Scholes option pricing model. The Black-Scholes model requires subjective assumptions, including future stock price volatility and expected time to exercise, which greatly affect the calculated values. The expected term of the option has been estimated using the “simplified” method as provided in the Securities and Exchange Commission (“SEC”) Staff Accounting Bulletin No. 107, for plans with insufficient exercise experience. Under this method, the expected term equals the arithmetic average of the vesting term and the contractual term of the option. The risk-free rate is based on the U.S. Treasury rates in effect during the corresponding period of grant. The expected volatility is based on the historical volatility of the Company’s stock price. These factors could change in the future, which would affect the fair values of stock options granted in such future periods and could cause volatility in the total amount of the stock-based compensation expense reported in future periods.

The 2014 Plan stock options activity and status for the years ended October 31, 2025 and 2024 were as follows:

	Year ended October 31,			
	2025		2024	
	Number of Shares	Weighted-Average Option Exercise Price	Number of Shares	Weighted-Average Option Exercise Price
Outstanding at beginning of year	393,350	\$ 0.9887	343,350	\$ 1.0081
Granted	80,000	\$ 0.4900	90,000	\$ 0.8667
Exercised	-	\$ -	(40,000)	\$ 0.8800
Expired and/or forfeited	(20,000)	\$ 0.7600	-	\$ -
Total outstanding at end of year	<u>453,350</u>	<u>\$ 0.9108</u>	<u>393,350</u>	<u>\$ 0.9887</u>
Outstanding exercisable stock options at end of year	406,680	\$ 0.9507	323,370	\$ 1.0055
			October 31, 2025	October 31, 2024
Weighted average remaining years in contractual life for:				
Total outstanding options			2.1 years	2.5 years
Outstanding exercisable options			1.9 years	2.3 years
Shares of common stock available for issuance pursuant to future stock option grants			1,050,000	1,110,000

The following weighted average assumptions were used to estimate the fair value of stock options granted under the 2014 Plan for the years ended October 31, 2025 and 2024:

	Year ended October 31,	
	2025	2024
Expected dividend yield	0.0%	0.0%
Expected stock price volatility	98.3%	92.3%
Risk free interest rate	4.5%	4.1%
Expected life of options	3.2 years	3.2 years
Weighted average fair value of options granted	\$ 0.3160	\$ 0.5359

As of October 31, 2025, estimated stock-based compensation expense to be recognized in future periods for granted nonvested stock options is attributable to stock options granted under the 2014 Plan. The nonvested stock options compensation expense in the amount of \$13,460 will be recognized in a weighted average period of approximately 0.7 years.

The aggregate intrinsic value of options outstanding under the 2014 Plan represents the difference between the Company’s stock price at year end and the exercise price, multiplied by the number of in-the money options had all option holders exercised their options. This amount changes based on the fair market value of the Company’s stock. As of October 31, 2025, the aggregate intrinsic value of options outstanding under the 2014 Plan was approximately \$4,000. There were no in-the money options outstanding as of October 31, 2024.

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The following table presents the total stock-based compensation included in the Company's consolidated statement of income and the effect on earnings per share:

	Year ended October 31,	
	2025	2024
Stock-based compensation expense:		
Cost of services	\$ -	\$ -
Selling, general and administrative	35,079	47,546
Stock-based compensation before tax	35,079	47,546
Income tax benefit	-	-
Net stock-based compensation expense	<u>\$ 35,079</u>	<u>\$ 47,546</u>
Effect on earnings per share:		
Basic earnings (loss) per share	\$ (0.002)	\$ (0.002)
Diluted earnings (loss) per share	\$ (0.002)	\$ (0.002)

NOTE J - SEGMENT DISCLOSURES

The Company's segments are based on the organizational structure for which financial results are regularly evaluated by the Company's Chief Executive Officer, which is our chief operating decision maker (the "CODM"), to determine resource allocation and assess performance. Each reportable segment is managed by its own management team and reports to executive management. The Company has three reportable segments: (i) Puerto Rico consulting, (ii) United States consulting, and (iii) Europe consulting. The reportable segments provide services primarily to the pharmaceutical, chemical, medical device and biotechnology industries in their respective markets. The services vary between customers and projects based on the nature of the project and the technical skills necessary to accomplish the project tasks. Therefore, the allocation of consultancy resources is mostly based on the segment's ability to provide the best consultant in the most profitable cost-effective manner. Accordingly, the CODM evaluates segment performance based on the segment's (i) revenue volume, (ii) gross profit ratio to revenue, and (iii) income (loss) from operations.

The following table presents information about the reported segments revenue from services, gross profit ratio to revenue and income (loss) from operations of the Company for the years ended October 31, 2025 and 2024. There is no intersegment revenue for the mentioned periods. Corporate expenses that support the operating units have been allocated to the segments. Asset information by reportable segment is not presented, since the Company does not produce such information internally, nor does it use such data to manage its business.

	Year ended October 31,			
	2025		2024	
REVENUES:				
Puerto Rico consulting	\$ 4,636,857		\$ 5,690,166	
United States consulting	2,620,430		3,162,151	
Europe consulting	1,727,139		571,183	
Other	16,670		85,779	
Total consolidated revenue	<u>\$ 9,001,096</u>		<u>\$ 9,509,279</u>	
GROSS PROFIT¹:				
Puerto Rico consulting	\$ 1,197,958	25.8%	\$ 1,222,157	21.5%
United States consulting	842,240	32.1%	965,804	30.5%
Europe consulting	853,444	49.4%	296,907	52.0%
Other	16,390	98.3%	31,170	36.3%
Total consolidated gross profit	<u>\$ 2,910,032</u>	<u>32.3%</u>	<u>\$ 2,516,038</u>	<u>26.5%</u>
LOSS FROM OPERATIONS:				
Puerto Rico consulting	\$ (9,551)		\$ (384,451)	
United States consulting	(512,198)		(630,893)	
Europe consulting	(36,723)		(256,585)	
Other	(79,190)		(15,658)	
Total consolidated loss from operations	<u>(637,662)</u>		<u>(1,287,587)</u>	
OTHER INCOME, NET				
	543,402		532,139	
Total consolidated loss before income tax	<u>\$ (94,260)</u>		<u>\$ (755,448)</u>	

- 1 Gross profit represents revenues less cost of service, which the latter is mostly composed of personnel cost. Percentages represent the segment(s) gross profit to its related revenue segment(s).
- 2 Loss from operations represents gross profit reduced by selling, general and administrative expenses.

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Long lived assets (property and equipment) and related depreciation and amortization expense for the years ended October 31, 2025 and 2024, were concentrated in the corporate headquarters in Puerto Rico. Accordingly, depreciation expense and acquisition of property and equipment, as presented in the statements of cash flows are mainly related to the corporate headquarters.

NOTE K - CONCENTRATION OF RISKS

Cash and Cash Equivalents, and Marketable Securities

The Company's domestic cash and cash equivalents, and marketable securities consist of cash deposits in FDIC insured banks (substantially covered by FDIC insurance by the spreading of deposits in multiple FDIC insured banks), and U.S. Treasury securities with maturities of twelve months or less. The U.S. Treasury securities are held in the custody of major financial institutions and their value is not subject to insurance. In the foreign markets we serve, we also maintain cash deposits in foreign banks, which have no specific insurance. Normally, these uninsured bank deposits are not significant, and they are deposited with major multinational banks. No significant losses have been experienced nor are they expected on these bank accounts or investments.

Accounts receivable and revenues

The Company's revenues, and the related receivables, are concentrated in the pharmaceutical industry in Puerto Rico, the United States of America and Europe. Although a few customers represent a significant source of revenue, the Company's functions are not a continuous process, accordingly, the client base for which the services are typically rendered, on a project-by-project basis, changes regularly.

The Company provided a substantial portion of its services to three customers, who accounted for 10% or more of its revenues in either of the years ended October 31, 2025 or 2024. During the year ended October 31, 2025, revenues from these customers were 16.8%, 12.4% and 12.2%, or a total of 41.4%, as compared to the same period last year for 16.4%, 6.7% and 18.8%, or a total of 41.9%, respectively. For the year ended October 31, 2025 and 2024, these customers represented for the Puerto Rico, and United States consulting reportable segments 24.6% and 16.8%, as compared to 25.5% and 16.4%, respectively. On October 31, 2025 and 2024, amounts due from these customers represented 39.3% and 50.7% of total accounts receivable balance, respectively. This customer information is based on revenues earned from said customers at the segment level because in management's opinion contracts by segments are totally independent of each other, and therefore such information is more meaningful to the reader.

At the global level three groups of affiliated companies accounted for 10% or more of our revenues in either October 31, 2025 or 2024. During the year ended October 31, 2025, aggregate revenues from these global groups of affiliated companies were 18.9%, 12.4% and 12.2%, or a total of 43.5%, as compared to the same period last year 18.7%, 6.7% and 18.8%, or a total of 44.2%, respectively. For the year ended October 31, 2025 and 2024, these customers represented for the Puerto Rico and United States consulting reportable segments 26.7% and 16.8%, as compared to 27.8% and 16.4%, respectively. On October 31, 2025 and 2024, amounts due from these global groups of affiliated companies represented 46.1% and 52.1% of total accounts receivable balance, respectively.

NOTE L - RETIREMENT PLAN

Pharma-PR and Pharma-US each have a separate qualified retirement plan in accordance with the applicable laws of the Commonwealth of Puerto Rico and the United States of America, for employees who meet certain age and service period requirements. The Company makes contributions to these plans as required by the provisions of the plan document. Following plan provisions, the Company temporarily suspended contributions to the plan during fiscal year 2025. During the years ended October 31, 2025 and 2024, the Company contributed \$12,300 and \$128,000, respectively.

NOTE M - RELATED PARTY TRANSACTIONS

On August 19, 2024 the Company entered into an agreement with a company (the "AI Company"), which is an affiliate to one of the members of our Board of Directors, for (i) the development of a dashboard tool based on artificial intelligence (ii) a 2.44% membership interest (the "Membership Interest") in the AI Company, and (iii) a two year term grant of option (the "Option") to obtain an aggregate 16.67% interest in the AI Company at an exercise price of \$1,750,000. Based on FASB ASC 820 an independent valuation firm valued (i) the dashboard tool at \$150,000, (ii) the Membership Interest at \$86,200, and (iii) the Option at \$13,800. The dashboard tool is included within the Property and Equipment caption on the consolidated financial statements (see Note C) amortized through its useful life, while the Membership Interest and Option were recorded as investments at cost within the Other Assets caption on the consolidated financial statements.

As more fully disclosed in Note E to the consolidated financial statements, the Company leased its headquarters facilities in Dorado, Puerto Rico, from an affiliate of our past Chairman of the Board of Directors. The lease expired on December 31, 2025.

NOTE N - SUBSEQUENT EVENTS

On January 28, 2026, the Board of Directors of the Company declared a cash dividend of \$0.075 per common share. The dividend is payable on or about March 20, 2026, to shareholders of record as of the close of business on February 27, 2026.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A
(Amendment No. 1)

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **October 31, 2025**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. **000-50956**

Pharma-Bio Serv, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

20-0653570

(IRS Employer
Identification No.)

**PO Box 1049
Dorado, Puerto Rico**

(Address of Principal Executive Offices)

00646

(Zip Code)

Registrant's Telephone Number, Including Area Code: **787-278-2709**

Securities registered pursuant to Section 12(b) of the Act: None

Title of each class	Trading Symbol(s)	Name of each exchange on which registered

Securities registered pursuant to Section 12(g) of the Act: Common Stock, par value \$0.0001 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of common stock held by non-affiliates of the registrant, based on the closing price for the registrant's common stock on April 30, 2025 (the last business day of the second quarter of the registrant's current fiscal year), was \$13,638,206.

The number of shares of the registrant's common stock outstanding as of January 23, 2026 was 22,904,492.

Explanatory Note

This Form 10-K/A (“Amendment No. 1”) amends the annual report on Form 10-K of Pharma-Bio Serv, Inc. (the “Company”) for the fiscal year ended October 31, 2025, filed with the Securities and Exchange Commission (the “SEC”) on January 29, 2026 (the “2025 Form 10-K”). The primary purpose of Amendment No. 1 is to provide the information required by Items 10 through 14 of Part III of the 2025 Form 10-K.

This Amendment No. 1 speaks as of the original filing date of the 2025 Form 10-K and reflects only the changes to the cover page and Items 10, 11, 12, 13 and 14 of Part III and inclusion of the certifications required pursuant to The Sarbanes-Oxley Act of 2002 in Item 15 of Part IV. No other information included in the 2025 Form 10-K, including the information set forth in Part I and Part II, has been modified or updated in any way. The 2025 Form 10-K continues to speak as of the date of the original filing, and the Company has not updated the disclosures contained therein to reflect any events that occurred after the original filing other than as expressly indicated in this Amendment No. 1. Accordingly, this Amendment No. 1 should be read in conjunction with the 2025 Form 10-K and the Company’s other SEC filings.

PHARMA-BIO SERV, INC.
ANNUAL REPORT ON FORM 10-K/A
FOR THE YEAR ENDED OCTOBER 31, 2025

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

(a) Identification of Directors.

Name	Age	Positions with the Company	Director Since	Class ⁽⁴⁾
Kirk Michel ^{(1),(2)}	70	Chairman of the Board	2006	Class II
Dov Perlysky ^{(2),(3)}	63	Director	2004	Class II
Howard Spindel ^{(1),(3)}	80	Director	2006	Class III
Irving Wiesen ^{(1),(2),(3)}	71	Director	2006	Class I

(1) Member of the Audit Committee and Compensation Committee.

(2) Member of the Mergers and Acquisition Committee.

(3) Member of the Nominating and Corporate Governance Committee.

(4) Our Board of Directors (“Board”) is divided into three separate classes, as nearly equal in number as possible, with one class being elected each year to serve a staggered three year-term. Class I directors are serving until the 2026 Annual Meeting of Stockholders, Class II directors are serving until the 2027 Annual Meeting of Stockholders and Class III directors are serving until the 2028 Annual Meeting of Stockholders.

Kirk Michel, a director since 2006 and Chairman of the Board since January 2021, is the founder and a managing director of KEMA Advisors, Inc. (“KEMA”). Founded in 2000, KEMA is a boutique investment banking firm located in Charlotte, North Carolina. KEMA provides corporate finance advisory services to middle market companies and governmental agencies. Prior to KEMA, from 1995 to 2000, Mr. Michel was the co-founder and a managing director of Bahia Group Holdings, LLC, which provided corporate finance, public finance and merger and acquisition services to middle market companies and governmental agencies. Mr. Michel holds a M.B.A. degree in Finance and Accounting from the Columbia University Graduate School of Business and a B.A. in Economics from Northwestern University.

Mr. Michel brings extensive leadership, business, and finance experience to the Board. His experience as an investment banker has given him broad understanding and expertise, particularly relating to business and finance matters.

Dov Perlysky, a director since 2004, has been the managing member of Nesher, LLC, a private investment firm since 2000. From 1998 until 2002, Mr. Perlysky was a vice president in the private client group of Laidlaw Global Securities, a registered broker-dealer. Mr. Perlysky was a director of Enzo Biochem, Inc., a growth-oriented life sciences and clinical laboratory company listed on the New York Stock Exchange, until January 2022, a director of Highlands Bancorp, Inc., a New Jersey community bank until its sale to Lakeland Bank in 2019 and a director of Engex, Inc., a closed end investment company until its dissolution in 2018. He received his B.S. in Mathematics and Computer Science from the University of Illinois in 1985 and a Masters in Management from the J.L. Kellogg Graduate School of Northwestern University in 1991.

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Mr. Perlysky brings extensive leadership and business experience, as well as an in-depth understanding of the Company's history, as the former president of the Company from 2004 to 2006, and tremendous knowledge of our business and the pharmaceutical industry, to the Board.

Howard Spindel, a director since 2006, has been a consultant with Integrated Management Solutions, a securities industry consulting and recruitment firm which he founded, since 1985. In this capacity, he has also acted as a financial and operations principal, general securities principal, registered representative and options principal for several broker-dealers during this period. He was a director of Engex, Inc., a closed end investment company until its dissolution in 2018. Mr. Spindel received a B.S (Accounting) degree from Hunter College and is a member of the American Institute of Certified Public Accountants and of the New York State Society of Certified Public Accountants.

Mr. Spindel brings extensive leadership, business, and accounting experience to the Board. His experience as a consultant, certified public accountant and board member to other companies has given him broad understanding and expertise, particularly relating to business, accounting and finance matters.

Irving Wiesen, a director since 2006, has practiced as an attorney specializing in food and drug law and regulation in the pharmaceutical and medical device industries for over forty years. For more than the past ten years he has been of counsel to the New York law firms, Ullman, Shapiro and Ullman, LLP and Cohen, Tauber, Spievack & Wagner. Prior to that, Mr. Wiesen was a partner in the New York food and drug law firm, Bass & Ullman, and also served as division counsel of Boehringer Ingelheim Pharmaceuticals, Inc. Mr. Wiesen represents pharmaceutical, medical device and biotechnology companies in all aspects of Food and Drug Administration regulation, corporate practice and compliance, litigation and allied commercial transactions. Mr. Wiesen received his J.D. degree from the New York University School of Law and holds an M.A. in English Literature from Columbia University and a B.A., cum laude, from Yeshiva University.

Mr. Wiesen brings extensive leadership, business, and legal experience to the Board. He has practiced as an attorney specializing in food and drug law and regulation in the pharmaceutical and medical device industries for over thirty years. His experience as a practicing lawyer in the pharmaceutical and medical device industries has given him broad understanding and expertise, particularly relating to legal and industry matters impacting the Company.

(b) Identification of Executive Officers.

Name	Age	Position
Victor Sanchez	55	Chief Executive Officer, President and President of European Operations
Pedro J. Lasanta	66	Chief Financial Officer, Vice President - Finance and Administration and Secretary

Victor Sanchez has served as our Chief Executive Officer and President since January 1, 2015 and as the President of the European Operations of the Company since January 2011. Prior to joining the Company, he served as Operations Manager in the LOCM and OSD divisions of Merck Sharp & Dohme, a pharmaceutical company, in Madrid, Spain from April 2010 to January 2011 and as Operations Manager of the LOCM division of Schering-Plough S.A., a pharmaceutical company, in Madrid, Spain, from September 2004 to April 2010. He served as Quality Control Validations Manager for Schering-Plough Products, LLC, a pharmaceutical company ("Schering-Plough"), in Puerto Rico from December 2000 to August 2004 and as Quality Control Laboratory Supervisor of Schering-Plough from April 1996 to December 2000. Mr. Sanchez holds a Bachelor of Science in Chemistry, summa cum laude, and a M.B.A. in Industrial Management, cum laude, from the Interamerican University of Puerto Rico. He holds a Post Graduate Diploma in Pharmaceutical Validation Technology from the Dublin Institute of Technology, Ireland. Mr. Sanchez is a chemist licensed by the Puerto Rico State Department and a member of the American Chemical Society, the Parenteral Drug Association, the Regulatory Affairs Professional Society, and the International Society for Pharmaceutical Engineers.

Pedro J. Lasanta has served as our Chief Financial Officer and Vice President - Finance and Administration since November 2007, and our Secretary since December 1, 2014. From 2006 until October 2007, Mr. Lasanta was in private practice as an accountant, tax and business counselor. From 1999 until 2006, Mr. Lasanta was the Chief Financial Officer for Pearle Vision Center PR, Inc. In the past, Mr. Lasanta was also an audit manager for Ernst & Young, formerly Arthur Young & Company. He is a cum laude graduate in business administration (accounting) from the University of Puerto Rico. Mr. Lasanta is a Certified Public Accountant. In 2012, he was awarded the Puerto Rico Manufacturers Association (North Region) Service Manager of the Year. Mr. Lasanta served as a Member of the Puerto Rico District Export Council for the U.S. Department of Commerce from January 2014 to December 2017.

(c) Identification of Certain Significant Employees

Not applicable.

(d) Family Relationships

There are no family relationships among our executive officers and directors.

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(e) Business Experience

The business experience of each of our current directors and executive officers is set forth in Part III, Item 10(a), “Identification of Directors” and Part III, Item 10(b), “Identification of Executive Officers,” respectively, of this Annual Report on Form 10-K/A.

The directorships currently held, and held during the past five years, by each of our directors in any company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or subject to Section 15 of such Act or any company registered as an investment company under the Investment Company Act of 1940, as amended, are set forth in Part III, Item 10(a), “Identification of Directors” of this Annual Report on Form 10-K/A.

(f) Involvement in Certain Legal Proceedings

To the best of our knowledge, none of our directors or executive officers that served during the year ended October 31, 2025 (“Fiscal 2025”) or currently has been involved during the past ten years in any legal proceedings required to be disclosed pursuant to Item 401(f) of Regulation S-K.

(g) Promoters and Control Persons

Not applicable.

(h) and (i) Audit Committee and Audit Committee Financial Expert

The Company has separately designated a standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. The members of the standing Audit Committee are Howard Spindel, Chairman, Kirk Michel and Irving Wiesen, all of whom are independent directors as determined by the Nasdaq Rules. The responsibilities and duties of the Audit Committee consist of but are not limited to: (1) overseeing the financial reporting process; (2) meeting with our external auditors regarding audit results; (3) engaging and ensuring independence of our outside audit firm and (4) reviewing the effectiveness of the Company’s internal controls.

Our Board has determined that Mr. Spindel qualifies as an “Audit Committee financial expert” within the meaning of applicable regulations of the Securities and Exchange Commission, promulgated pursuant to the Sarbanes-Oxley Act of 2002. Our board of directors has adopted a written charter for the Audit Committee which the Audit Committee reviews and reassesses for adequacy on an annual basis. A copy of the Audit Committee’s charter is located on our website at www.pharmabioserv.com

(j) Procedures for Stockholder Nominations to the Board of Directors

No material changes to the procedures for nominating directors by our stockholders were made since our disclosure in the 2025 definitive proxy statement for our 2025 annual meeting of stockholders filed with the Securities and Exchange Commission on April 21, 2025.

Code of Conduct and Ethics

We have adopted a Code of Ethics that applies to all our employees, officers, including our principal executive officer, principal financial officer and principal accounting officer, and directors. The Code of Ethics also contains our insider trading policy which applies to all employees, officers, and directors. A copy of our Code of Ethics is incorporated by reference as Exhibit 14.1 to this Annual Report on Form 10-K/A. We intend to post amendments to or waivers from our Code of Ethics (to the extent applicable to our Principal Executive Officer, Principal Financial Officer, Principal Accounting Officer or controller, or persons performing similar functions) on our website at www.pharmabioserv.com. Our website is not part of this report.

Insider Trading Policy

Our Insider Trading Policy, included within our Code of Ethics, governs the purchase, sale and other disposition of our securities by directors, officers, and employees that is designed to promote compliance with insider trading laws, rules and regulations, and applicable listing standards, as well as procedures designed to further the foregoing purposes. In addition, it is our intent to comply with applicable laws and regulations relating to trading in our securities.

ITEM 11. EXECUTIVE COMPENSATION.

Summary Compensation Table

The following table provides the compensation paid to our principal executive officer and other executive officers whose total compensation exceeded \$100,000 for the fiscal years ended October 31, 2025 and 2024 (the “Named Executive Officers”).

Name and Principal Position	Fiscal Year	Salary	Bonus ⁽¹⁾	Option Awards(\$) ⁽²⁾	All Other Compensation	Total
Victor Sanchez President and Chief Executive Officer	2025	\$ 231,000	\$ 600	--	\$ 14,300 ⁽³⁾	\$ 245,900
	2024	\$ 231,000	\$ 600	--	\$ 14,300 ⁽³⁾	\$ 245,900
Pedro Lasanta Chief Financial Officer, Vice President-Finance and Administration and Secretary	2025	\$ 175,000	\$ 600	--	--	\$ 175,600
	2024	\$ 175,000	\$ 600	\$ 6,390	--	\$ 181,900

- (1) Represents statutory holiday bonus of \$600 paid in December 2025 and 2024, respectively.
- (2) Amounts shown do not reflect compensation received by the executive officers. Instead, the amounts shown reflect the grant date fair value of options granted to the executive officers determined pursuant to FASB ASC Topic 718. The assumptions used to calculate the value of the option awards are set forth under Note I - Stock Options and Stock Based Compensation in our audited financial statements for the fiscal year ended October 31, 2025 included in our 2025 Form 10-K. The Compensation Committee does not take material nonpublic information into account when determining the timing and terms of equity awards. The Company does not time the disclosure of material nonpublic information for the purpose of affecting the value of executive compensation.
- (3) Represents health insurance plan expenses incurred in fiscal years 2025 and 2024 pursuant to Mr. Sanchez’s employment.

Outstanding Equity Awards at Fiscal Year-End Table

The following table summarizes information regarding equity-based awards held by our Named Executive Officers as of October 31, 2025.

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock that have not Vested	Market Value of Shares or Units of Stock that have not Vested	Equity Incentive Plan Awards: Number of Shares, Units or Rights that have not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights that have not Vested
Victor Sanchez	16,675 ⁽¹⁾		\$ 0.99	Dec. 9, 2026	--	--	--	--
Pedro Lasanta	16,675 ⁽¹⁾		\$ 0.99	Dec. 9, 2026	--	--	--	--
	3,330 ⁽²⁾	6,670 ⁽²⁾	\$ 1.00	Dec. 26, 2028				

- (1) Represents options to purchase 25,000 shares of common stock which were granted on December 9, 2021, of which 8,325 were exercised on March 6, 2023. These options vest in three equal annual installments beginning on December 9, 2022.
- (2) Represents options to purchase 10,000 shares of common stock which were granted on December 26, 2023. These options vest in three equal annual installments beginning on December 26, 2024.

Employment Agreements

Victor Sanchez - Employment Agreement

On January 1, 2015, the Company entered into an Employment Agreement with Victor Sanchez, the Chief Executive Officer, President, and President of Europe Operations of the Company (the "Employment Agreement"). Pursuant to the Employment Agreement, Mr. Sanchez is entitled to receive an annual base salary of \$220,000 and such discretionary bonus, stock options and other equity-based incentives as determined by the Compensation Committee of the Company. Also, Mr. Sanchez is entitled to receive benefits provided to all other executive officers of the Company. Effective November 2, 2020, Mr. Sanchez's salary was increased to \$231,000.

Also, pursuant to the Employment Agreement, if the Company terminates the Employment Agreement and Mr. Sanchez's employment other than for death, disability or cause, the Company shall (1) pay to Mr. Sanchez within 30 days after the date of termination (a) a lump-sum severance payment in an amount equivalent to one (1) year of salary at the time of the termination, less legal withholdings, or the severance established by PR labor law No. 80 of May 30, 1976, known as the "Wrongful Discharge Act" ("Ley de Despido Injustificado"), whichever amount is higher; (b) any bonuses that he may have earned up to the date of his termination, and (c) the value of any unused accrued vacation days, (2) provide executive one (1) year health coverage for the executive and dependents, and (3) provide that any restricted stock units, options or other similar granted awards held by him will become vested and exercisable for a three month period following the termination. Also, pursuant to the Employment Agreement, in the event of a change of control of the Company in connection with a sale, merger or acquisition of the Company or the Company ceases to be a public company, and is no longer subject to the reporting obligations of the Securities Exchange Act of 1934, as amended, any restricted stock units, options or other similar granted awards held by Mr. Sanchez will become vested and exercisable immediately prior to such event. If the Employment Agreement is terminated for death, disability or cause, no additional compensation will be payable subsequent to the date of such termination. The Employment Agreement also includes standard provisions relating to non-competition, non-solicitation and confidentiality.

Pedro Lasanta - Employment Agreement

On November 5, 2007, we entered into an employment agreement with Pedro Lasanta, our Chief Financial Officer and Vice President - Finance and Administration and Secretary, for a one year term pursuant to which we paid Mr. Lasanta an annual salary of \$100,000 plus a monthly car allowance of \$500. Mr. Lasanta's employment agreement has a non-competition provision pursuant to which he agrees that during the term of the agreement and for one year thereafter, Mr. Lasanta will not, directly or indirectly, engage in a competing business or solicit any customer or seek to persuade any customer to reduce the amount of business it does with us or seek to persuade any employee to leave our employment.

On December 17, 2008, we entered into an amendment to the employment agreement with Mr. Lasanta pursuant to which the term of the contract was extended indefinitely. The amended employment agreement provides that we will pay Mr. Lasanta an annual salary of \$110,000 and an annual bonus in cash or Company stock options to be granted based on performance metrics to be established. Pursuant to the amended employment agreement, we will grant Mr. Lasanta options to purchase 30,000 shares of Company stock having an exercise price equal to fair market value on the date of grant and vesting in three equal annual installments beginning one year from November 1, 2008. In addition, upon termination of Mr. Lasanta's employment for reasons other than those set forth in his amended employment agreement, Mr. Lasanta will receive a lump-sum severance payment in an amount equivalent to six months of his salary at the time of the termination, less legal withholdings, or the severance established by Ley de Despido Injustificado, whichever amount is higher. All other terms and conditions of Mr. Lasanta's employment agreement remain the same.

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On March 11, 2009, upon the approval of the Company's Compensation Committee, the Company entered into an Amendment to Employment Agreement with Mr. Lasanta to reduce Mr. Lasanta's current annual base salary from \$110,000 to \$106,000 and to eliminate Mr. Lasanta's automobile allowance effective March 1, 2009. Effective January 1, 2010, the Company amended the Employment Agreement of Mr. Lasanta, dated November 5, 2007, to restore Mr. Lasanta's annual base salary to \$110,000. On January 31, 2012, the Company amended the Employment Agreement of Mr. Lasanta, dated November 5, 2007, to increase Mr. Lasanta's annual base salary from \$110,000 to \$125,000. On December 31, 2012, the Company amended the Employment Agreement of Mr. Lasanta, dated November 5, 2007, to increase Mr. Lasanta's annual base salary from \$125,000 to \$150,000 as of January 1, 2013. All other terms and conditions of Mr. Lasanta's employment agreement, as amended, remain the same.

On February 17, 2014, the Company amended the Employment Agreement of Mr. Lasanta, dated November 5, 2007, to increase Mr. Lasanta's salary to \$160,000, effective January 1, 2014 (the "Lasanta Amendment"). Also, pursuant to the Lasanta Amendment, if the Company terminates the employment agreement of Mr. Lasanta other than for death, disability or cause, the Company shall (1) pay to the executive within 30 days after the date of termination (a) a lump-sum severance payment in an amount equivalent to one (1) year of salary at the time of the termination, less legal withholdings, or the severance established by Ley de Despido Injustificado, whichever amount is higher; (b) any bonuses that the executive may have earned up to the date of his termination, and (c) the value of any unused accrued vacation days, (2) provide executive one (1) year health coverage for the executive and dependents, and (3) provide that any restricted stock units, options or other similar granted awards held by the executive will become vested and exercisable for a three month period following the termination. Also, pursuant to the Lasanta Amendment, in the event of a change of control of the Company in connection with a sale, merger or acquisition of the Company or the Company ceases to be a public company, and is no longer subject to the reporting obligations of the Securities Exchange Act of 1934, as amended, any restricted stock units, options or other similar granted awards held by Mr. Lasanta will become vested and exercisable immediately prior to such event.

On October 7, 2019, the Company amended the Employment Agreement of Mr. Lasanta to increase his salary from \$160,000 to \$175,000, effective October 7, 2019.

Director Compensation

Effective January 1, 2014, and as amended on March 16, 2022, the Compensation Committee of the Board approved the following compensation to our independent directors (i) a \$12,500 quarterly retainer fee and (ii) an automatic annual stock option grant of 20,000 shares to be granted on the tenth day of January each year. Also, each independent director received an option to purchase 25,000 shares of the Company's common stock on the date of his first election.

The following table summarizes the compensation earned and paid to our directors for the year ended October 31, 2025.

Name	Fees	Option	Total
	Earned (1)	Awards (2)(3)	
Kirk Michel	\$ 50,000	\$ 6,320	\$ 56,320
Dov Perlysky	\$ 50,000	\$ 6,320	\$ 56,320
Howard Spindel	\$ 50,000	\$ 6,320	\$ 56,320
Irving Wiesen	\$ 50,000	\$ 6,320	\$ 56,320

(1) During the fiscal year ended October 31, 2025, all members of the Board of Directors individually earned and were paid fees of \$50,000 each.

(2) Amounts shown do not reflect compensation received by the directors. Instead, the amounts shown reflect the grant date fair value of options granted to the directors determined pursuant to FASBASC Topic 718. The assumptions used to calculate the value of the option awards are set forth under Note 1 - Stock Options and Stock Based Compensation in our audited financial statements for the fiscal year ended October 31, 2025 included in our 2025 Form 10-K.

(3) The options grants have a term of five years from the grant date and an exercise price equal to the fair market value on the date of grant. The options are exercisable as to 50% of the shares six months from the date of grant and as to the remaining 50% 18 months from the date of grant.

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As of October 31, 2025, each of the below named directors held the following number of options to purchase shares of common stock:

Grant Date	Exercise Price	OPTIONS GRANTED TO			
		H. Spindel	K. Michel	I. Wiesen	D. Perlysky
1/10/2021	\$ 1.40	20,000	20,000	20,000	20,000
1/10/2022	\$ 0.97	20,000	20,000	20,000	20,000
1/10/2023	\$ 0.79	20,000	20,000	20,000	20,000
1/10/2024	\$ 0.85	20,000	20,000	20,000	20,000
1/10/2025	\$ 0.49	20,000	20,000	20,000	20,000

Compensation Committee

The members of the Compensation Committee are Kirk Michel, Chairman, Howard Spindel and Irving Wiesen, all of whom are independent directors as determined by the Nasdaq Rules. The responsibilities and duties of the Compensation Committee consist of, but are not limited to: (1) approving salaries and incentive compensation of executive officers, as well as the compensation of our Board members; (2) reviewing compensation plans, policies and benefit programs for employees, generally and (3) administering the employee stock option and benefit plans, when designed by the Board. While performing its duties, the Compensation Committee receives substantial input from the Chief Executive Officer regarding the appropriate level and type of compensation for our executives, excluding the compensation paid to the Chief Executive Officer. The Compensation Committee has determined that no risks exist rising from the Company's compensation policies and practices for its employees that are reasonably likely to have a material adverse effect on the Company. The Compensation Committee has not retained a compensation consultant to review our policies and procedures with respect to executive compensation. A copy of the Compensation Committee's charter is located on our website at www.pharmabioserv.com

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table provides information as to shares of common stock beneficially owned as of February 26, 2026 by:

- each director;
- each officer named in the summary compensation table ("Named Executive Officers");
- each person owning of record or known by us, based on information provided to us by the persons named below, to own beneficially at least 5% of our common stock; and
- all directors and executive officers as a group.

As of February 26, 2026, the Company had 22,901,692 shares of common stock outstanding. As used herein, the term beneficial ownership with respect to a security is defined by Rule 13d-3 under the Securities Exchange Act of 1934, as amended, as consisting of sole or shared voting power (including the power to vote or direct the vote) and/or sole or shared investment power (including the power to dispose or direct the disposition of) with respect to the security through any contract, arrangement, understanding, relationship or otherwise, including a right to acquire such power(s) during the next 60 days. Unless otherwise noted, beneficial ownership consists of sole ownership, voting and investment rights and the address for each person is c/o Phama-Bio Serv, Inc., PO Box 1049, Dorado, Puerto Rico, 00646.

Name	Shares of Common Stock Beneficially Owned at February 26, 2026	Percentage
Directors and Executive Officers		
Dov Perlysky ⁽¹⁾	2,061,548	9.0%
Kirk Michel ⁽²⁾	454,308	2.0%
Howard Spindel ⁽³⁾	112,504	*%
Irving Wiesen ⁽⁴⁾	124,250	*%
Victor Sanchez ⁽⁵⁾	28,057	*%
Pedro Lasanta ⁽⁶⁾	142,533	*%
All Directors and Executive Officers as a group		
(six persons) ⁽⁷⁾	2,923,200	12.6%
5% or Greater Stockholders		
Elizabeth Plaza ⁽⁸⁾	3,852,921	16.8%
Venturetek, L.P. ⁽⁹⁾	3,132,932	13.7%
Ramon Luis Dominguez Thomas ⁽¹⁰⁾	2,060,060	9.0%
Addison McKinley Levi III ⁽¹¹⁾	2,050,059	8.9%
Adam Hirsh ⁽¹²⁾	1,172,179	5.1%

* Less than 1%.

- (1) The shares of common stock beneficially owned by Mr. Perlysky include (i) 54,203 shares directly owned, (ii) 1,164,554 shares of common stock owned by Krovim, LLC, (iii) 772,791 shares owned by LDP Family Partnership and (iv) 70,000 shares of common stock issuable upon exercise of options.
- (2) The shares of common stock beneficially owned by Mr. Michel consist of (i) 43,602 shares directly owned, (ii) 70,000 shares of common stock issuable upon exercise of options, and (iii) 340,706 shares of common stock owned by KEMA Advisors, of which Mr. Michel is managing director.
- (3) The shares of common stock owned by Mr. Spindel represent (i) 42,504 shares held in a trust established by Mr. Spindel's deceased spouse for the benefit of Mr. Spindel, which Mr. Spindel intends to distribute such shares to his adult children, and (ii) 70,000 shares issuable upon exercise of options.
- (4) The shares of common stock owned by Mr. Wiesen represent 54,250 shares directly owned and 70,000 shares issuable upon exercise of options.
- (5) The shares of common stock owned by Mr. Sanchez represent 11,382 shares directly owned and 16,675 shares issuable upon exercise of options.
- (6) The shares of common stock owned by Mr. Lasanta represent 119,188 shares directly owned and 23,345 shares issuable upon exercise of options.
- (7) Includes 320,020 shares issuable upon the exercise of options.
- (8) This information was obtained from the Form 4 filed by Elizabeth Plaza on June 28, 2021. The postal address stated on Ms. Plaza's Form 4 is Calle Marginal

Costa De Oro C-3, Suite 2, Dorado, Puerto Rico 00646.

- (9) This information was obtained from Amendment No. 4 to Schedule 13 D/A filed by Vénturetek, L.P. (“Vénturetek”) on September 6, 2011. This information does not include 1,565,058 shares underlying warrants, which warrants expired in January 2011, listed in the Schedule 13 D/A filed on January 5, 2011. Mr. David Selengut is the manager of TaurusMax LLC, which is the general partner of Vénturetek. The postal address stated on Vénturetek, L.P.’s Schedule 13D/A is 150 East 42nd Street, New York, NY 10017.
- (10) This information was obtained from a Schedule 13D filed by Ramon Luis Dominguez Thomas on March 27, 2014. The postal address stated on Mr. Dominguez Thomas’ Schedule 13D is c/o San Juan Holdings, Inc., MCS Plaza, Suite #305, 255 Ponce de Leon Avenue, San Juan, PR, 00917.
- (11) This information was obtained from a Schedule 13D filed by Addison McKinley Levi III on March 27, 2014. The postal address stated on Mr. Levi’s Schedule 13D is c/o San Juan Holdings, Inc., MCS Plaza, Suite #305, 255 Ponce de Leon Avenue, San Juan, PR, 00917.
- (12) This information was obtained from a Schedule 13G filed by Adam Hirsh on October 15, 2019. The postal address stated on Mr. Hirsh’s Schedule 13G is 1021 Satum Court Incline Village, Nevada 89451.

Equity Compensation Plan Information

The following table summarizes the equity compensation plans under which our securities may be issued as of October 31, 2025

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price per share of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders:			
2014 Long-Term Incentive Plan ⁽¹⁾	453,350	\$ 0.9108	1,050,000
Equity compensation plans not approved by security holders	--	\$ --	--
Total	453,350		1,050,000

(1) The 2014 Long-Term Incentive Plan was approved by stockholders in April 2014, and amended on May 2, 2024 by the stockholders to extend the term for an additional ten years ending March 31, 2034.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**Related Party Transactions**

The Company previously performed its administrative operations in office facilities located in Dorado, Puerto Rico (the "Office Facilities"). The Office Facilities were leased from an affiliate of our past Chairman of the Board and greater than 5% stockholder, as set forth in footnote (8) of the beneficial ownership table above. The lease agreement was for an initial five-year term commencing January 1, 2016, with a renewal option for five additional years which was exercised and became effective January 1, 2021. The lease expired on December 31, 2025. The lease agreement, as amended, had monthly rental payments of \$14,561 through the end of the renewal option term. The lease agreement also required the payment of utilities, property taxes, insurance and expenses incurred by the affiliate in connection with the maintenance of common areas.

On August 19, 2024, the Company entered into an agreement (the "AI Agreement") with a company which Dov Perlysky, a member of our Board of Directors, and Mr. Perlysky's brother-in-law, Alan Stahler, indirectly hold a minority interest and are indirect managers of (the "AI Company"). Pursuant to the AI Agreement, for \$250,000 the Company obtained (i) the development of a dashboard tool (the "Lead Generation Technology Platform") based on artificial intelligence which will research and automate business development opportunities and the recruitment and placement of personnel for the Company, (ii) a 2.44% membership interest (the "Membership Interest") in the AI Company, and (iii) a two year term grant of option (the "Option") to obtain an aggregate 16.67% interest in the AI Company at an exercise price of \$1,750,000. Once completed, the AI Company will remain available to improve, support and maintain the Lead Generation Technology Platform for such amount as may be mutually agreed in good faith, based on the Company's requirements. For additional information relating to the accounting of this related party transaction, see Note M to the Consolidated Financial Statements included in Part II, Item 8.

Director Independence

The Board has determined that the following directors are independent pursuant to Nasdaq Rule 5605 ("Nasdaq Rules") (even though the Company's securities are not traded on the Nasdaq market): Kirk Michel, Dov Perlysky, Howard Spindel and Irving Wiesen. The members of the Audit Committee are Howard Spindel (Chair), Kirk Michel and Irving Wiesen, all of whom are independent directors as determined by the Nasdaq Rules. The members of the Compensation Committee are Kirk Michel (Chair), Howard Spindel and Irving Wiesen, all of whom are independent directors as determined by the Nasdaq Rules. The members of the Nominating and Corporate Governance Committee are Irving Wiesen (Chair), Dov Perlysky and Howard Spindel, all of whom are independent as determined by the Nasdaq Rules.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

We were billed by Crowe PR PSC (formerly known as Horwath Velez & Co. PSC) (“Crowe”) in 2025 and 2024 as follows:

Description of services:	Fiscal 2025	Fiscal 2024
Audit fees	\$ 71,490	\$ 71,490
Audit-related fees	\$ 34,500	\$ 38,350
Tax fees	--	--
All other services	\$ 7,750	\$ 7,750
Total Fees	\$ 113,740	\$ 117,590

Audit fees above are professional services associated with the integrated audit of our consolidated financial statements. Audit-related fees are primarily attributable to services rendered in connection to reviews of our quarterly condensed financial statements. All other fees are primarily attributable to retirement plan compliance audit services.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

The Audit Committee’s policy is to pre-approve all audit and permissible non-audit services provided by the independent public accountants. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. Crowe and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent public accountants in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee may also pre-approve particular services on a case by case basis. The Audit Committee approved one hundred percent (100%) of all services provided by Crowe during Fiscal 2025 and 2024.

The Audit Committee has considered the nature and amount of the fees billed by Crowe, and believes that the provision of the services for activities unrelated to the audit is compatible with maintaining Crowe’s independence.

PCAOB ID 871

Location: Guaynabo, Puerto Rico

PART IV

ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES.

The following documents are filed as a part of this Annual Report on Form 10-K.

1. All Financial Statements: Consolidated Financial Statement are included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on January 29, 2026 immediately following the signature pages of the report. See Index to Consolidated Financial Statements on page F-1 on our Annual Report on Form 10-K filed with the Securities and Exchange Commission on January 29, 2026.
2. Financial Statement Schedules: None.
3. Exhibits. The following exhibits are filed herewith or are incorporated by reference to exhibits previously filed with the Securities and Exchange Commission as indicated in the description of each.

Exhibit Number	Exhibit Description	Incorporated By Reference			
		Form	File Number	Exhibit	Filing Date
3.1	Restated Certificate of Incorporation	8-K	000-50956	99.1	5/1/2006
3.2	Certificate of Amendment to the Certificate of Incorporation	8-K	000-50956	3.1	4/12/2013
3.3	Amended and Restated Bylaws of Pharma-Bio Serv Inc.	8-K	000-50956	3.1	2/9/2023
4.1	Description of the Registrant's securities	10-K	000-50956	4.1	1/29/2020
10.1	Employment Agreement, effective January 1, 2015, between Pharma-Bio Serv, Inc. and Victor Sanchez	8-K	000-50956	10.2	1/5/2015
10.2	Employment Agreement dated November 5, 2007 between the Pharma-Bio Serv Inc. and Pedro Lasanta	10-K	000-50956	10.8	1/29/2009
10.3	Amendment to Employment Agreement dated December 17, 2008 between the Registrant and Pedro Lasanta	8-K	000-50956	99.1	12/23/2008
10.4	Amendment to Employment Agreement, dated March 11, 2009, by and between the Company and Pedro Lasanta	8-K	000-50956	10.3	3/17/2009
10.5	Employment Agreement Amendment, effective as of January 1, 2010, by and between the Company and Pedro Lasanta	8-K	000-50956	10.2	1/07/2010
10.6	Employment Agreement Amendment, dated January 31, 2012, by and between the Company and Pedro J. Lasanta	8-K	000-50956	10.1	2/2/2012
10.7	Employment Agreement Amendment, dated December 31, 2012, by and between the Company and Pedro J. Lasanta	8-K	000-50956	10.1	1/7/2013
10.8	Employment Agreement Amendment between Pharma-Bio Serv, Inc. and Pedro J. Lasanta, effective January 1, 2014.	8-K	000-50956	10.2	2/21/2014
10.9	Employment Agreement Amendment, dated October 7, 2019, by and between the Company and Pedro J. Lasanta	8-K	000-50956	10.1	10/11/2019
10.10	2005 Long-Term Incentive Plan, as amended	DEF 14A	000-50956	Appendix C	3/26/2007
10.11	Amendment to 2005 Long-Term Incentive Plan	10-Q	000-50956	10.4	3/17/2014

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Exhibit Number	Exhibit Description	Incorporated By Reference			
		Form	File Number	Exhibit	Filing Date
10.12	Pharma-Bio Serv, Inc. 2014 Long-Term Incentive Plan	8-K	000-50956	10.1	5/2/2014
10.13	Amendment to Pharma-Bio Serv, Inc. 2014 Long-Term Incentive Plan	8-K	000-50956	10.1	5/2/2024
14.1	Amended and Restated Code of business conduct and ethics for senior management	10-K/A	000-50956	14.1	2/28/2025
21.1	List of Subsidiaries	10-K	000-50956	21.1	1/29/2026
23.1	Consent of Crowe PR PSC (formerly known as Horwath Vélez & Co, PSC)	10-K	000-50956	23.1	1/29/2026
31.1*	Certification of chief executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2*	Certification of chief financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.1**	Certification of chief executive officer and chief financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
101.INS	XBRL Instance Document	10-K	000-50956	101.INS	1/29/2026
101.SCH	XBRL Taxonomy Extension Schema	10-K	000-50956	101.SCH	1/29/2026
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	10-K	000-50956	101.CAL	1/29/2026
101.DEF	XBRL Taxonomy Extension Definition Linkbase	10-K	000-50956	101.DEF	1/29/2026
101.LAB	XBRL Taxonomy Extension Label Linkbase	10-K	000-50956	101.LAB	1/29/2026
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	10-K	000-50956	101.PRE	1/29/2026
104*	Cover page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)				

* Filed herewith

** Furnished herewith

Exhibits 10.1 through 10.13 are management contracts or compensatory plans, contracts or arrangements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PHARMA-BIO SERV, INC.

Dated: February 27, 2026

By: /s/ Pedro J. Lasanta
Name: Pedro J. Lasanta
Chief Financial Officer, Vice President -Finance
and Administration and Secretary
(Principal Financial and Accounting Officer)

Pharma-Bio Serv, Inc.

**BOARD OF DIRECTORS
AND EXECUTIVE OFFICERS**

BOARD OF DIRECTORS

Kirk Michel

Chairman of the Board, Pharma-Bio Serv, Inc.
Managing Director, KEMA Advisors, Inc.
(investment banking firm)

Dov Perlysky

Managing Member, Neshet, LLC
(investment firm)

Howard Spindel

Founder and Consultant, Integrated Management Solutions
(securities industry consulting and recruitment firm)

Irving Wiesen

Of Counsel, Ullman, Shapiro and Ullman, LLP (law firm)
Of Counsel, Cohen, Tauber, Spievack & Wagner (law firm)

EXECUTIVE OFFICERS

Victor Sanchez

Chief Executive Officer, President and President of European Operations

Pedro J. Lasanta

Chief Financial Officer, Vice President - Finance and Administration and Secretary
