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Zacks Small-Cap Research

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American Shared Hospital Svces (AMS-NYSE AMERICAN)

AMS: Direct Patient Services Revenue up 14% Y/Y in 3Q26 & 27% in 1st 9 Months '26

3Q26 reflect the benefits of AMS's transition to an O&O and equipment leasing model. Direct Patient Services revenue increased 14% y/y, largely due to continued growth in the RI radiation therapy operations & higher procedure volumes at inter'l Gamma Knife centers, as AMS focuses on increasing utilization of its O&O network.

Current Price (11/18/26)	$1.03
Valuation	**$4.00**

OUTLOOK

AMS continues to strengthen its balance sheet, amending its credit agreement & gaining added flexibility to pursue strategic alternatives and strengthen its capital structure. In addition, $5.8m in cash flow generated ytd through 3Q26 contributed to a cash, equivalents & restricted cash balance of ~$9.5m at Sept. 30, 2026 vs $3.7m at Dec. 31, 2025, as AMS advances its O&O strategy, including its JV with Hospital San Javier in Guadalajara, Mexico, which represents another opportunity to extend its Gamma Knife presence into a new market. AMS expects to upgrade the hospital's existing Gamma Knife Perfexion system to a Gamma Knife Esprit system and expects patient treatments at the facility to begin in mid-2027.

SUMMARY DATA

52-Week High	**$2.39**
52-Week Low	**$0.98**
One-Year Return (%)	**-50**
Beta	**NA**
Average Daily Volume (sh)	**10,546**
Shares Outstanding (mil)	**6.7**
Market Capitalization ($mil)	**$7**
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 2026 Estimate	**N/A**
P/E using 2027 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)
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	8 A	9 E	32 E
2027					33 E

Per Share Data

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
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	-0.09 A	-0.05 E	-0.31 E
2027					-0.15 E

Quarters might not sum due to rounding & share counts

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HIGHLIGHTS OF 3Q26 RESULTS

Direct Patient Services revenue up 14% y/y in 3Q26 and 27.0% in 1st nine months of 2026

American Shared Hospital Services (AMS-NYSE American), which provides and operates advanced radiation therapy treatment systems to treat cancer patients, reported 3Q26 results last week that we believe underscore the benefits of its ongoing transition to a company that both leases costly cancer treatment medical equipment and also owns and operates (O&O) the equipment itself in many select markets, as the company continues to expand its Direct Patient Services operations. Direct Patient Services revenue increased 14% year-over-year in 3Q26 and 27.0% year-over-year in the first nine months of 2026.

Continued growth in RI centers & higher international Gamma Knife procedure volumes contributed to strong Direct Patient Services `revenue growth…

The company attributed the growth largely to continued growth in its Rhode Island radiation therapy operations and higher procedure volumes at its international Gamma Knife 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 with Brown University Health System 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.

Radiation therapy procedures at the Direct Patient Services segment facilities totaled 7,143, compared with 7,355 in 3Q25. International Gamma Knife procedures in Peru and Ecuador increased 8.9% year-over-year. The company benefited from the upgrade of its Peru facility to a Gamma Knife Esprit system in June 2025. The upgraded system provides shorter treatment times, supporting increased procedure volume. The upgrade to an Esprit system in Lima, Peru during 2025 brings newer generation technology to the center and is expected to expand the company's treatment capabilities there to support future growth. As noted, it has reduced treatment times and improved patient throughput, which in turn contributes to stronger operating performance at the Peru O&O location. The company remains focused on increasing utilization across its O&O network and improving operational performance, while strengthening its financial position. Revenue and the financial performance of the Direct Patient Services segment can also be impacted by reimbursement levels, market conditions and operating costs.

Direct Patient Services segment growth contributed to 3Q26 total revenue growth of 6.3% to $7.6 million, with the Direct Patient Services segment growth partially offset by a slight decline in revenue of the Medical Equipment Leasing segment to $3.0 million, compared with $3.1 million in 3Q25. Revenue generated through the Proton Beam Radiation Therapy (PBRT) system was $2.0 million, compared with $2.1 million in 3Q25. PBRT treatment fractions totaled 960, compared with 1,150 in 3Q25, which the company attributes to normal fluctuations in PBRT treatment volume. Domestic Gamma Knife operations also contributed to leasing revenue. Domestic Gamma Knife procedure volume increased 13.1% year-over-year in 3Q26.

With the strong foundation for growth in the Direct Patient Services segment, the company's goal is to optimize its cost structure further and improve operating performance while concurrently strengthening its balance sheet and financial position. 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 the portfolio for sustainable long-term growth, as noted.

In terms of its balance sheet (see below), AMS generated $5.8 million in cash flow year-to-date through 3Q26, contributing to a cash, cash equivalents and restricted cash balance of roughly $9.5 million at September 30, 2026, compared with $3.7 million at December 31, 2025.

San Javier Joint Venture (JV)

The company is pursuing additional opportunities to expand its reach and capabilities, building on its established presence in radiation oncology and leverage its capabilities and relationships with leading healthcare institutions. For example, its joint venture with Hospital San Javier in Guadalajara, Mexico, represents another opportunity to extend its Gamma Knife presence into a new market.

AMS expects to upgrade the hospital's existing Gamma Knife Perfexion system to a Gamma Knife Esprit system and expects patient treatments at the facility to begin in mid-2027. This would extend the Direct Patient Services segment Gamma Knife reach into another market, as noted, and the segment's international platform. The company believes its portfolio of oncology treatment centers positions AMS to participate across multiple areas of cancer treatment.

Total 3Q26 costs of revenue increased 9.3% year-over-year to $6.1 million, reflecting higher operating costs at the Rhode Island and international Gamma knife centers. As a result, 3Q26 gross profit was $1.5 million, compared with $1.6 million in 3Q25. Primarily reflecting higher legal, banking and consulting expenses associated with the company's amendment to its credit agreement with Fifth Third Bank, executed in July 2026, selling and administrative expenses increased ~17% year-over-year to $1.8 million from $1.5 million in 3Q25. AMS expects to achieve further operational efficiencies in Rhode Island.

The net loss attributable to American Shared Hospital Services was ($620k) and ($0.09) per share, compared with a net loss of ($17k) and ($0.00) per share in 3Q25. Adjusted EBITDA was $1.4 million in 3Q26, compared to $1.9 million in 3Q25. Adjusted EBITDA for the first nine-months of 2026 was $3.8 million compared to $4.6 million in the comparable prior year period.

Balance Sheet

As noted, AMS had cash, cash equivalents and restricted cash of about $9.5 million at September 30, 2026, compared with $3.7 million at December 31, 2025. The company generated $5.8 million in cash from operating activities in the first nine months of 2026, compared with $3.8 million in the same period of 2025. Cash used in investing activities was roughly $175k and cash provided by financing activities was roughly $141k.

As noted, AMS entered into an amendment to its credit agreement with Fifth Third Bank earlier in 3Q26. 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, to provide additional liquidity to support its growth strategy, the company secured $2.0 million of subordinated financing from RCS/TIG Holdings LLC, an entity that is controlled by AMS's Executive Chairman. The company continues to explore longer-term capital structure alternatives to support future growth initiatives and strengthen its balance sheet and believes the recent financing and agreement with Fifth Third Bank provide additional financial flexibility in the medium-term.

Growing O&O footprint; RI projects in development in areas AMS views as underserved

AMS intends to continue to grow procedure volumes and expand the installed O&O base of advanced radiation therapy technologies to capitalize on long-term opportunities in radiation oncology. The company's focus is on developing a growing and differentiated platform of advanced radiation therapy technologies and services. AMS believes the Gamma Knife, PBRTT and direct patient services it continues to develop enable it to expand its geographic reach, increase treatment volumes and deliver long-term shareholder value. Moreover, AMS believes its platform, capabilities and established healthcare partnerships provide a strong foundation for capitalizing on the opportunities.
Upcoming O&O expansions and potential catalysts for long-term growth include the planned construction of two new centers in RI. 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.

VALUATION

We view the expansion of AMS's O&O treatment centers as a positive that we believe will enable the company 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.

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.

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 3Q26 results on November 12, 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*	*3Q26A*	*4Q26E*	*2026E*	*2027E*
Revenues:											
Rental income from medical services	$2.99	$3.57	$3.14	$2.85	$12.55	$3.02	$3.55	$3.04	$3.55	$13.16	$13.18
Patient income	3.12	3.50	4.03	4.87	15.53	4.06	4.89	4.58	4.86	18.39	19.68
Equipment sales, net	-	-	-	-	-	-	-	-	-	-	-
Total revenue	6.11	7.07	7.17	7.73	28.08	7.08	8.43	7.62	8.41	31.55	32.86
Costs of revenue:											
Maintenance & supplies	0.61	0.66	0.65	0.87	2.78	0.81	0.74	0.67	0.69	2.92	2.94
Depreciation & amortization	1.45	1.50	1.44	1.31	5.69	1.29	1.34	1.33	1.37	5.32	5.37
Other direct operating costs	2.86	3.09	3.22	4.40	13.56	3.45	4.68	3.88	4.59	16.60	16.75
Other	0.25	0.20	0.28	0.25	0.98	0.25	0.23	0.23	0.23	0.94	0.95
Total direct costs	5.17	5.44	5.59	6.82	23.02	5.80	7.00	6.11	6.88	25.78	26.01
Gross margin	0.94	1.63	1.59	0.91	5.06	1.29	1.43	1.52	1.53	5.77	6.85
Selling & administrative expense	1.81	1.75	1.54	1.99	7.08	1.91	2.04	1.80	1.84	7.59	7.66
Interest expense	0.43	0.43	0.39	0.32	1.57	0.30	0.30	0.48	0.48	1.56	1.58
Loss, write down		-	-	-	-						
Operating income (loss)	(1.30)	(0.54)	(0.34)	(1.40)	(3.59)	(0.92)	(0.91)	(0.76)	(0.80)	(3.39)	(2.39)
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	0.02	0.07	0.19	0.16
Pretax income	(1.24)	(0.50)	(0.28)	(1.21)	(3.22)	(0.87)	(0.86)	(0.74)	(0.73)	(3.20)	(2.24)
Income tax expense	(0.32)	(0.02)	0.05	(0.20)	(0.49)	0.09	0.14	0.16	0.13	0.52	0.45
Net income	(0.91)	(0.48)	(0.33)	(1.01)	(2.73)	(0.96)	(1.00)	(0.91)	(0.86)	(3.72)	(2.69)
Plus (less) minority interests	0.29	0.20	0.31	0.38	1.17	0.35	0.48	0.29	0.52	1.64	1.67
Net income to AMS	(0.63)	(0.28)	(0.02)	(0.63)	(1.55)	(0.61)	(0.51)	(0.62)	(0.34)	(2.09)	(1.01)
Per share data											
EPS (FD)	($0.10)	($0.04)	($0.00)	($0.09)	($0.23)	($0.09)	($0.07)	($0.09)	($0.05)	($0.31)	($0.15)
Avg shares out (FD)	6.572	6.582	6.632	6.652	6.616	6.725	6.872	6.773	6.912	6.821	6.822

Source: Company reports, Zacks estimates

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