

Zacks Small-Cap Research

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American Shared Hospital Svces (AMS-NYSE AMERICAN)

AMS: Benefits of AMS's O&O Strategy Obscured by Lease Expirations, Equipment Upgrades

4Q25/2025 results highlighted the benefits of AMS transition to owning & operating (O&O) equipment itself, but also mirrored the pressure when leasing contracts expire or equipment is temporarily down for upgrades. As AMS's O&O footprint expands, we expect it can help smooth out lumpiness of quarterly results over time.

OUTLOOK

The upgrade of the O&O Gamma Knife in Lima, Peru to the Esprit platform interrupted operations in that facility, but newer generation technology is expected to expand the center's treatment capabilities & support future growth. The company's expansion strategy is aimed at growing and diversifying revenue, providing greater control over scheduling and costs and strengthening AMS's footprint within key markets such as RI, where AMS plans to construct two new treatment centers. We would expect the company to seek strategic partnerships to reduce its upfront capital investment and still retain a majority interest in the centers under an asset light model.

Current Price (4/7/26) \$1.38
Valuation \$4.00

SUMMARY DATA

52-Week High \$3.11
52-Week Low \$1.29
One-Year Return (%) -49
Beta 0.29
Average Daily Volume (sh) 11,888

Shares Outstanding (mil) 6.6
Market Capitalization (\$mil) \$9
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 N/A
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	7 A	8 A	28 A
2026	7 E	8 E	8 E	8 E	30 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	-0.09 A	-0.23 A
2026	-0.01 E	-0.02 E	0.03 E	0.03 E	0.03 E

Quarters might not sum due to rounding & share counts

Disclosures on page 9

HIGHLIGHTS OF 4Q25 AND 2025 RESULTS

As O&O footprint expands, expect it can help smooth out lumpiness of quarterly results over time

American Shared Hospital Services (AMS-NYSE American), which provides and operates advanced radiation therapy treatment systems to treat cancer patients, reported 4Q25/2025 results last week. Results were mixed, in our view. Results highlighted the benefits of AMS's transition from a company that primarily leases expensive cancer treatment medical equipment to one that also owns and operates (O&O) the equipment itself, but also mirrored the pressure on revenue when leasing contracts expire and/or equipment is temporarily out of service for upgrades.

Expanding its direct patient operating segment is a core growth and diversification strategy for the company. AMS serves patients directly through its direct patient care segment, while concurrently looking to expand its legacy Medical Equipment leasing business. AMS ended 2025 with eight domestic medical equipment leasing agreements and six direct patient care service centers. The O&O centers operate in the U.S. and Latin America. The company intends to pursue growth opportunities for both its equipment leasing segment and direct patient care services unit.

The direct patient care segment comprised the majority of total revenue in 4Q25 and 2025 – 63% and 55.3%, respectively – reflecting the company's ongoing strategic expansion of its direct patient care footprint. The direct patient segment has recorded strong growth, up 23.7% for the full year. Direct patient services segment revenue benefited from the company's 2024 acquisition of treatment centers in Rhode Island and the July 2024 opening of its radiation therapy facility in Puebla, Mexico.

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. The RI and Puebla centers contributed to the above noted 23.7% year-over-year segment revenue advance. We expect the relative segment contributions could fluctuate from quarter to quarter until the O&O footprint expands further, as equipment upgrades are completed and/or as the O&O footprint expands and reflecting normal fluctuations in procedure volumes. Nevertheless, we believe the strong contribution of the Direct patient services sector reflects the benefits of the company's recent growth initiatives and over time can help smooth out lumpiness of quarterly results.

Upcoming expected catalysts for segment growth include the planned construction of two new centers in RI (see below) and of a center in Mexico. In 3Q24, AMS signed a JV for a Gamma Knife facility in Guadalajara, Mexico. The company is installing a new Esprit unit there. AMS expects the unit to there to startup in 2Q26 and begin to contribute to further growth. Reflecting potential startup costs as the facility comes online and likely initial ramp up in cost absorption, we model that the anticipated benefits will be backend weighted in 2026. Moreover, the expected benefits could be partially offset by a contract that the company expects to expire in 2Q26.


AMS views 2025 as a transitional year of investing to set the stage for growth in 2026 & beyond

As noted, AMS operates three stand-alone radiation therapy treatment centers in Rhode Island and treatment centers in Puebla, Mexico and Lima, Peru. The Rhode Island centers and the Puebla, Mexico center operated throughout 4Q25, registering increased patient volumes. However, the upgrade of the O&O Gamma Knife center in Lima, Peru to the Esprit platform interrupted operations in that facility for a period. Nevertheless, the upgrade brings newer generation technology to the center and is expected to expand the company's treatment capabilities there to support future growth.

With the other O&O facilities operating throughout the full year, LINAC treatment sessions nearly doubled in 2025 (up 92% year-over-year) to 28,147, compared with 14,662 in 2024. With LINAC treatment volumes strong, 2025 LINAC revenue was \$11.5 million, which represents a 35.4% year-over-year

advance. LINAC revenue comprised 40.9% of total revenue and contributed to revenue remaining relatively stable at \$28.1 million, compared with \$28.3 million in 2024, despite the expiration of three leases, lower Proton Beam Radiation Therapy (PBRT) volumes and downtime at one O&O Gamma Knife center. PBRT revenue of \$7.4 million declined 26.0% year-over-year. PBRT procedures of 4,056 in 2025 were 21.1% lower compared with 5,139 procedures in 2024. The company believes the PBRT volume decline stems from normal cyclical fluctuations in treatment volumes.

Procedure Volumes 2025 Compared to 2024

	<u>2024</u> 	<u>2025</u>	<u>Chg</u>	<u>%Chg</u>
Gamma Knife				
Leasing - Gamma Knife	624	504	(120)	-19.2%
Direct Patient Services - Gamma Knife	<u>460</u>	<u>433</u>	<u>(27)</u>	-5.9%
Gamma Knife - Total	1,084	937	(147)	-13.6%
PBRT Procedures (equipment leasing)	5,139	4,056	(1,083)	-21.1%
LINAC Procedures (direct patient services)	14,662	28,147	13,485	92.0%

Source: Company reports

Longer term, AMS expects PBRT volumes to increase. Research data would seem to support this, Recent studies led by researchers at the American Cancer Society (ACS) show an increase in the use of proton beam therapy for domestic oncology patients in the past decade, which could support this view, in our opinion. On the positive side, clinical indications and insurance reimbursement for PBRT are improving but patient access still remains challenging for many people who live a great distance from available PBRT equipment. Moreover, we believe the company's planned installation of an O&O PBRT site likely will enable AMS to have greater control over procedure scheduling.

On the Medical Equipment leasing side, the company secured a seven-year lease extension with Orlando Health for its PBRT system. AMS' legacy business is the provision of stereotactic radiosurgery equipment and advanced radiation therapy treatment systems to treat cancer patients under a leasing model. These machines are among the most expensive types of equipment used in radiation oncology. The company's financing and leasing model 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 centers and also has relationships with multiple original equipment manufacturers (OEMs) in this sector to support this business model.

The partnership between AMS and Orlando Health has been in place for more than two decades. AMS believes this underscores the value of its Leasing model services and long-term relationships with medical centers. We view this lease extension 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 lease agreements.

Generally when contracts are renewed, it is often in conjunction with an agreement for an equipment upgrade. While the installation of newer upgrade equipment 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, contract renewals generally lead to stable revenue flows over the term of the new contract. The three centers that opted not to renew their leases when they expired chose to finance equipment upgrades on their own, according to AMS.

Reflecting the above noted lease expirations and downtime for the upgrade in Lima, total Gamma Knife procedures fell 13.6% compared with 2024 levels. Gamma Knife revenue of \$9.2 million was down 5.5% year-over-year. However, on a same-center basis, Gamma Knife procedure volumes increased 11.3%,

following equipment upgrades at three sites. AMS completed the Esprit upgrade of its Gamma Knife unit in Lima, Peru. The company expects the upgrade to help it expand treatment capabilities to support future patient growth. For full year 2025, the net loss attributable to AMS was \$1.6 million, or (\$0.23) per share, compared to net income of \$2.2 million, or \$0.33 per share in 2024.

Planned construction of two new treatment centers in Rhode Island is a key growth initiative...

One of the company's key growth initiatives is the planned construction of a PBRT center in Johnston, Rhode Island. According to a recent study published on the JAMA Network Open, Travel-Time Disparities in Access to Proton Beam Therapy for Cancer Treatment, the cost of installing the equipment has constrained the deployment and use of PBRT systems and, in turn, limited patient access despite the benefits of PBRT. 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 view this project, and the other planned Rhode Island center positively, particularly given the general lack of patient access to PBRT care. 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.

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's new business lines and revenue streams are aimed at diversifying revenue and markets of operation, fueling growth and expanding its product portfolio.

... that is expected to strengthen AMS's footprint within a key market

The expansion strategy is also aimed at strengthening AMS's footprint within selective key markets. Given its strong relationships within the state of Rhode Island, the company believes it will benefit from synergies among its various facilities there. For example, the company expects to leverage its network to facilitate staffing of medical professionals at its O&O sites once construction is completed.

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.

Strategy to serve underserved areas of Rhode Island

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.

We would expect the company to seek to partnership to reduce its upfront capital investment and still retain a majority interest in the planned new 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.

AMS optimistic about securing waivers and/or amendments with lender

The company views 2025 as a transitional year of investment setting up for growth in 2026 and beyond. The company used \$7.6 million in investing activities in 2025, including in the Rhode Island centers, international operations and other strategic measures. AMS had borrowed \$2.0 million on the revolver as of September 30, 2025, which it repaid in October 2025. AMS also paid down short-term debt and made CapEx investments for the Gamma Knife Facility in Peru in 3Q25. As of December 31, 2025, AMS had \$3.7 million in cash and equivalents, including restricted cash, compared with \$11.3 million at year-end 2024.

The above noted investments contributed to the ~\$7.5 million decrease in cash. AMS remains intent on strengthening operating cash flow, managing capital expenditures and improving liquidity to support operations and growth measures. As of December 31, 2025, certain financial covenants under AMS's credit facility were not met but AMS indicated that it is engaged in discussions with its lender to secure waivers and/or amendments. The company has a strong track record of producing stable operating cash flow and generated \$3.1 of cash from operating activities in 2025. However, until/unless it is successful, we expect the status of debt covenants could overhang the shares.

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. In the past, we have looked to AMS's recent trading history. Over the prior three years, the shares have traded in a P/E range of about 11x up to 21x on normalized EPS. We previously applied a 17x multiple – within the historic range – and to reflect factors that might impact the multiple a roughly 90% confidence metric to our 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 also note that the shares trade well below revenue per share. At a P/S multiple of 1.0x and applying a roughly 90% confidence metric to our 2026 revenue forecast yields a near-term valuation of roughly \$4.00.

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 4Q25 results on March 31, 2026.
- 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.

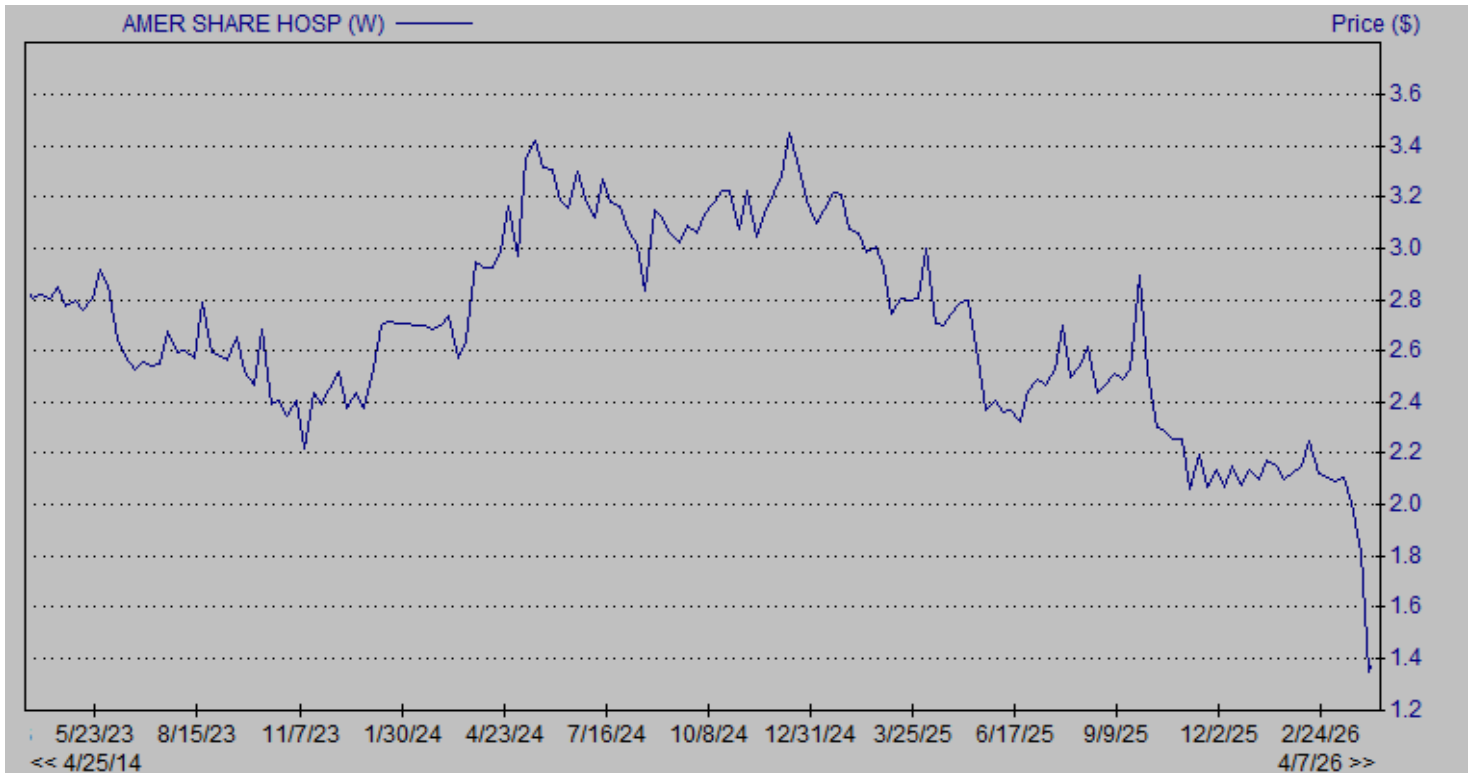
PROJECTED FINANCIALS

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

	1Q25A	2Q25A	3Q25A	4Q25A	2025A	1Q26E	2Q26E	3Q26E	4Q26E	2026E
Revenues:				63.1%	55.3%					
Rental income from medical services	\$2.99	\$3.57	\$3.14	\$2.85	\$12.55	\$2.81	\$3.29	\$2.89	\$2.68	\$11.67
Patient income	3.12	3.50	4.03	4.87	15.53	4.06	4.27	4.72	5.02	18.07
Equipment sales, net	-	-	-	-	-	-	-	-	-	-
Total revenue	6.11	7.07	7.17	7.73	28.08	6.87	7.56	7.61	7.70	29.73
Costs of revenue:										
Maintenance & supplies	0.61	0.66	0.65	0.87	2.78	0.63	0.73	0.73	0.69	2.79
Depreciation & amortization	1.45	1.50	1.44	1.31	5.69	1.46	1.68	1.61	1.32	6.07
Other direct operating costs	2.86	3.09	3.22	4.40	13.56	2.89	3.34	3.54	3.52	13.28
Other	0.25	0.20	0.28	0.25	0.98	0.56	0.22	0.05	0.24	1.08
Total direct costs	5.17	5.44	5.59	6.82	23.02	5.55	5.97	5.93	5.78	23.23
Gross margin	0.94	1.63	1.59	0.91	5.06	1.32	1.59	1.67	1.93	6.50
Selling & administrative expense	1.81	1.75	1.54	1.99	7.08	1.58	1.89	1.67	1.93	7.07
Interest expense	0.43	0.43	0.39	0.32	1.57	0.31	0.31	0.32	0.33	1.27
Loss, write down	-	-	-	-	-	-	-	-	-	-
Operating income (loss)	(1.30)	(0.54)	(0.34)	(1.40)	(3.59)	(0.57)	(0.62)	(0.32)	(0.33)	(1.84)
Purchase Gain RI Acquisition	-	-	-	-	-	-	-	-	-	-
(Loss) on early extinguishment of debt	-	-	-	-	-	-	-	-	-	-
Interest & other income	0.06	0.05	0.06	0.20	0.37	0.06	0.06	0.06	0.06	0.26
Pretax income	(1.24)	(0.50)	(0.28)	(1.21)	(3.22)	(0.51)	(0.55)	(0.26)	(0.27)	(1.58)
Income tax expense	(0.32)	(0.02)	0.05	(0.20)	(0.49)	0.06	0.08	0.04	0.04	0.22
Net income	(0.91)	(0.48)	(0.33)	(1.01)	(2.73)	(0.57)	(0.64)	(0.29)	(0.31)	(1.80)
Plus (less) minority interests	0.29	0.20	0.31	0.38	1.17	0.48	0.51	0.51	0.52	2.01
Net income to AMS	(0.63)	(0.28)	(0.02)	(0.63)	(1.55)	(0.09)	(0.13)	0.22	0.21	0.21
<i>Per share data</i>										
EPS (FD)	(\$0.10)	(\$0.04)	(\$0.00)	(\$0.09)	(\$0.23)	(\$0.01)	(\$0.02)	\$0.03	\$0.03	\$0.03
Avg shares out (FD)	6.572	6.582	6.632	6.652	6.616	6.653	6.653	6.654	6.654	6.654

Source: Company reports, Zacks estimates

HISTORICAL STOCK PRICE



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