April 7, 2025

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

M. Marin
312-265-9211
mmarin@zacks.com

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

American Shared Hospital Svces (AMS-NYSE AMERICAN)

AMS: Growing O&O Segment Contributed to 33% Revenue Growth in 2024; Two New O&O Projects Moving Forward

Expanding operations geographically & by business line are core goals. Three new RI facilities & a new Linac in Mexico contributed to 33% y/y revenue growth in 2024, as AMS continues to expand its O&O footprint. Reflecting the proximity of existing & planned RI facilities, AMS expects to benefit from significant synergies.

Current Price (4/4/25)	$3.00
Valuation	**$4.84**

OUTLOOK

With recent approval from state regulators to move forward on planned projects in Bristol, RI and Johnston, RI, the company continues to grow the number of facilities operated under its O&O model, a core objective. In 1Q25, AMS acquired property in Bristol, RI where it expects to construct a linear accelerator facility that would likely begin treating patients in about 18-24 months & AMS anticipates significant synergies within its expanding Rhode Island footprint. We expect these and other potential new projects will likely leverage an 'asset-light' approach that includes partnerships to reduce AMS's upfront capital investment & enable AMS to retain a majority interest in the centers.

SUMMARY DATA

52-Week High	**$2.64**
52-Week Low	**$4.60**
One-Year Return (%)	**1**
Beta	**0.42**
Average Daily Volume (sh)	**14,535**
Shares Outstanding (mil)	**6**
Market Capitalization ($mil)	**$18**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**N/A**
Insider Ownership (%)	**28**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**..N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**9**
P/E using 2025 Estimate	**20**
P/E using 2026 Estimate	**N/A**

Risk Level	**Average,**
Type of Stock	**Small-Value**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	5 A	6 A	5 A	6 A	21 A
2024	5 A	7 A	7 A	9 A	28 A
2025	9 E	8 E	8 E	10 E	32 E

Per Share Data

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	0.03 A	-0.02 A	0.02 A	0.06 A	0.10 A
2024	0.02 A	0.55 A	-0.03 A	-0.20 A	0.33 A
2025	0.04 E	0.04 E	0.04 E	0.04 E	0.15 E

Quarters might not sum due to rounding & share counts

Disclosures on page 8

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

SYNERGIES EXPECTED AS RI O&O FOOTPRINT EXPANDS

Moreover, as O&O footprint expands, company expects benefits to accelerate

American Shared Hospital Services (AMS-NYSE American), which provides advanced radiation therapy treatment systems to treat cancer patients, reported 2024 results last week. Recent measures aimed at boosting and diversifying revenue. include expanding operations geographically and by business line. In 2024, AMS began operating three Rhode Island facilities and began operating a new Versa HD Linear Accelerator (LINAC) in Puebla, Mexico under its model to own and operate (O&O) equipment at select locations.

Full year 2024 revenue advanced 32.9% year-over-year to $28.3 million, as AMS continues to expand its direct patient, or O&O, footprint. With a more than quadrupling in quarterly direct patient income in 4Q24, the 4Q24 year-over-year consolidated revenue improvement accelerated to 53.8% to $9.1 million. In part, benefits of the improving topline were obscured by costs to support growth initiatives. On higher operating expense to support growth initiatives, lower margins as the direct patient footprint expands and non-recurring costs – much related to the acquisition of Rhode Island cancer treatment centers and other new measures – the company reported an operating loss of $2.8 million for the year. We estimate that adjusted for noncash impairment costs and expenses related to the transaction, operating income would have been roughly $200k in 2024. Including a benefit recognized on the attractive price paid for the three Rhode Island treatment centers, AMS reported 2024 EPS of $0.33 compared to $0.10 in 2023. Adjusted EBITDA advanced 8.5% year-over-year in 2024, while 4Q24 adjusted EBITDA advanced 29%.

Growing its O&O or retail footprint is a core objective for AMS. The company recently obtained Certificate of Need (CON) approvals for a fourth treatment center in Bristol, Rhode Island and a proton beam radiation treatment (PBRT) center in Johnston, Rhode Island and anticipates significant synergies within its expanding Rhode Island footprint. In 1Q25, AMS acquired property in Bristol, Rhode Island where it expects to construct a linear accelerator facility. AMS anticipates that the facility could commence treating patients in about 18 to 24 months.

Separately, the company also announced that Gary Delanois was appointed as its new Chief Executive Officer. Ray Stachowiak, the company's Executive Chairman and largest shareholder, has indicated his intention to remain actively involved as he continues to serve as Executive Chairman. Under his helm, the company has shifted its strategic focus to prioritize development and expansion of the O&O segment, international expansion and other growth opportunities, and enhanced its financial flexibility. New CEO Gary Delanois served as the company's COO from October 14, 2024, until his appointment to the CEO role and has extensive prior experience in healthcare operations and financial management.

Strong cash position to support growth initiatives…

With cash and equivalents of $11.3 million at the end of 2024, compared to $13.8 million at year-end 2023, we believe AMS has the financial flexibility to continue to upgrade its installed base and pursue other growth measures. Moreover, the company consistently generates positive cash from operating activities. The company believes that its cash balance, combined with the roughly $7 million on the revolver and 'asset-light' approach to new business initiatives could potentially be leveraged to provide $100 million in acquisition capital.

Reflecting the proximity of existing & planned RI facilities, AMS expects significant synergies

In all, the company owns treatment centers in Rhode Island, Peru, Ecuador and the site in Puebla, Mexico that has the Versa HD LINAC noted above. The cancer centers in Rhode Island represent AMS's first domestic retail locations and expand AMS's retail / direct business segment footprint substantially. All three Rhode Island sites are equipped with state-of-the-art cancer treatment technology using LINACs and comprehensive treatment planning software.

The RI centers are located near Rhode Island hospital campuses. The company views the Rhode Island deal as a milestone acquisition that expands its footprint of O&O radiation oncology centers into the U.S. Moreover, AMS has entered into a professional services agreement with Brown University Health System, which the company notes is the state's largest health system for radiation oncologists. The agreement streamlines physician recruitment and improves patient service capabilities, according to AMS which anticipates additional synergies reflecting the proximity of the existing and planned Rhode Island facilities to one another.

With international expansion further diversifying revenue base…

Moreover, the company's international footprint has expanded as AMS has expanded its direct or retail segment footprint. In addition to revenue from the Rhode Island facilities, the company is generating O&O revenue from sites in Mexico and South America. The radiation therapy center in Puebla, Mexico began treating patients in July 2024.



Source: Company reports

As AMS continues to expand the direct retail footprint, we expect strong growth of the direct segment to continue. AMS signed a JV in 3Q24 for a Gamma Knife facility in Guadalajara, Mexico, the 4th international site and newest O&O location. AMS will hold a 70% interest and its partner, HSJ (Hospital San Javier, Mexico's first medical center to offer Gamma Knife treatments beginning in 1994) will own 30%. The JV plans to upgrade HSJ's existing Gamma Knife® Perfexion™ system to an Esprit (see below). The company expects the facility to begin treating patients this year.

New PBRT opportunity in Rhode Island moving forward – expect asset-light approach…

In addition to the new Guadalajara JV, the company has a range of growth opportunities under consideration. For example, the company filed a CONs (Certificate of Need) with the Rhode Island Department of Health to install a PBRT device in the state under the O&O model, thereby expanding its direct retail network to include a PBRT center, and has obtained the CON to acquire the technology necessary to construct and operate a freestanding PBRT system in Johnston, Rhode Island. The time required to design, construct the facility and then install the machine means that the facility is not expected to be operational until some two to three years from receipt of the CON. The company expects construction could be completed by late 2027-early 2028 and that the new facility could begin treating patients then.

The company believes its facilities operate in underserved areas of Rhode Island. Moreover, with only two PBRT systems currently in operation in the northeast, according to AMS, the company also believes the location of the planned facility enables access to this treatment and will enable many Rhode Island cancer patients to avoid the need to travel to Boston or New York for critical care.

PBRT has several advantages compared to more traditional treatments. It delivers higher radiation doses to the tumor with less radiation to healthy tissue. PBRT is an alternative to traditional external beam, photon-based radiation delivered by linear accelerators that was introduced clinically in the 1950s, and is currently used to treat multiple cancer types, including prostate, brain, spine, head and neck, lung, breast, gastrointestinal tract and pediatric tumors. Despite the advantage of the technology, the use of PBRT in the U.S. has been relatively limited until recently, primarily reflecting high capital costs.

Given its conservative fiscal strategy, the company has outlined a relatively *asset-light* model for opening a new O&O PBRT center. We would expect the company to seek to partnership to reduce its upfront capital investment and still retain a majority interest in the PBRT center. Depending on the potential partner, this could not only reduce the company's required upfront capital commitment, but potentially also broaden the medical services that the overall center could offer.

…While initiatives to grow rental segment also continue…

As the company continues to expand its O&O footprint, it also continues to engage with existing and potential new customers to sign, renew and extend lease agreements. Over the last 15 months, the AMS leasing segment has signed five lease extensions from its base of ten domestic Gamma Knife sites. AMS has indicated that it is in in discussion for upgrades and extensions at several other locations.

Generally, extending an existing lease also involves an equipment upgrade so that the facility has the latest technology available and most of the existing leases are of Gamma Knife Perfexion units that are candidates for upgrades to the ICON and Esprit models. For example, the company extended its existing 10-year agreement with PeaceHealth Sacred Heart Medical Center at RiverBend in Springfield, Oregon with plans to upgrade the existing Gamma Knife ® Perfexion™ system with an Esprit. Esprit, introduced in 2022, is the newest Gamma Knife ® radiosurgery system. Esprit offers enhanced CT imaging, frame or frameless patient treatments and a more flexible and faster treatment planning system with remote access that simplifies and shortens the treatment process. AMS is installing several of the first Esprits in the U.S. With the Esprit Gamma Knife treatment, patients can return home the same day as treatment. The company has noted that its sales pipeline is robust and management anticipates announcing additional projects over time, with discussions ongoing with several medical centers for additional potential upgrades and lease extensions. AMS believes its enhanced focus on sales, marketing, and customer service has led to improved customer relations and greater success at achieving contract extensions, as well as growing its pipeline for future new business.

VALUATION

Revenue contributions from the Rhode Island facilities and the company's new Versa HD Linear Accelerator O&O site in Puebla, Mexico represent new revenue sources for AMS, with the new Guadalajara JV expected to come online this year. Moreover, the company is optimistic about continuing to grow both its Gamma Knife operations and new businesses, as well as potentially introducing other business lines to support installation of additional radiation therapies in the future.

AMS is not like traditional financial institutions or in-house arms of equipment manufacturers helping finance the installations at hospitals / medical centers. Thus, there does not seem to be a direct competitor, in our view. We look to AMS' recent trading history and note that over the past three years, the shares have traded in a P/E range of about 11x up to 21x on normalized EPS. If we apply a 17x

multiple – within the historic range – and a roughly 90% confidence metric to our 2025 EPS forecast to reflect factors that might impact the multiple, including that costs for new initiatives come in higher than we forecast, we derive a near-term valuation of roughly $4.84.

If the company delivers milestones earlier than anticipated, it could impact these multiples. In success we would anticipate multiple expansion and share price appreciation over time. Any delay or failure in successful execution of the strategy could represent a potential risk to The company's valuation and cause the share price to decline. The company believe the risk / reward ratio could be attractive for investors who have a higher than average risk tolerance and longer time horizon.

RECENT NEWS

- AMS reported 4Q24 results on April 4, 2025.
- AMS announced it received official notice of Certificate of Need approval to acquire the technology to construct and operate a PBRT facility in Rhode Island on December 17, 2024.
- On October 18, 2024, AMS announced key management appointments.
- On August 6, 2024, AMS announced that patient treatments at Puebla, Mexico had started.
- AMS signed a JV for a Gamma Knife facility in Guadalajara, Mexico on July 9, 2024.
- On June 7, 2024, AMS extended its agreement with PeaceHealth Sacred Heart Medical Center.
- AMS closed the Rhode Island deal on May 9, 2024.

RISKS

We believe risks to American Shared Hospital achieving its goals, and to our valuation, include the following, among others.

- AMS might not gain market share with new businesses as quickly as the company expects, which could lead to slower than anticipated revenue ramp.
- The company could incur unanticipated costs associated with its initiatives.
- Competition could increase.
- AMS might need to raise capital to support its strategy that might be dilutive to current shareholders.
- Government initiatives aimed at changing reimbursement rates and other potential regulatory changes could be more substantial than management anticipates.
- As the company continues its diversification strategy, it still faces revenue concentration risk until the strategy is further advanced.
- The company faces technology risk.

PROJECTED FINANCIALS

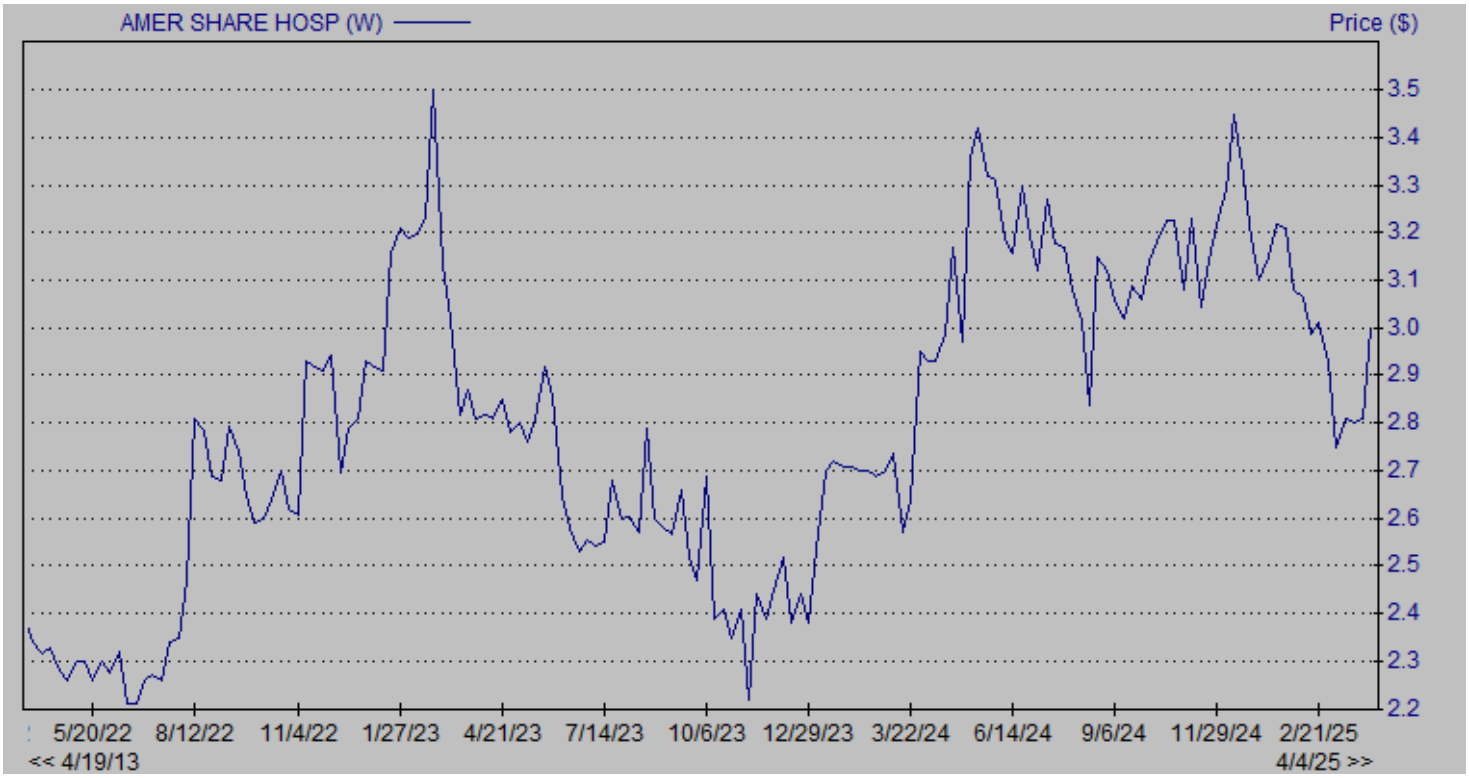
American Shared Hospital Services Income Statement & Projections ($ Mns except per share data)

	2023A	*1Q24A*	*2Q24A*	*3Q24A*	*4Q24A*	*2024A*	*1Q25E*	*2Q25E*	*3Q25E*	*4Q25E*	*2025E*
Revenues:											
Rental income from medical services	$17.77	$4.25	$3.90	$3.31	$4.17	$15.63	$3.87	$3.60	$3.35	$3.35	$14.17
Patient income	3.35	0.96	3.16	3.69	4.75	12.56	4.76	4.78	4.80	6.19	20.52
Equipment sales, net	0.20	-	-	-	0.16	0.16	-	-	-	-	-
Total revenue	$21.33	5.22	7.06	7.00	9.07	28.34	8.63	8.38	8.15	9.53	34.69
Costs of revenue:											
Maintenance & supplies	2.03	0.51	0.55	0.61	0.67	2.34	0.71	0.73	0.78	0.93	3.15
Depreciation & amortization	5.07	1.30	1.46	1.67	1.65	6.07	1.68	1.71	1.75	2.09	7.23
Other direct operating costs	4.03	1.09	2.42	3.18	3.37	10.07	3.75	3.76	3.38	3.93	14.81
Other	0.85	0.17	0.17	0.17	0.17	0.68	0.17	0.17	0.17	0.17	0.68
Total direct costs	11.98	3.07	4.59	5.63	5.87	19.16	6.30	6.37	6.08	7.12	25.87
Gross margin	9.34	2.14	2.47	1.37	3.20	9.19	2.33	2.01	2.07	2.41	8.82
Selling & administrative expense	7.02	1.88	1.90	1.92	1.71	7.41	1.73	1.55	1.55	1.85	6.68
Interest expense	1.11	0.35	0.39	0.34	0.43	1.50	0.44	0.44	0.44	0.45	1.76
Loss, write down	0.94		0.19		2.90	3.08	-	-	-	-	-
Operating income (loss)	0.27	(0.08)	(0.00)	(0.89)	(1.83)	(2.81)	0.16	0.02	0.08	0.11	0.38
Purchase Gain RI Acquisition			3.68	0.26	(0.15)	3.79	-	-	-	-	-
(Loss) on early extinguishment of debt	-				-	-	-	-	-	-	-
Interest & other income	0.43	0.11	0.06	0.05	0.04	0.25	0.04	0.04	0.04	0.03	0.14
Pretax income	0.70	0.02	3.74	(0.58)	(1.94)	1.24	0.20	0.06	0.11	0.14	- 0.52
Income tax expense	0.43	(0.04)	(0.03)	(0.17)	(0.07)	(0.30)	0.05	0.01	0.03	0.04	- 0.14
Net income	0.26	0.07	3.77	(0.41)	(1.87)	1.53	0.15	0.04	0.09	0.10	- 0.38
Plus (less) minority interests	0.35	0.05	(0.17)	0.20	0.56	0.65	0.10	0.19	0.19	0.12	0.60
Net income to AMS	0.61	0.12	3.60	(0.21)	(1.31)	2.19	0.25	0.23	0.28	0.23	0.98
Per share data											
EPS (FD)	$0.10	$0.02	$0.55	($0.03)	($0.20)	$0.33	$0.04	$0.04	$0.04	$0.04	$0.15
Avg shares out (FD)	6.393	6.576	6.583	6.482	6.542	6.703	6.450	6.450	6.450	6.449	6.450

Source: Company reports, Zacks estimates

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

HISTORICAL STOCK PRICE



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

DISCLOSURES

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

ANALYST DISCLOSURES

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

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.
Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

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

ADDITIONAL INFORMATION

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

CANADIAN COVERAGE

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