

# Zacks Small-Cap Research

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## American Shared Hospital Svces (AMS-NYSE AMERICAN)

### AMS: O&O Footprint Set to Expand Further in 2026-2028 Timeframe

AMS' Direct patient segment revenue grew 30% y/y, benefitting from the 2024 acquisition of 3 treatment centers in RI & July 2024 opening of a facility in Puebla, Mexico & contributed to a 15% y/y advance in total revenue. Direct patient segment was 57% of 1Q26 revenue, reflecting the strategic expansion of the O&O footprint.

### OUTLOOK

We expect significant benefits from the O&O footprint, which is set to expand further in 2026-2028 timeframe as AMS leverages an asset light model to develop new centers in RI. AMS operates three stand-alone radiation therapy treatment centers in Rhode Island and projects in development represent the 4th and 5th planned treatment centers in the state. They are expected to commence operations in 24-30 months. The upcoming start of operations at the Guadalajara O&O JV center is also expected to boost Direct patient services segment growth & procedure volumes.

Current Price (4/7/26) \$1.47  
Valuation \$4.00

### SUMMARY DATA

52-Week High \$3.11  
52-Week Low \$1.25  
One-Year Return (%) -41  
Beta NA  
Average Daily Volume (sh) 162,906

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  
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	8 A	28 A
2026	7 A	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	-0.09 A	-0.02 E	0.03 E	0.03 E	-0.05 E

Quarters might not sum due to rounding & share counts

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## HIGHLIGHTS OF 1Q26 RESULTS

### *O&O footprint set to expand further in 2026-2028 timeframe*

American Shared Hospital Services (AMS-NYSE American) provides and operates advanced radiation therapy treatment systems to treat cancer patients. AMS is in the process of transitioning from a company that primarily leases expensive cancer treatment medical equipment to one that also owns and operates (O&O) the equipment itself. The company reported 1Q26 results last week that, in our view, highlight the benefits of this transition.

The company intends to pursue growth opportunities for both its equipment leasing segment and direct patient care services unit. 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.

Despite the recent expiration of a leasing agreement in 2025, total revenue of \$7.1 million increased 15.9% year-over-year. The company's 1Q26 gross profit advanced 36.7% to \$1.3 million and gross profit margin was 18.2%, compared to 15.4% in 1Q25. Operating costs associated with the company's direct patient services segment were higher, including increased staffing, facility-related expenses, and maintenance costs at the Rhode Island and Puebla facilities, among other expenses.

AMS registered an operating loss of (\$0.9) million, compared to an operating loss of (\$1.3) million in 1Q25. The net loss to American Shared Hospital Services was (\$0.61) million, compared with (\$0.63) million and the LPS was (\$0.09) compared to (\$0.10). Higher treatment volumes contributed to margin improvement and the narrower operating loss. Adjusted EBITDA grew 18.4% year-over-year.

Direct patient services revenue increased 30.2% to \$4.1 million. Leasing revenue was \$3.0 million, relatively even compared with \$3.0 million in the prior year period. AMS ended 2025 with eight domestic medical equipment leasing agreements. Its O&O centers operate in the U.S. and Latin America. The impact of a 2025 recent leasing agreement expiration was partially offset by improved procedure volumes at certain other sites that had been upgraded with new equipment. Increased proton beam radiation therapy (PBRT) volumes were partially offset by the impact of the above noted contract expiration of a Gamma Knife contract in April 2025 within the leasing segment.

With 229 Gamma Knife procedures performed, Gamma Knife procedures increased 10.1% year-over-year. PBRT treatments increased 20.7% year-over-year to 1,003 procedures. PBRT volumes are expected to continue to trend up, as clinical indications and insurance reimbursement for PBRT are improving. 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.

The company's results benefited from strong procedure volume growth at the Orlando PBRT facility, as well as at the Rhode Island centers and international Gamma Knife centers. In 2025, the company secured a seven-year lease extension with Orlando Health for its PBRT system. PBRT equipment is among the most expensive type of equipment used in radiation oncology. The company's financing and leasing model enables medical centers such as Orlando Health to reduce upfront cost to install and upgrade this costly equipment. The partnership between AMS and Orlando Health has been in place for more than two decades, which AMS believes underscores the value of its Leasing model services and long-term relationships with medical centers.

AMS attributes the higher overall procedure volume to its recent efforts to stabilize physician staffing and enhance clinical operations, including a professional services agreement it formed 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. Moreover, the company indicated that volumes continue to trend higher to-date in 2Q26. As

equipment utilization continues to improve, as the company anticipates, it is expected to contribute to further expansion in margins and profitability.

The direct patient care segment comprised the majority of total revenue in 1Q26, with a 57% contribution. This reflects the company's ongoing strategic expansion of its direct patient care footprint. The direct patient segment has recorded strong growth, up 30.2% year-over-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. AMS noted two primary challenges it encountered with the RI centers in 2025: reduced radiation therapy treatment volumes primarily related to physician turnover and lower revenue resulting from billing and collection activities. The company believes it has largely corrected these issues.

The RI and Puebla centers contributed to the above noted ~30% year-over-year segment revenue advance. AMS signed a JV (joint venture) for a Gamma Knife facility in Guadalajara, Mexico in July of 2024 and expects to begin operations at the Guadalajara Center in late 2026/early 2027.

As the O&O footprint expands, we expect that the Direct patient services sector can help smooth out lumpiness of quarterly results over time. Relative segment contributions could fluctuate from quarter to quarter, in our view, as equipment upgrades are completed and/or as the O&O footprint expands and reflecting normal fluctuations in procedure volumes.

Upcoming expected catalysts for long-term growth include the planned construction of two new centers in RI and of a center in Mexico. In 3Q24, AMS signed a JV for a Gamma Knife facility in Guadalajara, Mexico. The company's installation of a new Esprit unit there is expected to startup in late 2026/early 2027, as noted, and begin to contribute to further growth.

#### ***A contract that was set to expire in 2Q26 has been renewed and extended***

Importantly, a contract that was set to expire in 2Q26 has been renewed and extended. 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. 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.

Separately, AMS announced a leadership transition earlier in 2Q26. Gary Delanois stepped down as CEO for personal reasons and Craig Tagawa was appointed interim CEO. He has more than 35 years of experience with the company, including in executive roles such as President, Chief Operating Officer and Chief Financial Officer. AMS believes he is well-positioned to lead the company going forward.

#### ***Projects in development represent 4th and 5th planned treatment centers in Rhode Island***

AMS operates three stand-alone radiation therapy treatment centers in Rhode Island and treatment centers in Puebla, Mexico and Lima, Peru, as noted. 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.

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.

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 expects its professional services agreement with Brown University Health System, noted above, will also benefit the two planned new centers under development. The agreement streamlines physician recruitment and improves patient service capabilities.

### *... with 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.

### *Cash & equivalents up YTD*

As of March 31, 2026, AMS had cash, cash equivalents, and restricted cash of \$5.2 million, compared to \$3.7 million at December 31, 2025. The increase was driven primarily by improved operating performance and working capital timing, partially offset by ongoing investments in measures designed to drive growth in the direct patient services segment. The company is focused on enhancing its capital structure to support growth.

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## VALUATION

We are optimistic about the company continuing to grow both operating segments. 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.

As noted, we view the expansion of the O&O treatment centers as a positive that we believe will enable AMS to better control growth and procedure volumes. The planned opening of the center in Guadalajara and construction of two additional facilities in Rhode Island will arguably translate into growth of the O&O footprint and direct patient segment over the next few years. In turn, we would expect this to lead to multiple expansion on the shares.

If the company delivers milestones earlier than anticipated, it could impact the multiple earlier. 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.

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## RECENT NEWS

- AMS reported 1Q26 results on May 14, 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.

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## 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	1Q26A	2Q26E	3Q26E	4Q26E	2026E
Revenues:										
Rental income from medical services	\$2.99	\$3.57	\$3.14	\$2.85	\$12.55	\$3.02	\$3.29	\$2.89	\$2.68	\$11.87
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	7.08	7.56	7.61	7.70	29.95
Costs of revenue:										
Maintenance & supplies	0.61	0.66	0.65	0.87	2.78	0.81	0.73	0.73	0.69	2.97
Depreciation & amortization	1.45	1.50	1.44	1.31	5.69	1.29	1.68	1.61	1.32	5.90
Other direct operating costs	2.86	3.09	3.22	4.40	13.56	3.45	3.34	3.54	3.52	13.84
Other	0.25	0.20	0.28	0.25	0.98	0.25	0.22	0.05	0.24	0.77
Total direct costs	5.17	5.44	5.59	6.82	23.02	5.80	5.97	5.93	5.78	23.47
Gross margin	0.94	1.63	1.59	0.91	5.06	1.29	1.59	1.67	1.93	6.47
Selling & administrative expense	1.81	1.75	1.54	1.99	7.08	1.91	1.89	1.67	1.93	7.40
Interest expense	0.43	0.43	0.39	0.32	1.57	0.30	0.31	0.32	0.33	1.27
Loss, write down	-	-	-	-	-	-	-	-	-	-
Operating income (loss)	(1.30)	(0.54)	(0.34)	(1.40)	(3.59)	(0.92)	(0.62)	(0.32)	(0.33)	(2.19)
Purchase Gain RI Acquisition	-	-	-	-	-	-	-	-	-	-
(Loss) on early extinguishment of debt	-	-	-	-	-	-	-	-	-	-
Interest & other income	0.06	0.05	0.06	0.20	0.37	0.05	0.06	0.06	0.06	0.25
Pretax income	(1.24)	(0.50)	(0.28)	(1.21)	(3.22)	(0.87)	(0.55)	(0.26)	(0.27)	(1.94)
Income tax expense	(0.32)	(0.02)	0.05	(0.20)	(0.49)	0.09	0.08	0.04	0.04	0.25
Net income	(0.91)	(0.48)	(0.33)	(1.01)	(2.73)	(0.96)	(0.64)	(0.29)	(0.31)	(2.20)
Plus (less) minority interests	0.29	0.20	0.31	0.38	1.17	0.35	0.51	0.51	0.52	1.88
Net income to AMS	(0.63)	(0.28)	(0.02)	(0.63)	(1.55)	(0.61)	(0.13)	0.22	0.21	(0.32)
<i>Per share data</i>										
EPS (FD)	(\$0.10)	(\$0.04)	(\$0.00)	(\$0.09)	(\$0.23)	(\$0.09)	(\$0.02)	\$0.03	\$0.03	(\$0.05)
Avg shares out (FD)	6.572	6.582	6.632	6.652	6.616	6.725	6.725	6.726	6.726	6.726

Source: Company reports, Zacks estimates

## HISTORICAL STOCK PRICE



Yahoo Finance

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