August 21, 2026

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

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: Growing O&O Footprint Contributes to Strong 2Q26 Revenue; Believe Liquidity Extension Supports Positive Outlook

AMS's 2Q26 revenue increased 19% y/y to $8.4m, driven primarily by a 40% y/y advance in O&O revenue to $4.9m. Since acquiring 3 RI centers in 2024, AMS has initiated measures to stabilize physician staffing & enhance operations, which AMS believes has contributed to higher overall procedure volumes.

Current Price (8/20/26)	$1.51
Valuation	**$4.00**

OUTLOOK

As O&O equipment utilization continues to improve, it is expected to contribute to expansion in margins and profitability. Moreover, AMS is focused on improving operating efficiencies, expanding patient access, and positioning our portfolio for sustainable long-term growth. We expect significant benefits from the O&O footprint, which is set to expand further in 2026-2028. At the same time, AMS continues to strengthen its balance sheet, amending its credit agreement & gaining added flexibility to pursue strategic alternatives and strengthen its capital structure. AMS also secured $2.0m financing from an entity controlled by its Executive Chairman, to provide additional liquidity, which we believe supports the positive outlook.

SUMMARY DATA

52-Week High	**$3.11**
52-Week Low	**$1.25**
One-Year Return (%)	**-38**
Beta	**0.30**
Average Daily Volume (sh)	**120,933**
Shares Outstanding (mil)	**6.7**
Market Capitalization ($mil)	**$10**
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 A	8 A	9 E	9 E	33 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	-0.07 A	0.01 E	0.01 E	-0.14 E

Quarters might not sum due to rounding & share counts

Disclosures on page 9

HIGHLIGHTS OF 2Q26 RESULTS

Expanded O&O footprint contributes to strong revenue growth…

American Shared Hospital Services (AMS-NYSE American), which provides and operates advanced radiation therapy treatment systems to treat cancer patients, reported 2Q26 results last week that, in our view, highlight the benefits of AMS's ongoing transition to a company that both leases expensive cancer treatment medical equipment and in many markets also owns and operates (O&O) the equipment itself.

Total 2Q26 revenue increased 19% year over year to $8.4 million, driven primarily by a 40% year over year advance in Direct Patient Services revenue to $4.9 million. The company's Direct Patient Services segment owns and operates the equipment itself and has been growing significantly as AMS has expanded its O&O footprint. Segment revenue growth reflected higher procedure volumes at the company's O&O Rhode Island radiation therapy centers and at its O&O Peru and Puebla, Mexico facilities.

The company's three cancer centers in Rhode Island are AMS's first domestic retail locations. The acquisition of these facilities expanded AMS's O&O, or 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. Since acquiring these centers in 2024, AMS has initiated measures to stabilize physician staffing and enhance clinical operations, including forming a professional services agreement with Brown University Health System -- the state's largest health system for radiation oncologists, according to the company. The agreement streamlines physician recruitment and improves patient service capabilities, according to AMS. The company believes these efforts have contributed to improved operating performance and higher overall procedure volumes.

At the same time, Proton Beam Radiation Therapy (PBRT) performance improved during 2Q26 and international operations made strong contributions to revenue. The company believes these results reflect the benefits of the company's growth strategy and investments it has made to expand its treatment capabilities and geographic footprint since launching its O&O initiative. PBRT revenue increased 22% year-over-year in 2Q26 to $2.3 million, reflecting higher treatment volumes and higher average per treatment reimbursements. PBRT treatment fractions increased roughly 10% year-over-year.

In addition, in 1H26 international Gamma Knife revenue increased 56% to $2.7 million as treatment volumes increased at AMS O&O international centers. Following upgrade to an Esprit system in Lima, Peru during 2025, which brings newer generation technology to the center and is expected to expand the company's treatment capabilities there to support future growth, international Gamma Knife procedure volumes continued to improve. The upgraded platform has reduced treatment times and improved patient throughput, which in turn contributes to stronger operating performance at the Peru O&O location. The company is seeing continued growth in demand for advanced radiation therapy and it believes its portfolio of oncology treatment centers positions AMS to participate across multiple areas of cancer treatment.

…With O&O footprint set to grow further

AMS intends to continue to grow procedure volumes and expand the installed O&O base of advanced radiation therapy technologies to be positioned to capitalize on long-term opportunities in radiation oncology, as it exercises disciplined capital allocations and further strengthens its balance sheet and liquidity. 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.

Upcoming O&O expansions and potential 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 and begin to contribute to further growth, as noted.

Rhode Island projects in development, AMS's 4th and 5th planned treatment centers in the state, in areas AMS views as underserved

AMS 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 partnerships 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.

The planned construction of a PBRT center in Johnston, Rhode Island is one of the company's key growth initiatives. 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.

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.

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.

AMS also strategically seeks to enter into new or renew leasing agreements with medical centers

AMS also strategically seeks to enter into new or renew leasing agreements with medical center partners. 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.

Revenue from the Medical Equipment Leasing segment was relatively flat year-over-year. Domestic Gamma Knife procedure volumes were lower, primarily reflecting the expiration of one customer contract in 2025. However, this was offset by continued strength in PBRT operations.

Not surprisingly, the O&O segment generally generates somewhat lower gross margins compared to the Direct Patient Services segment, as AMS operates the equipment itself. As equipment utilization continues to improve, as the company anticipates, it is expected to contribute to further expansion in margins and profitability. Moreover, AMS is focused on improving operating efficiencies, expanding patient access, and positioning our portfolio for sustainable long-term growth.

Primarily reflecting higher legal costs (of $285k) related to completing a third amendment to its credit agreement with Fifth Third Bank (see below) and a $909k increase in allowance for accounts receivable credit losses prior to May 31, 2025, related to the Rhode Island facilities, partially offset by strong revenue growth, AMS reported a net loss attributable to American Shared Hospital Services of $514k, or ($0.07) per share, compared with a net loss of $280k and ($0.04) per share in 2Q25.

BALANCE SHEET MEASURES CONTINUE

AMS is focused on strengthening its balance sheet; believe insider liquidity in extension supports positive outlook

AMS continues to address strengthening its balance sheet and disciplined capital allocation to drive growth and shareholder value. Earlier in 3Q26, the company entered into a third amendment to its credit agreement and forbearance agreement with Fifth Third Bank, as indicated. The amendment set a revised repayment schedule for certain outstanding debt and provided AMS added flexibility to pursue strategic alternatives and strengthen its capital structure. Concurrently, the company also secured $2.0 million of subordinated financing from RCS/TIG Holdings LLC, an entity controlled by AMS''s Executive Chairman, to provide additional liquidity as AMS continues to execute its strategic initiatives, as it continues discussions regarding its longer-term capital structure alternatives designed to support future growth initiatives and strengthen its balance sheet.

Strong operating cash generation in 1H25 point to potentially accelerating cash flow generation as procedure volumes climb, in our view. AMS’s cash provided by operating activities totaled $4.4 million in 1H26. Cash, cash equivalents and restricted cash advanced to $6.8 million at June 30, 2026, compared with $3.7 million at December 31, 2025. AMS’s book value (excluding non-controlling interests) per share was ~$3.49.

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 above, AMS's book value (excluding non-controlling interests) per share was ~$3.49 at the end of 2Q26.

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.

RECENT NEWS

- AMS reported 2Q26 results on August 13, 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.

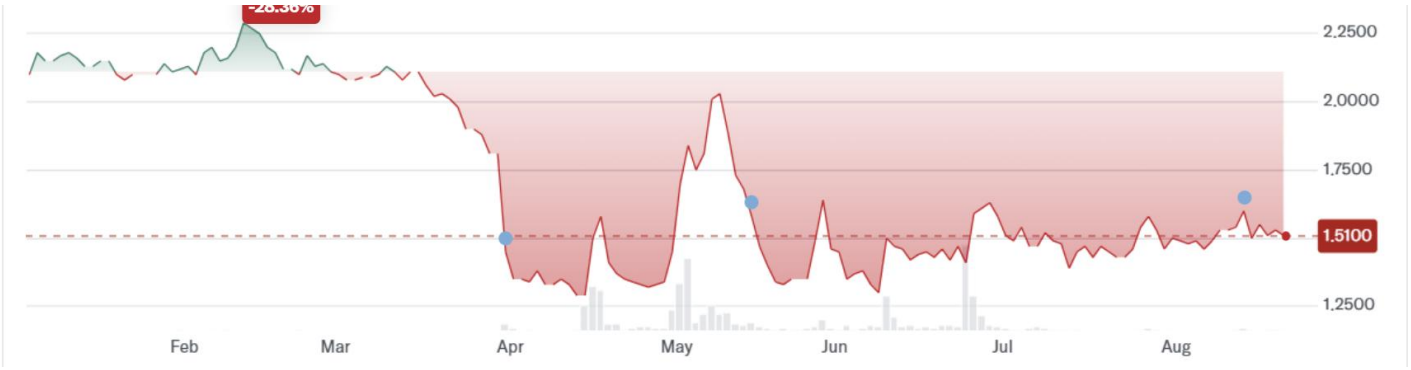
PROJECTED FINANCIALS

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

	1Q25A	*2Q25A*	*3Q25A*	*4Q25A*	*2025A*	*1Q26A*	*2Q26A*	*3Q26E*	*4Q26E*	*2026E*
Revenues:										
Rental income from medical services	$2.99	$3.57	$3.14	$2.85	$12.55	$3.02	$3.55	$3.55	$3.55	$13.67
Patient income	3.12	3.50	4.03	4.87	15.53	4.06	4.89	4.98	5.08	19.01
Equipment sales, net	-	-	-	-	-	-	-	-	-	-
Total revenue	6.11	7.07	7.17	7.73	28.08	7.08	8.43	8.53	8.63	32.68
Costs of revenue:										
Maintenance & supplies	0.61	0.66	0.65	0.87	2.78	0.81	0.74	0.73	0.69	2.98
Depreciation & amortization	1.45	1.50	1.44	1.31	5.69	1.29	1.34	1.35	1.37	5.35
Other direct operating costs	2.86	3.09	3.22	4.40	13.56	3.45	4.68	4.54	4.59	17.26
Other	0.25	0.20	0.28	0.25	0.98	0.25	0.23	0.23	0.23	0.94
Total direct costs	5.17	5.44	5.59	6.82	23.02	5.80	7.00	6.86	6.88	26.53
Gross margin	0.94	1.63	1.59	0.91	5.06	1.29	1.43	1.67	1.75	6.15
Selling & administrative expense	1.81	1.75	1.54	1.99	7.08	1.91	2.04	1.84	1.84	7.63
Interest expense	0.43	0.43	0.39	0.32	1.57	0.30	0.30	0.32	0.33	1.25
Loss, write down		-	-	-	-					
Operating income (loss)	(1.30)	(0.54)	(0.34)	(1.40)	(3.59)	(0.92)	(0.91)	(0.48)	(0.42)	(2.74)
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	0.05	0.07	0.07	0.24
Pretax income	(1.24)	(0.50)	(0.28)	(1.21)	(3.22)	(0.87)	(0.86)	(0.41)	(0.35)	(2.50)
Income tax expense	(0.32)	(0.02)	0.05	(0.20)	(0.49)	0.09	0.14	0.04	0.07	0.34
Net income	(0.91)	(0.48)	(0.33)	(1.01)	(2.73)	(0.96)	(1.00)	(0.45)	(0.42)	(2.84)
Plus (less) minority interests	0.29	0.20	0.31	0.38	1.17	0.35	0.48	0.53	0.52	1.88
Net income to AMS	(0.63)	(0.28)	(0.02)	(0.63)	(1.55)	(0.61)	(0.51)	0.08	0.10	(0.95)
Per share data										
EPS (FD)	($0.10)	($0.04)	($0.00)	($0.09)	($0.23)	($0.09)	($0.07)	$0.01	$0.01	($0.14)
Avg shares out (FD)	6.572	6.582	6.632	6.652	6.616	6.725	6.872	6.892	6.912	6.850

Source: Company reports, Zacks estimates

HISTORICAL STOCK PRICE



\

Yahoo Finance

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.