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

scr.zacks.com
101 N. Wacker Drive, Chicago, IL 60606

American Shared Hospital Svces (AMS-NYSE AMERICAN)

AMS: Revenue Up Q/Q; Growing O&O Footprint as Plans For New RI Centers Advance

AMS reported 2Q25 results last week. Revenue of $7.1m was roughly level with 2Q24 despite recent expiration of leasing contracts & a 16% advance vs 1Q25. Direct patient services segment revenue advanced 11% y/y to $3.5m as AMS focuses on expanding this segment, benefitting from the 2024 Rhode Island acquisition.

Current Price (8/18/25)	$2.62
Valuation	**$4.50**

OUTLOOK

AMS has three O&O treatment centers located near Rhode Island hospital campuses & a professional services agreement with Brown University Health System, the state's largest health system for radiation oncologists. AMS expects the affiliations it has formed in the state will also benefit the centers under development, reflecting their proximity to the existing facilities it operates. AMS plans a treatment center in Bristol, RI and a PBRT center in Johnston, RI & believes its facilities operate in underserved areas of Rhode Island & will enable many Rhode Island cancer patients to avoid the need to travel to Boston or New York for critical care.

SUMMARY DATA

52-Week High	**$2.27**
52-Week Low	**$4.60**
One-Year Return (%)	**-16**
Beta	**0.31**
Average Daily Volume (sh)	**10,461**
Shares Outstanding (mil)	**6.5**
Market Capitalization ($mil)	**$16**
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	6 A	7 A	8 E	9 E	29 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	-0.10 A	-0.04 A	0.00 E	0.02 E	-0.11 E

Quarters might not sum due to rounding & share counts

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DIRECT PATIENT REVENUE UP AS O&O FOOTPRINT EXPANDS

Upgrading equipment & planning new O&O centers

American Shared Hospital Services (AMS-NYSE American), which provides advanced radiation therapy treatment systems to treat cancer patients, reported 2Q25 results last week. The company is transitioning from one that primarily leases expensive medical equipment to treat cancer patients to one that owns and operates (O&O) the equipment itself and serves patients directly.

Revenue of $7.1 million in 2Q25 was roughly level with 2Q24 despite recent expiration of certain leasing contracts, and a 16% sequential advance compared to 1Q25. Direct patient services segment revenue advanced 11% year-over-year to $3.5 million as the company focuses on expanding this segment. Revenues from the direct patient services benefited from the company's 2024 Rhode Island acquisition and the opening of its radiation therapy facility in Puebla, Mexico in July 2024. A decline in revenues from the leasing segment reflected lower procedure volumes due to the expiration of two contracts, downtime to upgrade another customer to an Esprit and lower PBRT volumes, reflecting what the company believes are normal cyclical fluctuations. However, PBRT revenue increased 17% sequentially.

With lower cost absorption on lower procedure volume, AMS reported a net loss of $280k or ($0.04) per share compared to net income of $3.6 million or $0.55 per share in 2Q24, when it recognized a gain from the RI acquisition. We have modified our estimates slightly following 2Q25 results, anticipating costs associated with ramping up new or upgraded equipment could be higher than previously expected and procedure volumes could be slightly lower.

Transitioning from primarily leasing costly equipment to also operating facilities directly

The direct or retail segment accounted for 49% of total revenue in 2Q25, up from 45% in 2Q24. We expect the relative contributions could fluctuate from quarter to quarter as equipment upgrades are completed and as the O&O footprint expands. The company completed an Esprit upgrade installation at its facility in Peru in July 2025.

Company expects significant synergies within its expanding Rhode Island footprint

In all, the company owns treatment centers in Rhode Island, Peru, Ecuador and a site in Puebla, Mexico that has the Versa HD LINAC. 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. AMS expects the affiliations it has formed in the state will also benefit the centers under development (see below). reflecting the proximity of the existing and planned Rhode Island facilities to one another.

The company recently obtained Certificate of Need (CON) approvals for a fourth treatment center in Rhode Island in Bristol and a proton beam radiation treatment (PBRT) center in Johnston, Rhode Island. AMS acquired property in Bristol, Rhode Island in 1Q25 where it expects to construct the linear accelerator facility. AMS anticipates that the facility could commence treating patients in about 18 to 24 months.

On the planned 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 new O&O centers. 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.

Strong liquidity to support growth initiatives…

AMS had ample liquidity, we believe, to support its growth initiatives, including cash and equivalents and restricted cash of $11.1 million and $250k, respectively, and a revolving credit line. We believe AMS has the financial flexibility to continue to upgrade its installed base and pursue other growth measures. Moreover, the company generally generates positive cash from operating activities.

VALUATION

We are optimistic about the company 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' business model makes it difficult to compare the company to others. 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 to reflect factors that might impact the multiple a roughly 90% confidence metric to our 2025 EPS forecast normalized for the impact on procedure volumes of equipment downtime for upgrades, cost absorption and non-recurring expenses associated with growing the footprint and other new initiatives, we derive a near-term valuation of roughly $4.50.

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 2Q25 results on August 13, 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)

	1Q24A	*2Q24A*	*3Q24A*	*4Q24A*	*2024A*	*1Q25A*	*2Q25A*	*3Q25E*	*4Q25E*	*2025E*
Revenues:										
Rental income from medical services	$4.25	$3.90	$3.31	$4.17	$15.63	$2.99	$3.57	$3.32	$3.32	$13.20
Patient income	0.96	3.16	3.69	4.75	12.56	3.12	3.50	4.20	5.46	16.28
Equipment sales, net	-	-	-	0.16	0.16	-	-	-	-	-
Total revenue	5.22	7.06	7.00	9.07	28.34	6.11	7.07	7.52	8.78	29.48
Costs of revenue:										
Maintenance & supplies	0.51	0.55	0.61	0.67	2.34	0.61	0.66	0.70	0.84	2.81
Depreciation & amortization	1.30	1.46	1.67	1.65	6.07	1.45	1.50	1.53	1.57	6.04
Other direct operating costs	1.09	2.42	3.18	3.37	10.07	2.86	3.09	3.18	3.39	12.52
Other	0.17	0.17	0.17	0.17	0.68	0.25	0.20	0.20	0.38	1.03
Total direct costs	3.07	4.59	5.63	5.87	19.16	5.17	5.44	5.61	6.18	22.40
Gross margin	2.14	2.47	1.37	3.20	9.19	0.94	1.63	1.91	2.60	7.08
Selling & administrative expense	1.88	1.90	1.92	1.71	7.41	1.81	1.75	1.75	1.78	7.08
Interest expense	0.35	0.39	0.34	0.43	1.50	0.43	0.43	0.43	0.44	1.73
Loss, write down		0.19		2.90	3.08		-	-	-	-
Operating income (loss)	(0.08)	(0.00)	(0.89)	(1.83)	(2.81)	(1.30)	(0.54)	(0.26)	0.38	(1.73)
Purchase Gain RI Acquisition		3.68	0.26	(0.15)	3.79		-	-	-	-
(Loss) on early extinguishment of debt				-	-		-	-	-	-
Interest & other income	0.11	0.06	0.05	0.04	0.25	0.06	0.05	0.05	0.04	0.19
Pretax income	0.02	3.74	(0.58)	(1.94)	1.24	(1.24)	(0.50)	(0.22)	0.42	- (1.54)
Income tax expense	(0.04)	(0.03)	(0.17)	(0.07)	(0.30)	(0.32)	(0.02)	(0.05)	0.15	(0.24)
Net income	0.07	3.77	(0.41)	(1.87)	1.53	(0.91)	(0.48)	(0.16)	0.26	(1.29)
Plus (less) minority interests	0.05	(0.17)	0.20	0.56	0.65	0.29	0.20	0.17	(0.11)	0.54
Net income to AMS	0.12	3.60	(0.21)	(1.31)	2.19	(0.63)	(0.28)	0.00	0.15	(0.75)
Per share data										
EPS (FD)	$0.02	$0.55	($0.03)	($0.20)	$0.33	($0.10)	($0.04)	$0.00	$0.02	($0.11)
Avg shares out (FD)	6.576	6.583	6.482	6.542	6.703	6.572	6.582	6.582	6.582	6.579

Source: Company reports, Zacks estimates

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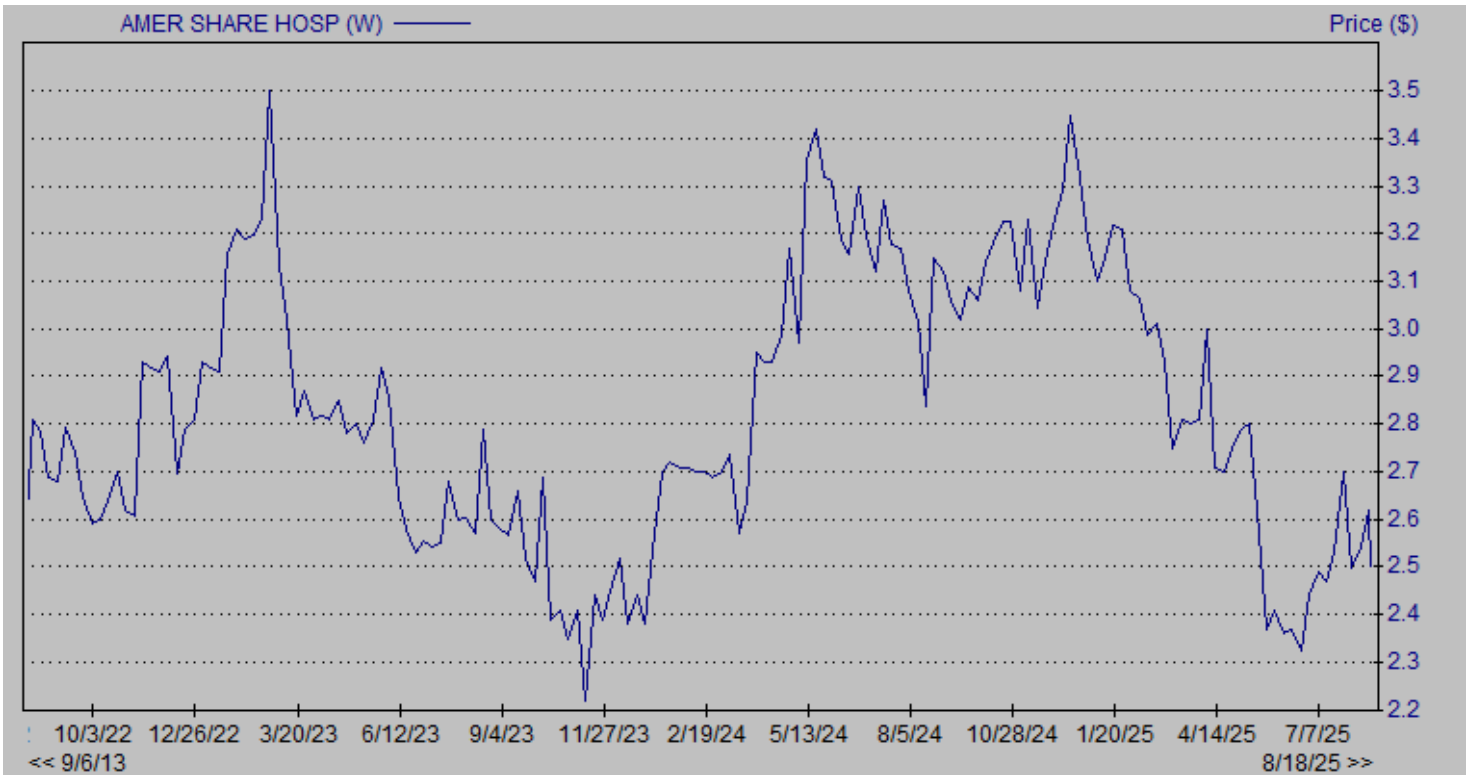

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