

Zacks Small-Cap Research

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American Shared Hospital Svcs (AMS-NYSE AMERICAN)

AMS: Equipment Upgrades, New O&O Centers Planned & Focus on Operational Efficiencies

AMS' 3Q25 revenue of \$7.2m was up 2.5% y/y as Direct patient services revenue advanced 9.4%. AMS' growth strategy focuses on expanding this segment, while concurrently working to install equipment upgrades & potentially new systems within the Leasing segment. We view AMS' recent contract renewal / extension as a positive.

OUTLOOK

Importantly, AMS signed a contract renewal for a 10-year extension and upgrade to an existing Gamma Knife system installation. We view this as a positive that is expected to contribute to aggregate revenue & supports that the company's focus on customer care and service can facilitate its ability to renew and enter into new agreements within the Leasing segment, while concurrently pursuing an expansion strategy aimed at diversifying and expanding its product portfolio, entering new geographies, boosting revenue, and developing new business lines, with the growth of the Direct patient services segment reflecting the benefits of this strategy, we believe.

Current Price (11/14/25) \$2.22
Valuation \$4.50

SUMMARY DATA

52-Week High \$2.01
52-Week Low \$3.59
One-Year Return (%) -26
Beta 0.31
Average Daily Volume (sh) 42,753

Shares Outstanding (mil) 6.5
Market Capitalization (\$mil) \$14
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 N/A
P/E using 2025 Estimate N/A
P/E using 2026 Estimate N/A

Risk Level
Type of Stock
Average, 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	7 A	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 A	0.02 E	-0.12 E

Quarters might not sum due to rounding & share counts

Disclosures on page 8

CONTRACT RENEWAL: FOCUS ON LEGACY BUSINESS & O&O EXPANSION CONTINUES

Equipment upgrades, new O&O centers planned & focus on operational efficiencies

American Shared Hospital Services (AMS-NYSE American), which provides advanced radiation therapy treatment systems to treat cancer patients, reported 3Q25 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. AMS' initiatives are aimed at laying the foundation for continued growth going forward.

Revenue of \$7.2 million in 3Q25 was 2.5% ahead of 3Q24's roughly \$6.99 million and slightly better compared to 2Q25's \$7.1 million. Direct patient services segment revenue advanced 9.4% year-over-year to \$4.034 million and about 15% sequentially compared to \$3.5 million in 2Q25. The company's growth strategy 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 as that facility ramps. A decline in revenues from the leasing segment stemmed primarily from lower PBRT volumes, reflecting what the company believes are normal cyclical fluctuations.

The above noted 9.4% year-over-year improvement in Direct patient services revenue, primarily reflecting higher volume of procedures at AMS' new radiation therapy treatment center in Puebla, Mexico, offset a roughly 5% year-over-year decline in rental revenue from the company's Medical Equipment Leasing segment. This segment has seen certain contracts expire and others renewed, generally in conjunction with an agreement for an equipment upgrade that can lead to downtime to replace the existing Gamma Knife or other system and, in turn, lead to a short-term pause in procedures that constrains revenue. Net-net, however, contract renewals lead to stable revenue flows over the term of the new contract. Importantly, AMS signed a contract renewal for a 10-year extension and upgrade to an existing Gamma Knife system installation. We view this as a positive that is expected to contribute to aggregate revenue and supports the company's view that its focus on customer care and service can facilitate AMS' ability to renew and enter into new agreements to lease costly medical equipment.

AMS' legacy business is the provision of stereotactic radiosurgery equipment and advanced radiation therapy treatment systems to treat cancer patients under a leasing model that enables medical centers to reduce their upfront cost to install this costly equipment. AMS' traditional business includes providing financing and other solutions to hospitals and medical centers for their radiosurgical equipment needs. Reflecting its roughly 40 years of operation, the company has developed a partnership model with medical center partners and the company has relationships with multiple original equipment manufacturers (OEMs) in this sector and a strong balance sheet to support this business model.

The company's core business generates steady positive annual cash flow and forms a strong base on which AMS is adding new business lines and revenue streams to fuel growth. Specifically, the company has embarked on an expansion strategy aimed at diversifying and expanding its product portfolio, entering new geographies, boosting revenue, and developing new business lines within its focus area along the cancer care continuum, including taking stakes in certain treatment centers to capture more of the expected profits and upside via its growing Direct patient services segment.

On the higher revenue base, AMS reported gross profit of \$1.6 million and a gross profit margin of 22.1% compared to \$1.37 million and 19.6%, respectively, in 3Q24. With a 20% reduction in Selling and administrative expense compared to 3Q24 as AMS focuses on operational efficiencies, the company reported a net loss of \$17k or (\$0.00) per share attributable to American Shared Hospital Services compared to a net loss of \$207k and (\$0.03) per share in 3Q24.

Direct retail segment ~ 56.3% of 3Q25 revenue vs 52.7% in 3Q24 as AMS expands O&O footprint

The direct or retail segment accounted for 56.3% of total revenue in 3Q25, up from 52.7% in 3Q24. While we expect the relative contributions could fluctuate from quarter to quarter as equipment upgrades are completed, as the O&O footprint expands and reflecting normal fluctuations in procedure volumes, we believe the strong contribution of the Direct patient services sector reflects the benefits of the company's recent growth initiatives.

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 expanded 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. AMS signed a JV for a Gamma Knife facility in Guadalajara, Mexico in 3Q24. The company expects revenue from the upgrade to a new Esprit being installed there to startup in 2Q26 that it expects to contribute to further growth.

With the RI centers located near Rhode Island hospital campuses, the company also expects to benefit from synergies as it works on developing new sites in Rhode Island. AMS 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 also has 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 this will also benefit the two planned new centers under development.

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. Among the advantages of PBRT compared to more traditional treatments, PBRT delivers higher radiation doses to the tumor with less radiation to healthy tissue. The use of PBRT in the U.S. has been relatively limited until recently, however, despite the advantage of the technology, primarily reflecting high capital costs.

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 and financial flexibility to support growth...

AMS had ample liquidity, we believe, to support its growth initiatives, including cash and equivalents and restricted cash of \$5.3 million. and a revolving credit line. AMS also has capacity under its revolving line of credit. The company had borrowed \$2.0 million on the revolver as of September 30, 2025, which it repaid in October 2025. AMS paid down short-term debt and made CapEx investments for the Gamma Knife Facility in Peru in 3Q25.

The company has total Gamma Knife and LINAC commitments of \$7.884 million as of September 30, 2025. 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

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.

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.

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 3Q25 results on November 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.

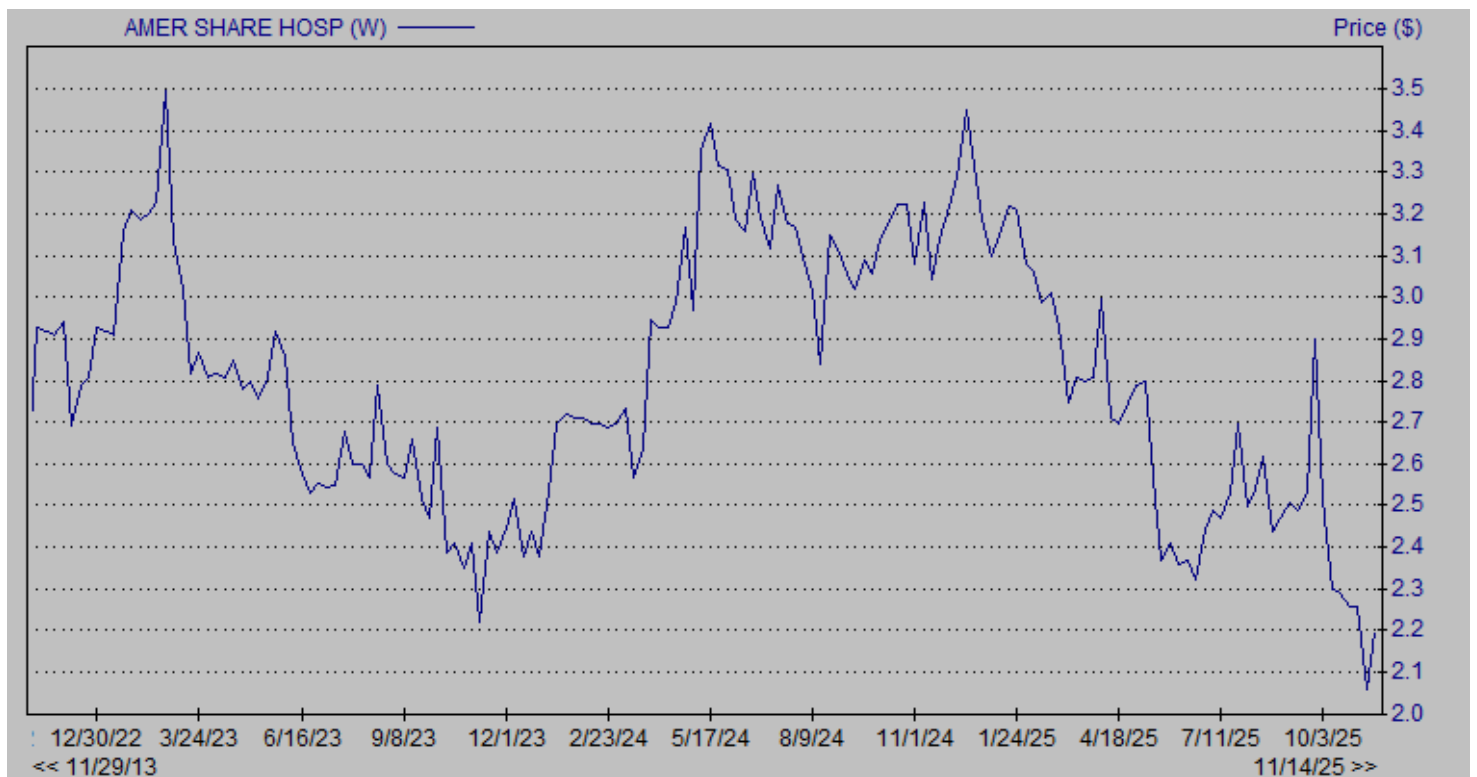
PROJECTED FINANCIALS

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

	1Q24A	2Q24A	3Q24A	4Q24A	2024A	1Q25A	2Q25A	3Q25A	4Q25E	2025E
Revenues:										
Rental income from medical services	\$4.25	\$3.90	\$3.31	\$4.17	\$15.63	\$2.99	\$3.57	\$3.14	\$3.32	\$13.02
Patient income	0.96	3.16	3.69	4.75	12.56	3.12	3.50	4.03	5.46	16.12
Equipment sales, net	-	-	-	0.16	0.16	-	-	-	-	-
Total revenue	5.22	7.06	7.00	9.07	28.34	6.11	7.07	7.17	8.78	29.13
Costs of revenue:										
Maintenance & supplies	0.51	0.55	0.61	0.67	2.34	0.61	0.66	0.65	0.84	2.75
Depreciation & amortization	1.30	1.46	1.67	1.65	6.07	1.45	1.50	1.44	1.57	5.96
Other direct operating costs	1.09	2.42	3.18	3.37	10.07	2.86	3.09	3.22	3.39	12.56
Other	0.17	0.17	0.17	0.17	0.68	0.25	0.20	0.28	0.38	1.11
Total direct costs	3.07	4.59	5.63	5.87	19.16	5.17	5.44	5.59	6.18	22.38
Gross margin	2.14	2.47	1.37	3.20	9.19	0.94	1.63	1.59	2.60	6.76
Selling & administrative expense	1.88	1.90	1.92	1.71	7.41	1.81	1.75	1.54	1.78	6.87
Interest expense	0.35	0.39	0.34	0.43	1.50	0.43	0.43	0.39	0.44	1.69
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)	(0.34)	0.38	(1.81)
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	0.06	0.04	0.21
Pretax income	0.02	3.74	(0.58)	(1.94)	1.24	(1.24)	(0.50)	(0.28)	0.42	(1.60)
Income tax expense	(0.04)	(0.03)	(0.17)	(0.07)	(0.30)	(0.32)	(0.02)	0.05	0.15	(0.14)
Net income	0.07	3.77	(0.41)	(1.87)	1.53	(0.91)	(0.48)	(0.33)	0.26	(1.46)
Plus (less) minority interests	0.05	(0.17)	0.20	0.56	0.65	0.29	0.20	0.31	(0.11)	0.69
Net income to AMS	0.12	3.60	(0.21)	(1.31)	2.19	(0.63)	(0.28)	(0.02)	0.15	(0.77)
Per share data										
EPS (FD)	\$0.02	\$0.55	(\$0.03)	(\$0.20)	\$0.33	(\$0.10)	(\$0.04)	(\$0.00)	\$0.02	(\$0.12)
Avg shares out (FD)	6.576	6.583	6.482	6.542	6.703	6.572	6.582	6.632	6.652	6.610

Source: Company reports, Zacks estimates

HISTORICAL STOCK PRICE



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