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DELTA REPORT

10-K

AMS - AMERICAN SHARED HOSPITAL

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	3122
CHANGES	421
DELETIONS	841
ADDITIONS	1860

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)

☒ **Annual Report Pursuant To Section 13 or 15(d) Of The Securities Exchange Act Of 1934**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022 2023

or

☐ **Transition Report Pursuant To Section 13 or 15(D) Of The Securities Exchange Act Of 1934**
For The Transition Period From _____To_____.

Commission file number 1-08789

American Shared Hospital Services
(Exact name of registrant as specified in its charter)

California	94-2918118
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

601 Montgomery	Suite 1112,	San Francisco,	California	94111-2619
(Address of Principal Executive Offices)				(Zip Code)

Registrant's telephone number, including area code: (415) 788-5300

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock No Par Value	AMS	NYSEAMER

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer ☐ Accelerated Filer ☐ Non-Accelerated Filer ☒ Smaller reporting company ☒
Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by registered public accounting firm that prepared or issued its audit report. Yes ☐ No ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

Indicate by check mark if the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 30, 2022 June 30, 2023, the aggregate market value of the common stock held by non-affiliates of the registrant was approximately $9,837,000. $11,205,000.

Number of shares of common stock of the registrant outstanding as of March 22, 2023 March 22, 2024: 6,184,000 6,330,000.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive Proxy Statement for the 2023 2024 Annual Meeting of Shareholders are incorporated by reference into Part II, Item 5 and Part III of this report.

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FORWARD-LOOKING STATEMENTS

Certain matters discussed in this Annual Report on Form 10-K other than statements of historical information are "forward-looking statements." The Private Securities Litigation Reform Act of 1995 has established that these statements qualify for safe harbors from liability. Forward-looking statements may include words like we "believe", "anticipate", "target", "expect", "pro forma", "estimate", "intend", "will", "is designed to", "plan" and words of similar meaning. Forward-looking statements describe our future plans, objectives, expectations or goals. Such statements address future events and conditions concerning and include, but are not limited to, such things as:

- capital expenditures
- earnings

- liquidity and capital resources
- financing of our business
- government programs and regulations
- legislation affecting the health care industry
- the expansion of our proton beam radiation therapy business
- accounting matters
- compliance with debt covenants
- pending acquisitions
- competition
- customer concentration
- contractual obligations
- timing of payments
- technology
- interest rates

These forward-looking statements involve known and unknown risks that may cause our actual results in future periods to differ materially from those expressed in any forward-looking statement. Factors that could cause or contribute to such differences include, but are not limited to, such things as:

- our high level of debt
- the limited market for our capital-intensive services
- the impact of lowered federal reimbursement rates
- the impact of recent U.S. health care reform legislation
- competition and alternatives to our services
- technological advances and the risk of equipment obsolescence
- our significant investment in the proton beam radiation therapy business
- restrictions in our debt agreements that limit our flexibility to operate our business
- our ability to repay our indebtedness
- our ability to close the pending Rhode Island Acquisition and integrate the Rhode Island target companies with our existing business
- breaches in security of our information technology
- the small and illiquid market for our stock
- effects of public health crises, pandemics and epidemics, such as COVID-19

These lists are not all-inclusive because it is not possible to predict all factors. A discussion of some of these factors is included in this document under the headings “Item 1A. Risk Factors” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” “–Application of Critical Accounting Policies" Policies and Estimates” and “–Liquidity and Capital Resources.” This report should be read in its entirety. No one section of this report deals with all aspects of the subject matter. Any forward-looking statement speaks only as of the date such statement was made, and we are not obligated to update any forward-looking statement to reflect events or circumstances after the date on which such statement was made, except as required by applicable laws or regulations.

PART I

ITEM 1. BUSINESS

GENERAL

American Shared Hospital Services (“ASHS” and, together with its subsidiaries, the “Company”) provides stereotactic radiosurgery equipment and advanced radiation therapy and related equipment. The Company provides Gamma Knife units to twelve ten medical centers in eleven ten states in the United States and two Gamma Knife units at stand-alone facilities in Lima, Peru and Guayaquil, Ecuador as of March 1, 2023 March 1, 2024. The Company provides Gamma Knife services through its 81% indirect interest in GK Financing, LLC, a California limited liability company (“GKF”). The remaining 19% of GKF is owned by GKV Investments, Inc. (“GKV Investments”), a wholly-owned U.S. subsidiary of Elekta

AG, a Swedish company (“Elekta”). Elekta is the manufacturer of the Leksell Gamma Knife® (the “Gamma Knife”), which is a radiotherapy-treatment device that uses precise beams of gamma radiation to noninvasively target and remove lesions or tumors in the brain and treat various neurological disorders. GKF is a non-exclusive provider of alternative financing services for Leksell Gamma Knife units.

The Company wholly-owns the subsidiaries American Shared Radiosurgery Services (“ASRS”), ASHS-Mexico, S.A. de C.V. (“ASHS-Mexico”), ASHS-Rhode Island Proton Beam Radiation Therapy, LLC, ASHS-Bristol Radiation Therapy, LLC, OR21, Inc. and MedLeader.com, Inc. (“MedLeader”). ASRS is the majority-owner of GKF. MedLeader is not expected to generate significant revenue within the next two years.

GKF has established the wholly-owned subsidiaries Instituto de Gamma Knife del Pacifico S.A.C. (“GKPeru”) and HoldCo GKC S.A (“HoldCo”) for the purpose of providing similar Gamma Knife services in Peru and Ecuador, respectively. HoldCo owns approximately 99.3% of the total outstanding shares of Gamma Knife Center Ecuador S.A. (“GKCE”).

ASRS is the majority-owner of GKF. GKF also owns a 51% interest in Albuquerque GK Equipment, LLC (“AGKE”) and Jacksonville GK Equipment, LLC (“JGKE”). The remaining 49% in each of these two companies is owned by radiation oncologists.

The Company is also the sole owner of PBRT Orlando, LLC (“Orlando”) and the majority owner of Long Beach Equipment, LLC (“LBE”) which were formed to provide proton beam radiation therapy services in Orlando, Florida and Long Beach, California. California, respectively. A 40% minority ownership in LBE is owned by radiation oncologists. LBE is not expected to generate revenue within the next two years.
MedLeader was formed to provide continuing medical education online and through videos for doctors, nurses and other health care practitioners. MedLeader is not operational at this time and is not expected to generate significant revenue within the next two years.

On April 27, 2022, the Company signed a Joint Venture Agreement (the “Agreement”) with the principal owners of Radioterapia Guadalupe Amor Yy Bien S.A. de C.V. (“Guadalupe”) to establish AB Radiocirugia Y Radioterapia de Puebla, S.A.P.I. de C.V. of Puebla (“Puebla”) to treat public- and private-paying cancer patients. The Company and Guadalupe will hold 85% and 15% ownership interests, respectively, in Puebla. Under the Agreement, the Company will be is responsible for providing a linear accelerator, upgrade to an Elekta Versa HD, and Guadalupe will be is accountable for all site modification costs. The Company formed ASHS-Mexico S.A. de C.V. on October 3, 2022 to establish Puebla in order to provide radiation therapy and radiosurgery services locally in Mexico. Puebla. Puebla was formed on December 15, 2022, and the Company expects Puebla to begin treating patients in June 2024. Operating costs incurred for the twelve-month period ended December 31, 2023 by Puebla, are included in the consolidated statement of operations.

The Company continues to develop its design and business model for “The Operating Room for the 21st Century”SM through its 50% owned OR21, LLC (“OR21”). The remaining 50% of OR21 is owned by an architectural design company. OR21 is not expected to generate significant revenue within the next two years.

On November 10, 2023, the Company entered into an Investment Purchase Agreement (the “IPA”) with GenesisCare USA, Inc. (the “GenesisCare”) and GenesisCare USA Holdings, Inc. (“GC Holdings”), pursuant to which GenesisCare agreed to sell to the Company its entire equity interest in each of Southern New England Regional Cancer Center, LLC and Roger Williams Radiation Therapy, LLC, (collectively, the “RI Target Companies”) together with the assignment of certain payor contacts for a purchase price of $2,850,000 (such transaction, the “RI Acquisition”). The equity interests to be acquired by the Company under the IPA equates to a 60% interest in each RI Target Company. The RI Target Companies operate three functional radiation therapy cancer centers in Rhode Island. The RI Acquisition is contingent upon certain closing conditions, including GenesisCare and the Company entering into a consent agreement with the Rhode Island Department of Health and approval of all equity holders and managers of each RI Target Company. On March 1, 2024, the Company, GenesisCare and GC Holding entered into a First Amendment to the Investment Agreement pursuant to which the parties agreed to extend the date on which a party could terminate the IPA if the closing conditions had not been met from March 10, 2024 to April 30, 2024. The Company anticipates that the closing conditions will be met in April 2024.
The Company was incorporated in the State of California in 1983 and its predecessor, Ernest A. Bates, M.D., Ltd. (d/b/a American Shared Hospital Services), a California limited partnership, was formed in June 1980.

OPERATIONS

Gamma Knife Operations

Gamma Knife stereotactic radiosurgery, a non-invasive procedure, is an alternative to conventional brain surgery and/or radiation therapy. It can be an adjunct to conventional brain surgery, radiation therapy, or chemotherapy. Compared to conventional surgery, Gamma Knife radiosurgery usually is an out-patient procedure with lower risk of complications and can be provided at a lower cost. Typically, Gamma Knife patients resume their pre-surgical activities one or two days after treatment. The Gamma Knife Perfexion unit, which was introduced by Elekta in 2006, treats patients with 192 single doses of gamma rays that are focused with great precision on small and medium sized, well circumscribed and critically located structures in the brain. The Cobalt-60 sources converge at the target area and deliver a dose that is high enough to destroy the diseased tissue without damaging the surrounding healthy tissue. In 2015, Elekta introduced an upgrade to the Gamma Knife Perfexion unit called Icon. In 2022, Elekta introduced an upgrade to the Icon, called the Esprit. As of March 1, 2023 March 1, 2024, all eight of the Company’s twelve ten Gamma Knife units in the United States are Gamma Knife Perfexion units and two of these Perfexion units have the Icon upgrade. Two of the Company’s ten Gamma Knife units were upgraded to an Esprit in October 2023 and January 2024, respectively. The Company’s

Gamma Knife units unit in Ecuador was upgraded in November 2023 to a Perfexion with Icon. The Company's Gamma Knife unit in Peru and Ecuador are is Model 4(C)s. . The Company expects to replace the unit in Ecuador Peru with an Icon Esprit in mid-2023. late 2024.

The Gamma Knife treats selected malignant and benign brain tumors, arteriovenous malformations, and functional disorders including trigeminal neuralgia (facial pain).

As of December 31, 2022, there were 118 Gamma Knife sites in the United States and 360 units in operation worldwide. Based on 2021 case mix data, an estimated percentage breakdown of Gamma Knife procedures performed in the U.S. by indications treated is as follows: malignant (63%) and benign (22%) brain tumors, vascular disorders (4%), and functional disorders (11%).

The Company, as of March 1, 2023 March 1, 2024, had twelve ten operating Gamma Knife units located in the United States and two in South America in Lima, Peru and Guayaquil, Ecuador, respectively. The Company's first Gamma Knife commenced operation in September 1991. The Company's Gamma Knife units performed 1,286 1,195 procedures in 2022 2023 for a cumulative total of approximately 46,200 47,400 procedures from commencement through December 31, 2022 December 31, 2023.

Revenue from Gamma Knife services for the Company during each of the last two years ended December 31, and the percentage of total revenue of the Company represented by the Gamma Knife for each of the last two years, are set forth below:

Year Ended December 31,	Total Gamma Knife Revenue (in thousands)	Gamma Knife % of Total Revenue	Total Gamma Knife Revenue (in thousands)	Gamma Knife % of Total Revenue
2023			$ 10,992	51.5%
2022	$ 10,794	54.7%	$ 10,794	54.7%
2021	$ 11,629	66.0%		

The Company conducts its Gamma Knife business through its 81% indirect interest in GKF. The remaining 19% interest is indirectly owned by Elekta through its wholly-owned subsidiary, GKF Investments. GKF, formed in October 1995, is managed by its policy committee. The policy committee is composed of one representative from the Company, Craig Tagawa, ASHS's President and Chief Financial Officer, Raymond Stachowiak, ASHS' Executive Chairman of the Board, and one representative from Elekta. The policy committee sets the operating policy for GKF. The policy committee may act only with the unanimous approval of both of its members. The policy committee selects a manager to handle GKF's daily operations. Craig K. Tagawa, Chief Executive Officer of GKF and President and Chief Financial Officer of ASHS, serves as GKF's manager.

GKF's profits and/or losses and any cash distributions are allocated based on membership interests. GKF's operating agreement requires that it have a cash reserve of at least $50,000 before cash distributions are made to its members. From inception to December 31, 2022 December 31, 2023, GKF has distributed $50,410,000 to the Company and $11,825,000 to Elekta.

Advanced Radiation Therapy Equipment and Services

The Company is continuing its efforts to contract new radiation therapy customers both domestically and internationally. The Company has increased its product offerings from standard linear accelerators to more advanced linear accelerators ("LINAC") that incorporate Magnetic Resonance Imaging ("MRI") and potentially Positron Emission Tomography ("PET") imaging technologies. The Company believes that these more advanced technologies, with a higher capital cost component, may be potentially a more receptive market segment for its business model. The Company's site in Puebla, Mexico will treat patients with a LINAC machine.

Additional information on our operations can be found in "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Note 1 - Business And Basis of Presentation" of the consolidated financial statements.

Proton Beam Radiation Therapy Operations ("PBRT")

PBRT is an alternative to traditional external beam, photon-based radiation delivered by linear accelerators. PBRT, first clinically introduced in the 1950s, has physics advantages compared to photon-based systems which allow PBRT to deliver higher radiation doses to the tumor with less radiation to healthy tissue. PBRT currently treats prostate, brain, spine, head and neck, lung, breast, gastrointestinal tract and pediatric tumors. Approximately 280,000 p patiatients ents have been treated with protons worldwide.

Introduction of PBRT in the United States, until recently, has been limited due to the high capital costs of these projects. The Company believes that the current development of one and two treatment room PBRT systems at lower capital costs and the level of reimbursement for PBRT from the Centers for Medicare & Medicaid Services ("CMS") will help make

this technology available to a larger segment of the market. However, the introduction of the Radiation Oncology Alternative Payment Model ("RO APM") and the inclusion of PBRT in this model may potentially limit the adoption of PBRT by medical centers.

Additional information on our operations can be found in "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Note 1 - Business And Basis of Presentation" of the consolidated financial statements.

CUSTOMERS

The Company's current business is the outsourcing of stereotactic radiosurgery services and radiation therapy services either through medical equipment leasing or direct patient services. The For medical equipment leasing, the Company typically provides the equipment, as well as planning, installation, reimbursement and marketing support services. The majority of Company also owns and operates two single-unit facilities where it provides radiation therapy services directly to the Company's customers pay patient. The Company has a third direct patient service facility in Puebla, Mexico, that the Company on a revenue sharing basis. expects will begin treating patients in June 2024. The market for these services primarily consists of large and medium sized medical centers. The business is capital intensive; the total cost of a Gamma Knife facility usually ranges from $3.0 million to $4.5 million, including equipment, site construction and installation; the total cost of a single room PBRT system usually ranges from $30.0 million to $50.0 million, inclusive of equipment, site construction and installation. The Company pays for the equipment and the medical center generally pays for site and installation costs.
The following is a listing of the Company's sites medical equipment leases as of March 1, 2023 March 1, 2024:

Customers (Gamma Knife except as noted)	Original Term of Contract (in years)	Year Contract Began	Basis of Payment	Original Term of Contract (in years)	Year Contract Began	Basis of Payment
Southwest Texas Methodist Hospital San Antonio, Texas	10	1998	Fee per use	10	1998	Fee per use
Kettering Medical Center Kettering, Ohio	10	1999	Revenue sharing	10	1999	Revenue sharing
Central Mississippi Medical Center Jackson, Mississippi	10	2001	Fee per use	10	2001	Fee per use
OSF Saint Francis Medical Center Peoria, Illinois	10	2001	Fee per use	10	2001	Fee per use
Albuquerque Regional Medical Center Albuquerque, New Mexico	10	2003	Fee per use	10	2003	Fee per use
Northern Westchester Hospital Mt. Kisco, New York	10	2005	Fee per use	10	2005	Fee per use
USC University Hospital Los Angeles, California	10	2008	Fee per use			
St. Vincent's Medical Center Jacksonville, Florida	10	2011	Revenue Sharing			
Sacred Heart Medical Center Pensacola, Florida	10	2013	Revenue Sharing	10	2013	Revenue Sharing
PeaceHealth Sacred Heart Medical Center at RiverBend Eugene, Oregon	10	2014	Revenue Sharing	10	2014	Revenue Sharing
Orlando Health Cancer Institute Orlando, Florida (PBRT)	10	2016	Revenue Sharing	10	2016	Revenue Sharing
Bryan Medical Center Lincoln, Nebraska	10	2017	Revenue Sharing	10	2017	Revenue Sharing
Methodist Hospital Merrillville, Indiana	10	2019	Revenue Sharing	10	2019	Revenue Sharing

The Company's typical fee per use agreement is for a ten-year term. The fixed fee per use reimbursement amount that the Company receives from the customer is based on the Company's cost to provide the service and the anticipated volume of the customer. The Gamma Knife contracts signed by the Company typically call for a fee ranging from $4,500 5,000 to $9,000 per procedure. There are no minimum volume guarantees required of the customer. In most cases, GKF is responsible for providing the Gamma Knife and related ongoing Gamma Knife equipment expenses (i.e., personal property taxes, insurance, and equipment maintenance) and helps fund the customer's Gamma Knife marketing. The customer generally is obligated to pay site and installation costs and the costs of operating the Gamma Knife. The customer can either renew the agreement or terminate the

agreement at the end of the contractual term. If the customer chooses to terminate the agreement, then GKF removes the equipment from the medical center for possible placement at another site.

The Company's typical revenue sharing agreements ("retail") are for a period of ten years. Instead of receiving a fixed fee, the Company receives all or a percentage of the reimbursement (exclusive of physician fees) received by the customer. The Company is at risk for any reimbursement rate changes for radiosurgery or radiation therapy services by the government or other third-party payors. There are no minimum volume guarantees required of the customer.

One customer accounted for approximately 45% 48% and 34% 45% of the Company's total revenue in 2023 and 2022, respectively. At December 31, 2023, two customers each individually accounted for 30% and 2021, 31% of total accounts receivable, respectively. At December 31, 2022, four customers each individually accounted for 12%, 14%, 16% and 22% of total accounts receivable, respectively. At December 31, 2021, two customers each individually accounted for 10% and 31% of total accounts receivable, respectively.

MARKETING

The Company markets financial and turnkey turn-key solutions to cancer treatment centers, hospitals, and large cancer networks worldwide. The Company works closely with major global Original Equipment Manufacturers ("OEM's") that provide leading edge clinical treatment systems and software that treat cancer using radiation therapy and radiosurgery. The major products the Company is able to provide creative financial and turnkey turn-key services for are; MR Guided Radiation Therapy Linacs, Advanced Linear Accelerators, Proton Beam Therapy systems, Brachytherapy systems, and through our GK Financing partnership with Elekta, the Leksell Gamma Knife product and services.

The Company is product agnostic and works with all major OEMs to provide financial solutions to the end users for the products and services they desire. The Company has enhanced and expanded its sales and marketing team and efforts to better provide sales and customer service to the healthcare community. The Company's CEO manages directly the day to day operations as well as all sales, marketing, and customer service teams to ensure close contact with the Company's customer installed base and management of the sales pipeline.

The major advantages to a health care provider in contracting with the Company for its financial and turnkey turn-key services include:

▪The cancer care center/medical center avoids the high cost of owning the equipment. By not acquiring the equipment supplied by the Company, the cancer care/medical center is able to allocate the funds otherwise required to purchase and/or finance the equipment to other projects within their facility.

▪The Company does not have minimum volume requirements, so the cancer care/medical center avoids the risk of equipment under-utilization. The cancer care/medical center pays the Company only for each procedure performed on a patient.

▪For contracts under revenue sharing arrangements, the Company assumes all or a portion of the risk of reimbursement rate changes. The cancer care/medical center pays the Company only the contracted portion of revenue received from each procedure.

▪The cancer care/medical center transfers the risk of technological obsolescence to the Company. The cancer care/medical center and its physicians are not under any obligation to utilize technologically obsolete cancer treatment equipment.

▪The Company provides planning, installation, operating and marketing assistance and support to its customers as well as providing turnkey turn-key solutions if room modifications, new vault, or even a new cancer care facility is needed by working with creditable credible and reputable construction companies.

FINANCING

The Company's Gamma Knife business is operated through GKF. Prior to April 2021, GKF generally financed its U.S. Gamma Knife units, upgrades and additions with loans or finance leases from various finance companies for typically 100% of the cost of each Gamma Knife, plus any sales tax, customs, and duties. On April 9, 2021, the Company and certain of its domestic subsidiaries entered into a five year $22,000,000 credit agreement (the "Credit Agreement") with Fifth Third Bank, N.A. (the "Credit Agreement" ("Fifth Third"), which refinanced its existing domestic Gamma Knife portfolio. The lease financing previously obtained by Orlando was also refinanced as long-term debt by the Credit Agreement. The Credit Agreement includes a $7,000,000 revolving line of credit that (the "Revolving Line") available for future projects and general corporate purposes. The Company borrowed $2,500,000 on the Company has not drawn on Revolving Line as of December 31, 2022. December 31, 2023, which was paid off in January 2024. The Credit Agreement is 48% amortized over a 58-month period with a balloon payment upon maturity and is secured by a lien on substantially all of the assets of the Company and certain of its domestic subsidiaries.

On January 25, 2024 (the "First Amendment Effective Date"), the Company entered into a First Amendment to the Credit Agreement (the "First Amendment") which amended the Credit Agreement to add a new term loan in the aggregate principal amount of $2,700,000 (the "Supplemental Term Loan"). The proceeds of the Supplemental Term Loan were advanced in a single borrowing on January 25, 2024, and were used to finance capital expenditures that the Company paid cash for during 2023 towards its operations in Puebla, Mexico and other related transaction costs. The Supplemental Term Loan will mature on January 25, 2030 (the "Maturity Date'). Interest on the Supplemental Term Loan is payable

monthly during the initial twelve-month period following the First Amendment Effective Date. Following such twelve-month period, the Company is required to make equal monthly payments of principal and interest to fully amortize the amount outstanding under the Supplemental Term Loan by the Maturity Date. The Supplemental Term Loan is secured by a lien on substantially all of the assets of the Company and certain of its domestic subsidiaries.

The Company's acquisition of GKCE and the Gamma Knife unit Esprit in Ecuador is financed with by the United States International Development Finance Corporation ("DFC"). The loan entered into with DFC in connection with the acquisition of GKCE in June 2020 (the "DFC Loan") is secured by a lien on GKCE's assets. The first tranche of the DFC Loan was funded in June 2020. In October 2023, the second tranche of the DFC Loan was funded in the amount of $1,750,000 to finance its equipment upgrade in Ecuador. The amount outstanding under the first tranche of the DFC Loan is payable in 29 quarterly installments with a fixed interest rate of 3.67%. The amount outstanding under the second tranche of the DFC Loan is payable in 16 quarterly installments with a fixed interest rate of 7.49%. The maturity date for the first and second tranche of the DFC Loan is December 15, 2027. The DFC Loan also contains customary covenants and representations which the Company's wholly-owned subsidiary, HoldCo, was not in compliance with as of December 31, 2023. On March 28, 2024, the Company obtained a waiver from DFC for the covenant noncompliance as of December 31, 2023.

See Note 5 - Long Term Debt to the consolidated financial statements and Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Long-Term Debt for additional information.

COMPETITION

Conventional neurosurgery, radiation therapy and other radiosurgery devices are the primary competitors of Gamma Knife radiosurgery. Gamma Knife radiosurgery has gained acceptance as an alternative and/or adjunct to conventional surgery due to its more favorable morbidity outcomes for certain procedures as well as its non-invasiveness. Utilization of the Company's Gamma Knife units is contingent on the acceptance of Gamma Knife radiosurgery by the customer's neurosurgeons, radiation oncologists and referring physicians. In addition, the utilization of the Company's Gamma Knife units is impacted by the proximity of competing Gamma Knife centers and providers using other radiosurgery devices.

Conventional linear accelerator-based radiation therapy is the primary competitor of the Company's proton therapy system at Orlando Health Cancer Institute ("Orlando Health"). Although proton beam radiation therapy has been available for many years, it is only recently emerging as a more clinically beneficial alternative to conventional linear accelerators for certain tumors. Utilization of the Company's proton therapy system is dependent on the acceptance of this technology by Orlando Health's radiation oncologists and referring physicians, as well as patient self-referrals. There are currently no competing proton therapy facilities near the Company's site.

There are several competing manufacturers of PBRT systems, including Mevion, IBA Particle Therapy Inc., Hitachi Ltd., ProNova Solutions, LLC, Sumitomo Heavy Industries, Ltd., ProTom International, Inc. and Mitsubishi Electric Corp. The Company has purchased one MEVION S250 and has made deposits towards the purchase of two additional MEVION S250i systems. S250. The Mevion system, as well as single room proton therapy systems from other manufacturers, potentially provides cancer centers the opportunity to introduce single treatment room PBRT services with a cost in the range of approximately $30 to $50 million versus four and five PBRT treatment room programs costing in excess of $120 million including facility costs. The MEVION S250 system received FDA approval in the second quarter of 2012 and the first clinical treatment occurred in December 2013 at Barnes-Jewish Hospital. The MEVION S250i (Hyperscan) unit, which includes pencil beam scanning, was FDA approved in December 2017. The Company's first MEVION S250 system in operation at Orlando Health treated its first patient in April 2016. The Company currently does not have customer contracts for its second and third PBRT units.

The Company believes the business model it has developed for use in its stereotactic radiosurgery equipment and advanced radiation therapy placements can be tailored for the PBRT market segment. The Company is targeting large, hospital-based cancer programs. The Company's ability to develop a successful PBRT financing entity depends on the decision of cancer centers to self-fund or to fund the PBRT through conventional financing vehicles rather than the Company, the Company's ability to capture market share from competing alternative PBRT financing entities, and the Company's ability to raise capital to fund PBRT projects.

The Company's ability to secure additional customers for stereotactic radiosurgery equipment, advanced radiation therapy equipment and services and other proton beam radiation therapy services, or other equipment, is dependent on its ability to effectively compete against the manufacturers of these systems selling directly to potential customers and other companies that outsource these services. The Company does not have an exclusive relationship with any manufacturer and has previously lost sales to customers that chose to purchase equipment directly from manufacturers. The Company may continue to lose future sales to such customers and to the Company's competitors.

GOVERNMENT PROGRAMS

The Medicare program is administered by CMS of the U.S. Department of Health and Human Services. Medicare is a health insurance program primarily for individuals 65 years of age and older, certain younger people with disabilities, and people with end-stage renal disease, and is provided without regard to income or assets.

The Medicare program is subject to statutory and regulatory changes, administrative rulings, interpretations and determinations, requirements for utilization review, and federal and state funding restrictions, all of which could materially increase or decrease payments from these government programs in the future, as well as affect the cost of providing services to patients and the timing of payments to our client hospitals.

The Company's Gamma Knife and PBRT customers receive payments for patient care from federal government and private insurer reimbursement programs. Currently in the United States, Gamma Knife and proton therapy services are performed primarily on an out-patient basis. Gamma Knife patients with Medicare as their primary insurer, treated on either an in-patient or out-patient basis, comprise an estimated 35%-45% of the total Gamma Knife patients treated nationwide. PBRT patients with Medicare as their primary insurer are treated primarily on an out-patient basis and comprise an estimated 45% of the total radiation therapy patients treated.

On September 18, 2020 September 29, 2020, CMS issued the published a final rule that would have implemented a new mandatory payment model for radiation oncology services: services delivered to certain Medicare beneficiaries: the Radiation Oncology Alternative Payment Method ("RO APM"). The On August 29, 2022, CMS published a final rule that delayed the start date of the RO APM which was to a date to be in effect for a five year determined through future rulemaking and amended the definition of "model performance period" to provide that the start and end dates of the five-year model performance period has been delayed indefinitely. will be established by CMS through future rulemaking. If the RO APM had not been delayed, it would have significantly altered CMS' payment methodology from a fee for service paradigm to a set reimbursement by cancer type methodology for radiation services provided within a 90 day episode of care. Under the RO APM, hospital based and free-standing radiation therapy providers would have been required to participate in the model based on whether the radiation therapy provider is located within a randomly selected core-based statistical area. CMS projects that providers treating approximately 30% of radiation oncology patients would have been selected to participate in the RO APM. The remaining providers not included in the RO APM would have continued to receive reimbursement based on a fee-for-service methodology. The RO APM would have included but would not have been limited to PBRT and Gamma Knife services. Three of the Company's Gamma Knife centers were expected to be included in the RO APM. It was not anticipated that inclusion in the RO APM would have a significant impact on the Company's Gamma Knife revenues. The Company's PBRT center was not selected for inclusion in the RO APM. Medicare reimbursement in 2023 for the most commonly used PBRT delivery codes increased by approximately 3.2% and 0.2% and decreased by approximately 3.2% for Gamma Knife. See additional discussion under "Item 1A Risk Factors."

On August 29, 2022, CMS published a final rule that delayed the start date of the RO APM to a date to be determined through future rulemaking and amended the definition of "model performance period" to provide that the start and end dates of the five-year model performance period will be established by CMS through future rulemaking. At this time, it is not clear if the RO APM will be implemented and, if it is implemented, the timing for implementation and in what form it will be implemented. If a start date for the RO APM is proposed, CMS will provide at least six months' notice in advance of the proposed start date, and the proposed start date will be subject to public comment.

The average Medicare reimbursement delivery rate trends from 2021 2022 to 2023 2024 are outlined below:

Average Medicare Reimbursement Delivery Rate Trends - Gamma Knife

2021	2022	2023
$7,773	$7,943	$7,691

2022	2023	2024
$7,943	$7,691	$7,420

The average Medicare reimbursement delivery rate trends for PBRT from 2021 2022 to 2023 2024 are outlined below. Patients typically undergo 25-40 delivery sessions.

Average Medicare Reimbursement Delivery Rate Trends - PBRT

	2021	2022	2023	2022	2023	2024
Simple without Compensation	$ 543	$ 554	$ 572	$ 554	$ 572	$ 561
Simple with Compensation, Intermediate, or Complex	$ 1,298	$ 1,321	$ 1,323	$ 1,321	$ 1,323	$ 1,362

We are unable to predict the effect of future government health care funding policy changes on operations. If the rates paid by governmental payers are reduced, if the scope of services covered by governmental payers is limited, or if one or more of our hospital clients are excluded from participation in the Medicare program or any other government health care program, there could be a material adverse effect on our business.

Affordable Care Act and Subsequent Regulation

In March 2010, the Patient Protection and Affordable Care Act was enacted, as amended by the Health Care and Education Reconciliation Act of 2010, ("Affordable Care Act"), which has resulted in significant changes to the health care industry. The primary goal of the legislation was to extend health care coverage to uninsured legal U.S. residents through both an expansion of public programs and reforms to private sector health insurance. The expansion of insurance coverage was expected to be funded in part by measures designed to promote quality and cost efficiency in health care delivery and by budgetary savings in the Medicare and Medicaid programs. Because the Company is not a health care provider, we were not directly affected by the law, but we could be indirectly affected principally as follows:

- The repeal of the Affordable Care Act's Act's individual mandate requirement pursuant to the Tax Cuts and Jobs Act of 2017 could results in a decrease in the number of insured patients seeking Gamma Knife or radiation therapy treatment.

- The Company's retail revenue sharing contracts are subject to reimbursement rate changes for radiosurgery or radiation therapy services by the government or other third-party payors. Any changes to Medicare or Medicaid reimbursement through the repeal or modification of the Affordable Care Act could affect revenue generated from these sites.

Some of the provisions of the Affordable Care Act have yet to be fully implemented, while certain provisions have been subject to judicial and Congressional challenges. While Congress has not passed comprehensive repeal legislation, it has enacted laws that modify certain provisions of the Affordable Care Act such as removing penalties, starting January 1, 2019, for not complying with the Affordable Care Act's individual mandate to carry health insurance and delaying the implementation of certain Affordable Care Act-mandated fees. Several states sought the repeal of the Affordable Care Act, arguing in part that the individual mandate is not severable from the Affordable Care Act, and that the removal of the individual mandate should invalidate the Affordable Care Act entirely. On December 14, 2018, a U.S. District Court Judge in the Northern District of Texas, or Texas District Court Judge, ruled that the individual mandate is a critical and inseverable feature of the Affordable Care Act, and therefore, because it was repealed as part of the Tax Cuts and Jobs Act, the remaining provisions of the Affordable Care Act are invalid as well. The On June 17, 2021, the Supreme Court of the United States ruled on appeal that the plaintiffs lacked standing to challenge the individual mandate and its severability from the Affordable Care Act. Notably, the Supreme Court's ruling addressed standing and did not discuss the constitutionality of the individual mandate or its severability. The focus of the Supreme Court's ruling on standing leaves open the opportunity for additional challenges on the same issues which may yet affect the validity of the Affordable Care Act.

In addition, other legislative changes have been proposed and adopted in the United States since the Affordable Care Act was enacted. On August 2, 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, started in April 2013, and, due to subsequent legislative amendments, will stay in effect through 2027 unless additional Congressional action is taken. The Coronavirus Aid, Relief and Economic Security Act of 2020 subsequently extended Medicare sequestration cuts through fiscal year 2030. On January 2, 2013, the then-U.S. President signed into law the American Taxpayer Relief Act of 2012, which, among other things, also reduced Medicare payments to several providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. It is unclear what effect, if any, the shifting legislative and other governmental proposals would have on our business.

GOVERNMENT REGULATION

The payment of remuneration to induce the referral of health care business has been a subject of increasing governmental and regulatory focus in recent years. Section 1128B(b) of the Social Security Act (sometimes referred to as the "federal anti-kickback statute") provides criminal penalties and fines for individuals or entities that offer, pay, solicit or receive remuneration in order to induce referrals for items or services for which payment may be made under the Medicare and Medicaid programs and certain other government funded programs. The Affordable Care Act amended the anti-kickback statute to eliminate the requirement of actual knowledge, or specific intent to commit a violation, of the anti-kickback statute. The Social Security Act authorizes the Office of Inspector General through civil proceedings to exclude an individual or entity from participation in the Medicare and state health programs if it is determined any such party has violated Section 1128B(b) of the Social Security Act. However, the federal anti-kickback statute is subject to evolving interpretations. In the past, the government has enforced the federal anti-kickback statute to reach large settlements with healthcare companies based on sham consulting and other financial arrangements with physicians. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. In addition, the government may assert that a claim including items or services resulting from a violation of the federal anti-kickback statute constitutes a false or fraudulent claim for purposes of the False Claims Act. The Company believes that it is in compliance with the federal anti-kickback statute. Additionally, the majority of states also have anti-kickback laws, which establish similar prohibitions and, in some cases, may apply to items or services reimbursed by any third-party payor, including commercial insurers.

Additionally, the Omnibus Budget Reconciliation Act of 1993, often referred to as "Stark II", bans physician self-referrals to providers of designated health services with which the physician has a financial relationship. On September 5, 2007, the third and final phase of the Stark regulations (Phase III) was published. The term "designated health services" includes, among others, radiation therapy services and in-patient and out-patient hospital services. On January 1, 1995, the Physician Ownership and Referral Act of 1993 became effective in California. This legislation prohibits physician self-referrals for covered goods and services, including radiation oncology, if the physician (or the physician's immediate family) concurrently has a financial interest in the entity receiving the referral. The Company believes that it is in compliance with these rules and regulations.

On August 19, 2008, the CMS published a final rule relating to inpatient hospital services paid under the Inpatient Prospective Payment System for discharges in the Fiscal Year 2009 (the "Final Rule"). Among other things, the Final Rule prohibits "per-click payments" to certain physician lessors for services rendered to patients who were referred by the physician lessor. This prohibition on per-click payments for leased equipment used in the treatment of a patient referred to a hospital lessee by a physician lessor applies regardless of whether the physician himself or herself is the lessor or whether the lessor is an entity in which the referring physician has an ownership or investment interest. The effective date

of this prohibition was October 1, 2009. However, referrals made by a radiation oncologist for radiation therapy or ancillary services necessary for, and integral to, the provision of radiation therapy (such as Gamma Knife services) are not subject to this prohibition so long as certain conditions are met. GK Financing's majority owned subsidiaries, AGKE and JGKE have minority ownership interests that are held solely by radiation oncologists, who are otherwise exempt from the referral prohibition under the Final Rule. The Company believes it is in compliance with the Final Rule.

A range of federal civil and criminal laws target false claims and fraudulent billing activities. One of the most significant is the Federal False Claims Act, which prohibits the submission of a false claim or the making of a false record or statement in order to secure a reimbursement from a government-sponsored program. In recent years, the federal government has launched several initiatives aimed at uncovering practices which violate false claims or fraudulent billing laws. Claims under these laws may be brought either by the government or by private individuals on behalf of the government, through a "whistleblower" or "qui tam" action. The Company believes that it is in compliance with the Federal False Claims Act; however, because such actions are filed under seal and may remain secret for years, there can be no assurance that the Company or one of its affiliates is not named in a material qui tam action.

Legislation in various jurisdictions requires that health facilities obtain a Certificate of Need ("CON") prior to making expenditures for medical technology in excess of specified amounts. Four of the Company's existing customers were required to obtain a CON or its equivalent. The CON procedure can be expensive and time consuming and may impact the length of time before Gamma Knife services commence. CON requirements vary from state to state in their application to the operations of both the Company and its customers. In some jurisdictions the Company is required to comply with CON procedures to provide its services and in other jurisdictions customers must comply with CON procedures before using the Company's services. The Company is unable to predict if any jurisdiction will eliminate or alter its CON requirements in a manner that will increase competition and, thereby, affect the Company's competitive position.

The Company's Gamma Knife units contain Cobalt 60 radioactive sources. The medical centers that house the Company'sCompany's Gamma Knife units are responsible for obtaining possession and user'suser's licenses for the Cobalt 60 source from the Nuclear Regulatory Commission. Standard linear accelerator equipment utilized to treat patients is regulated by the FDA. The licensing is obtained by the individual medical center operating the equipment.
The Company's Gamma Knife center in Peru was responsible for obtaining possession and user's licenses for the Cobalt-60 sources from the Peruvian Regulatory Agencies. The Company's Gamma Knife center in Ecuador was responsible for obtaining possession and user's licenses for the Cobalt-60 sources from the Subsecretaría de Control y Aplicaciones Nucleares (SCAN).
Standard linear accelerator equipment utilized to treat patients The Company's stand-alone clinic in in Puebla, Mexico is regulated byin the FDA. The licensing is obtained by process of obtaining its user license through the individual medical center operating the equipment. Comisión Nacional de Seguridad Nuclear y Salvaguardias (CNSNS).

The Company believes it is in substantial compliance with the various rules and regulations that affect its businesses.

INSURANCE AND INDEMNIFICATION

The Company's contracts with equipment vendors generally do not contain indemnification provisions. The Company maintains a comprehensive insurance program covering the value of its property and equipment, subject to deductibles, which the Company believes are reasonable.

The Company's customer contracts generally contain mutual indemnification provisions. The Company maintains general and professional liability insurance in the United States. The Company is not involved in the practice of medicine and therefore believes its present insurance coverage and indemnification agreements are adequate for its business. The Company's Peruvian and Ecuadorian Gamma Knife centers are free-standing facilities operated by GKPeru and GKCE, respectively. The treating physicians and clinical staff at these facilities are independent contractors. The Company maintains general and professional liability insurance consistent with the operations of these facilities and believes its present coverage is adequate for its business.

HUMAN CAPITAL RESOURCES

At December 31, 2022 December 31, 2023, the Company had a workforce of tenthirteen people on a full-time basis and one person on a temporary basis in the United States, thirteen people on a full-time basis in Lima, Peru, and five people on a full-time basis in Guayaquil, Ecuador. None of these employees are subject to a collective bargaining agreement and there is no union representation within the Company. The Company maintains various employee benefit plans and believes that its employee relations are good.

EXECUTIVE OFFICERS OF THE COMPANY

The following table provides current information concerning those persons who serve as executive officers of the Company. The executive officers were appointed by the Board of Directors and serve at the discretion of the Board of Directors.

Name:	Age:	Position:
Raymond C. Stachowiak	64 65	Executive Chairman of the Board

Peter Gaccione	64 65	Chief Executive Officer
Craig K. Tagawa	69 70	President and
Robert Hiatt	58	Chief Financial Officer

Raymond C. Stachowiak was appointed the Executive Chairman of the Board of the Company on March 7, 2023. Mr. Stachowiak previously served as Chief Executive Officer of the Company from October 1, 2020 to March 7, 2023 and as Interim President and Chief Executive Officer effective as of May 4, 2020 through September 30, 2020. Mr. Stachowiak joined the Board in 2009. Mr. Stachowiak previously served as President and Chief Executive Officer of Shared Imaging, a preferred independent provider of CT, MRI and PET/CT equipment and services, from its inception in December 1991 until his retirement in March 2013. In 2008, Mr. Stachowiak sold 50% of his interest in Shared Imaging to Lubar Equity Fund and remains a 50% owner of Shared Imaging. Mr. Stachowiak is the sole owner of RCS Investments, Inc., and owner-manager of Stachowiak Equity Fund, both of which are private equity funds. Mr. Stachowiak received a B.S. in Business and an M.B.A. from Indiana University. He is a Certified Public Accountant (inactive), Certified Internal Auditor (inactive) and holds a Certification in Production and Inventory Management.

Peter Gaccione was appointed the Chief Executive Officer of the Company on March 7, 2023. Mr. Gaccione previously served as Chief Operating Officer of the Company from September 2022 through March 2023. He joined the Company in September 2022 and has over 40 years of experience in the global Radiation Oncology and Imaging business. Most recently, Mr. Gaccione served as President and a Member of the Executive Management Board of Myocardial Solutions Inc., a medical technology company in the cardiology and cardio-oncology field, where he led the product commercialization, sales, marketing development, and clinical teams. Prior to that, Mr. Gaccione held various positions within Elekta AB, a provider of precision radiation oncology treatment systems, brachytherapy, neuroscience, and software solutions from 1997 to 2020, that culminated with his position as President and Chief Executive Officer of Elekta Inc. and Elekta Medical S.A. de C.V. (Mexico), as well as Executive Vice President of Elekta North and Latin America Regions and a Member of the Elekta AB Global Executive Management team from June 2017 to February 2020.

Craig K. Tagawa serves has served as the President and Chief Financial Officer. of the Company since October 1, 2020. Mr. Tagawa was also the Chief Operating Officer from February 1999 through September 2022. Mr. Tagawa assumed the title of President on October 1, 2020. Mr. Tagawa has also served as Chief Financial Officer from January 1992 through October 1995 and from May 1996 to the present. April 2023. Previously a Vice President in such capacity, Mr. Tagawa became a Senior Vice President on February 28, 1993. He is also the Chief Executive Officer and policy committee member manager of GKF. From September 1988 through January 1992, Mr. Tagawa served in various positions with the Company. Mr. Tagawa currently serves as Chief Financial Officer and Secretary of the Ernest A. Bates Foundation. He received his undergraduate degree from the University of California at Berkeley and his M.B.A. from Cornell University.

Robert Hiatt has served as the Chief Financial Officer of the Company since April 17, 2023. Mr. Hiatt was previously the Chief Financial Officer of AmeriCash Loans, a consumer finance company from October 2007 to December 2022. While at AmeriCash Loans, Mr. Hiatt was responsible for leading the finance team including internal financial reporting, external audit and tax coordination and debt management. From August 2003 to July 2007, Mr. Hiatt served as the Executive Vice President and Chief Financial Officer of United Financial Mortgage Corp, a provider of residential mortgages. Prior to that, Mr. Hiatt was Vice President Finance and Chief Accounting Officer of Novamed, Inc., an operator of ambulatory surgery centers, from September 1997 to August 2003. Mr. Hiatt received his Bachelor's of Science in Accountancy from Miami University.

AVAILABLE INFORMATION

Our Internet address is www.ashs.com. We make available free of charge, through our Internet website under the "Investor Center" tab in the "Corporate" section, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, annual proxy reports, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act") as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The information contained on our Internet website is not part of this document.

ITEM 1A. RISK FACTORS

In addition to the other information in this report, the following factors could affect our future business, results of operations, cash flows or financial position, and could cause future results to differ materially from those expressed in any of the forward-looking statements contained in this report.

Company, Industry and Economic Risk

If the Company is not successful at diversifying its business model, its revenues and profitability may decline.

The Company has historically relied on Gamma Knife unit placement and a PBRT system to provide its revenues. Currently, there is a limited market for Gamma Knife equipment and PBRT systems. As a result, we plan to adapt our business model to place other types of stereotactic radiosurgery and advanced radiation therapy equipment in addition to Gamma Knife units and PBRT systems. This will constitute an expanded product mix for the Company and there can be no assurance that we can successfully adapt our historical business model to these new product offerings. If we are not successful, our revenues and profitability could decline substantially as existing contracts expire and are not renewed.

The Federal reimbursement rate for Gamma Knife treatments may not provide the Company with an adequate return on its investment.

Congress enacted legislation in 2013 that significantly reduced the Medicare reimbursement rate for outpatient Gamma Knife treatment by setting it at the same amount paid for linear accelerator-based radiosurgery treatment. Gamma Knife treatment has been relatively stable during the last five years. There can be no assurance that CMS reimbursement levels will be maintained at levels providing the Company an adequate return on its investment. Any future reductions in the reimbursement rate would adversely affect the Company's revenues and financial results.

Introduction of the RO APM reimbursement model could negatively impact the The Company's revenue and financial results.

On September 18, 2020, CMS issued the final rule that would have implemented a new mandatory payment model for radiation oncology services: the Radiation Oncology Alternative Payment Method ("RO APM"). The RO APM, which was to be in effect for a five year period, has been delayed indefinitely. If the RO APM had not been delayed, it would have significantly altered CMS' payment methodology from a fee for service paradigm to a set reimbursement by cancer type methodology for radiation services provided within a 90 day episode of care. Under the RO APM, hospital based and free-standing radiation therapy providers would have been required to participate in the model based on whether the radiation therapy provider is located within a randomly selected core-based statistical area. CMS projects that providers treating approximately 30% of radiation oncology patients would have been selected to participate in the RO APM. The remaining providers not included in the RO APM would have continued to receive reimbursement based on a fee-for-service methodology. The RO APM would have included but would not have been limited to PBRT and Gamma Knife services. Three of the Company's Gamma Knife centers were expected to be included in the RO APM. It was not anticipated that inclusion in the RO APM would have a significant impact on the Company's Gamma Knife revenues. The Company's PBRT center was not selected for inclusion in the RO APM. Medicare reimbursement in 2023 for the most commonly used PBRT delivery codes increased by approximately 3.2% and 0.2% and decreased by approximately 3.2% for Gamma Knife.

On August 29, 2022, CMS published a final rule that delayed the start date of the RO APM to a date to be determined through future rulemaking and amended the definition of "model performance period" to provide that the start and end dates of the five-year model performance period will be established by CMS through future rulemaking. At this time, it is not clear if the RO APM will be implemented and, if it is implemented, the timing for implementation and in what form it will be implemented. If a start date for the RO APM is proposed, CMS will provide at least six months' notice in advance of the proposed start date, and the proposed start date will be subject to public comment.

The impact of the COVID-19 pandemic and associated economic disruptions may continue to adversely affect the Company's business operations and financial condition.

Our operations and those of our suppliers and customers were negatively impacted by the COVID-19 pandemic. While the progressive lifting of COVID-related restrictions led to a rebound in procedure volumes for our Gamma Knife business and our PBRT business, the secondary and tertiary effects of the COVID-19 pandemic could continue to present challenges for our business and industry. Such effects may include lingering disruptions in the global supply chain, delays in the manufacturing, delivery, and repair of the equipment we provide, increases in the prices for purchased services and capital acquisition, potential volatility or timing in the demand for Gamma Knife and PBRT treatments, slow recovery in workforce participation, constraints on access to capital, general economic volatility, and pandemic-related inflationary pricing.

The magnitude of the continued impact of COVID-19 on our business and operations are largely dependent on external factors and future developments that are beyond our control, such as the extent and duration of any COVID-19 resurgence, the spread of new variants, the occurrence of other severe health events or similar unprecedented outbreaks, the response to any such resurgence, new variant, or outbreak by government and regulatory agencies, such as the potential reinstatement of "shelter-in-place" lockdown orders, the efficacy and implementation of vaccinations and boosters to counter the virus, the availability of Gamma Knife and PBRT treatments, patients' assessment of the risks of prioritizing rather than delaying such treatments in the event of any COVID-19 resurgence, new variant, or outbreak, the worsening of current economic conditions, and the severity of ongoing supply-chain disruptions. If there are regressions in our global progress to combat the COVID-19 pandemic or if any similar global public-health events develop, the scope and nature of the impact on our business, results of operations, financial condition, liquidity and cash flows would be uncertain and potentially materially adverse.

We refer you to "Management's Discussion and Analysis of Financial Position and Results of Operations" for a more detailed discussions of the potential impact of the COVID-19 pandemic and associated economic disruptions, and the actual operational and financial impacts that we have experienced to date.

The Company's retail revenue sharing is subject to payor mix variability which could negatively impact the Company's revenue and financial results.

The Company's average reimbursement rate for its retail revenue sharing and international retail customers is dependent on the percentage mix of government associated payors and commercial managed care payors. Commercial and managed care payors tend to reimburse at a higher level than government payors. Therefore, a shift in payor mix to a higher level of government payors will reduce the Company's average reimbursement rate per treatment.

The Company's capital investment at each site is substantial and the Company may not be able to fully recover its costs or capital investment which could have a material negative impact on its revenues and financial results.

Each Gamma Knife, PBRT or advanced LINEAR accelerator device requires a substantial capital investment. In some cases, we contribute additional funds for capital costs and/or annual operating and equipment related costs such as marketing, maintenance, insurance and property taxes. Due to the structure of our contracts with medical centers, there can be no assurance that these costs will be fully recovered or that we will earn a satisfactory return on our investment, which could have a material negative impact on our revenues and financial results. Additionally, the Company is obligated to remove the equipment at the end of the lease term. In the event the customer does not purchase the equipment from the Company or the Company is not able to trade in the equipment, the Company is required to remove the equipment and record an ARO.

The market for the Gamma Knife is limited and the Company may not be able to place additional Gamma Knife units which could negatively impact the Company's revenue and financial results.

There is a limited market for the Gamma Knife, and the market in the United States may be mature. The Company has begun and continued operation at only seven five new Gamma Knife sites in the United States since 2011. Due to the substantial costs of acquiring a Gamma Knife unit, we must identify medical centers that possess neurosurgery and radiation oncology departments capable of performing a large number of Gamma Knife procedures. As of December 31, 2022, there were 118 operating Gamma Knife units in the United States, of which twelve units were owned by the Company. There can be no assurance that we will be successful in placing additional units at any sites in the future. In recognition of the Gamma Knife's limited growth opportunity, the Company has expanded its product mix to include LINACs, MRI MR LINACs, PET LINACs and is continuing to market PBRT units, but there can be no assurance that the Company will be successful in placing these products with customers. The Company's existing contracts with its customers are fixed in length and there can be no assurance that the customers will wish to extend the contract beyond the end of the term.

The Company has a high level of incurred debt and may incur additional debt to finance its operations and if the Company is unable to secure additional credit in the future its operations and profits will be negatively impacted.

The Company's business is capital intensive. On April 9, 2021, the Company and certain of its domestic subsidiaries entered into a five year $22,000,000 credit agreement with Fifth Third, Bank, N.A., which refinanced its existing domestic Gamma Knife portfolio. The lease financing previously obtained by Orlando was also refinanced as long-term debt by the Credit Agreement. On January 25, 2024, the Company and Fifth Third entered into the First Amendment which added an additional $2,700,000 term loan. In June 2020, the Company Company's wholly-owned subsidiary, HoldCo, entered into the DFC Loan in connection with the acquisition of GKCE. The first tranche of the DFC Loan was funded in June 2020. In October 2023, the second tranche of the DFC Loan was funded in the amount of $1,750,000 to finance its equipment upgrade in Ecuador. The Company's combined long-term debt, net, totaled $13,467,000 $13,125,000 as of December 31, 2022 December 31, 2023. The Credit Agreement is secured by a lien on substantially all of the assets of the Company and certain of its domestic subsidiaries and the DFC Loan is secured by a lien on GKCE's assets. The Credit Agreement includes a line of credit of $7,000,000 that it has not drawn Revolving Line available for future projects and general corporate purposes. The Company borrowed $2,500,000 on the Revolving Line as of December 31, 2022. December 31, 2023, which was paid off in January 2024. Depending on the Company's financing requirements and market conditions, the Company may seek to finance its operations by incurring additional long-term debt in the future. The Company's current level of debt may adversely affect the Company's ability to secure additional credit in the future, and as a result may affect operations and profitability. If a default on debt occurs in the future, the Company's creditors would have the ability to accelerate the defaulted loan, to seize the Company's assets with respect to which default has occurred, and to apply any collateral they may have at the time to cure the default.

The Company's debt agreements contain restrictions that limit its flexibility in operating its business, and the Company may be required to repay the outstanding indebtedness in an event of default, which would have an adverse effect on our business.

The Credit Agreement and the DFC Loan contain various covenants that limit the Company's ability to engage in specified types of transactions. These covenants subject the Company to various restrictions that limit the Company from, among other activities, creating any unpermitted liens to exist on its assets, incurring additional indebtedness, causing a sale of all or substantially all of its assets, effecting a merger, paying dividends or other distributions on capital stock, redeeming shares of capital stock, engaging in transactions with affiliates, or undertaking lease obligations above certain thresholds

In addition, the Company is obligated to comply with certain financial-reporting requirements, financial ratios, and liquidity and leverage thresholds under certain covenants in its Credit Agreement and DFC Loan. The Company's ability to meet those financial ratios and tests can be affected by events beyond our control, including prevailing economic, financial market and industry conditions and the Company cannot give assurance that it will be able to satisfy such ratios and tests when required.

A breach of any of these covenants could result in a default under the Credit Agreement and the DFC Loan. Upon the occurrence of an event of default, the lenders could elect to declare the amount outstanding under the Credit Agreement or DFC Loan immediately due and payable. The lenders under the Credit Agreement and the DFC Loan could also exercise their rights to take possession of, and to dispose of, the collateral securing the credit facilities and loans. The Company's business, financial condition, and results of operations could be materially adversely affected as a result of any of those events. The Company may seek to enter into an extension of the credit and loan agreements or to enter into a new facility or loan agreement with another lender. However, the Company may not be able to extend the term or obtain other debt financing on terms that are favorable to the Company, if at all, and the Company could be subject to additional restrictions on its business operations. If the Company is unable to obtain adequate financing or financing on satisfactory terms when required, the Company's ability to support its business growth and to respond to business challenges could be significantly impaired, and its business may be harmed.

As of December 31, 2023, HoldCo was not in compliance with all of its debt covenants then in effect pursuant to the DFC Loan. However, on March 28, 2024, the Company obtained a waiver for the covenant non-compliance as of December 31, 2023 (the "DFC Waiver"). The Company expects to be compliant with all of its debt covenants by the end of the fiscal quarter ended March 31, 2024. However, if a waiver from DFC is required in the future for potential non-compliance, DFC may be unwilling to provide a waiver and could, as a result, among other remedies, accelerate the repayment of the debt obligations oustanding under the DFC Loan, which could have a material adverse effect on the Company's financial condition.

The Company may fail to successfully integrate the interests to be acquired in the RI Acquisition with its existing business in a timely manner, which could have a material adverse effect on the Company's business, financial condition, results of operations, or cash flows, or the Company may fail to realize all of the expected benefits of the RI Acquisition, which could negatively impact the Company's future results of operations.

The integration of any acquisitions, including the Company's planned RI Acquisition, requires significant time and resources. A failure by the Company to successfully integrate the businesses, operations, and contractual obligations of the RI Target Companies with the Company's existing business in a timely manner could have a material adverse effect on the Company's business, financial condition, cash flows, or results of operations. Acquiring majority interests in the RI Target Companies, assuming obligations under the commercial payor contracts set forth in the IPA, and integrating the businesses of the three turn-key radiation therapy cancer centers that the RI Target Companies operate in Rhode Island involves several risks that could undermine the success and expected benefits of the RI Acquisition. Such risks include but are not limited to the following:

- the potential difficulty of assimilating the businesses and operations of the RI Target Companies with our existing business and operations;

- the added costs that could be incurred from coordinating the integration of personnel from diverse business backgrounds and consolidating the corporate and administrative functions of the Company and the RI Target Companies;
- the potential disruption to our existing operations that could result from the Company expanding into another state and expending time and resources to oversee the RI Target Companies' operation of their three radiation oncology centers;
- the added costs and burdens that the Company will incur in connection with obtaining the governmental and regulatory approvals that are necessary to effect the RI Acquisition and to stay regulatorily compliant under Rhode Island law if the RI Acquisition is effected;
- the diversion of the resources of the Company and the attention of the Company's management from the Company's existing operations and business ventures to the operations of the RI Target Companies, which could hinder the performance of the Company and its subsidiaries;
- the potential management differences that could result from the Company gaining majority interests in the RI Target Companies and taking control from GenesisCare; and
- the risk of financial loss due to the existing debts and liabilities of the RI Target Companies and the potential need for the Company to expend substantial capital to stabilize the businesses of the RI Target Companies due to any instability created by the GenesisCare bankruptcy, with no guarantee of return on investment.

If the Company is not successful in addressing these risks effectively, the Company's business and operations could be impaired.

The Company's cash flow could become insufficient to service its debt due to financial, business, and other factors.

The Company's ability to make scheduled payments of the principal and interest on its indebtedness depends on the Company's financial condition and operating performance, which is subject to economic and competitive conditions and to certain financial, business, and other factors. There can be no assurance that the Company will maintain a level of cash flow from operating activities sufficient to permit it to pay the principal of and any interest on its indebtedness. If the Company's cash flow and capital resources are insufficient to fund its debt obligations, the Company may be forced to delay investments and capital expenditures, to seek additional capital, or to restructure or refinance its indebtedness. There can be no guarantee that those alternative measures will be available, either at all or on terms that are favorable to the Company, or that they will be successful even if available in allowing the Company to meet its debt-service obligations. In the absence of such operating results and resources, the Company could experience liquidity issues, which could force the Company to take alternative measures to satisfy its debt obligations, such as selling assets, restructuring debt, or obtaining additional equity capital on potentially onerous or highly dilutive terms. The Credit Agreement and DFC Loan restrict the Company's ability to dispose of assets and to use the proceeds from such dispositions, so the Company may be restricted from taking certain measures, such as conducting an asset sale, to meet its debt-service obligations. The ability to refinance indebtedness would also depend on the general state of capital markets and on the Company's financial condition, neither of which can be predicted at this time.

A small number of customers account for a major portion of our revenues and the loss of any one of these significant customers could have a material adverse effect on the Company's business and results of operations.

A limited number of customers have historically accounted for a substantial portion of the Company's total revenue, and the Company expects such customer concentration to continue for the foreseeable future. For example, in 2022, 2023, one customer in total accounted for approximately 48%45% of the Company's revenue. The loss of a significant customer or a significant decline in the business from the Company's largest customers could have a material adverse effect on the Company's business and results of operations.

The Company occupies many of its facilities under long-term leases and the Company may not be able to renew its leases at the end of their terms.

The Company leases many of the facilities where it holds its equipment. At the end of the lease term for a facility, the Company may be unable to renew the lease without substantial additional costs, if at all. If we are unable to renew our facility leases, we may be required to relocate or close a facility. Additionally, due to the nature of its radiation equipment, there can be a long lead time to prepare space for holding its equipment and substantial cost involved in moving the equipment should the Company need to change locations. The failure to be able to obtain leased space when required or the costs of relocation could have a material adverse effect on our business and results of operations.

The market for the Company's services is competitive and if the Company is not able to compete its business and results of operations could be negatively impacted.

The Company estimates that there are two other companies that actively provide alternative, non-conventional Gamma Knife financing to potential customers. The Company's relationship with Elekta, the manufacturer of the Leksell Gamma Knife unit, is non-exclusive, and in the past the Company has lost sales to customers that chose to purchase a Gamma Knife unit directly from Elekta. The Company also has several competitors in the financing of proton therapy projects. The Company's business model differs from its competitors, but there can be no assurances that the Company will not lose placements to its competitors. In addition, the Company may continue to lose future sales to customers purchasing equipment directly from manufacturers. There can be no assurance that the Company will be able to successfully compete against others in placing future units and if the Company is not able to compete its business and results of operations could be negatively impacted.

There are alternatives to the Gamma Knife and medical centers could choose to use other radiosurgery devices instead of the Gamma Knife.

Other radiosurgery devices and conventional neurosurgery compete against the Gamma Knife. Each of the medical centers targeted by the Company could decide to acquire another radiosurgery device instead of a Gamma Knife to perform cranial radiosurgery. In addition, neurosurgeons who are responsible for referring patients for Gamma Knife surgery may not be willing to make such referrals for various reasons, instead opting for invasive surgery. Because of these competing alternatives, there can be no assurance that the Company will be able to secure a sufficient number of future sites or Gamma Knife procedures to sustain its profitability and growth and accordingly there may be a material negative impact on the business and results of operations of the Company.

International operations make the Company vulnerable to risks associated with doing business in foreign countries that can affect its business, financial condition, results of operations and cash flows.

The Company installed a Gamma Knife unit in Lima, Peru in 2017 and acquired a Gamma Knife unit operation in Guayaquil, Ecuador in 2020. The Company's third international site in Puebla, Mexico is expected to begin treating patients in June 2024. International operations can be subject to exchange rate volatility, which could have an adverse effect on our financial results and cash flows. In addition, international operations can be subject to legal and regulatory uncertainty and political and economic instability, which could result in problems asserting property or contractual rights, potential tariffs, increased compliance costs, increased regulatory scrutiny, foreign customers with longer payment cycles than customers in the United States, potential adverse tax consequences, the inability to repatriate funds to the United States, and the Company's inability to operate in those locations.

There can be no assurance that the Company's pending RI Acquisition will close as anticipated, as the closing of the transactions provided for in the IPA are subject to various judicial, regulatory, and contractual contingencies over which the Company has little to no control

The closing of the pending RI Acquisition is contingent upon certain closing conditions, including GenesisCare and the Company entering into a consent agreement with the Rhode Island Department of Health and approval of all equity holders and managers of each RI Target Company. There can be no assurance that the Company and GenesisCare will receive the necessary approvals and consents to effect the RI Acquisition or that such approvals and consents will be delivered. Furthermore, if all of the closing conditions to the RI Acquisition are not met by April 30, 2024, both the Company and GenesisCare have the right to terminate the IPA without completing the RI Acquisition. The Company cannot assure that the pending RI Acquisition will close on our anticipated timeline or at all, or without material adjustment.

Flaws in the Company's ongoing due-diligence assessment in connection with the equity interests and payor contracts to be acquired in the RI Acquisition could have a significant negative effect on the Company's financial condition and results of operations.

The Company conducted due diligence when evaluating the RI Acquisition prior to executing the IPA and continues to complete due diligence during the interim period between signing the IPA and closing the RI Acquisition. The process of completing due diligence is expensive and time consuming due to the operations, accounting, finance, and legal professionals who must be involved in the due-diligence process and the fact that such efforts do not always lead to a consummated transaction. The time and costs of the due-diligence process were amplified with respect to the Company's evaluation of the potential costs and benefits of the RI Acquisition due to the distressed state and bankruptcy of GenesisCare. Despite the thoroughness of the Company's review, diligence may not reveal all material issues that could affect the Company's interests in the RI Target Companies if the RI Acquisition is consummated. In addition, factors outside of the Company's control could later arise. The Company's failure to identify material issues specific to the business and operations of the RI Target Companies and the liabilities and obligations the Company is assuming upon the assignment of the payor contracts during the Company's ongoing due-diligence process could negatively impact the Company's financial condition and results of operations after the closing of the RI Acquisition.

The impact of a pandemic, epidemic, or outbreak of an infection disease, such as COVID-19 and associated economic disruptions, has and may in the future adversely affect the Company's business operations and financial condition.

The magnitude of the continued impact of COVID-19 on our business and operations are largely dependent on external factors and future developments that are beyond our control, such as the extent and duration of any COVID-19 resurgence, the spread of new variants, the occurrence of other severe health events or similar unprecedented outbreaks, the response to any such resurgence, new variant, or outbreak by government and regulatory agencies, such as the potential reinstatement of "shelter-in-place" lockdown orders, the efficacy and implementation of vaccinations and boosters to counter the virus, the availability of Gamma Knife and PBRT treatments, patients' assessment of the risks of prioritizing rather than delaying such treatments in the event of any COVID-19 resurgence, new variant, or outbreak, the worsening of current economic conditions, and the severity of ongoing supply-chain disruptions. If there are regressions in our global progress to combat the COVID-19 pandemic or if any similar global public-health events develop, the scope and nature of the impact on our business, results of operations, financial condition, liquidity and cash flows would be uncertain and potentially materially adverse.

New technology and products could result in making the Company's equipment obsolete which could have a material adverse impact on its business and results of operations.

There is constant change and innovation in the market for highly sophisticated medical equipment. New and improved medical equipment can be introduced that could make the Gamma Knife technology obsolete and that would make it uneconomical to operate. In 2006, Elekta introduced a new model of the Gamma Knife, the Perfexion, which the Company has implemented at all of its domestic sites. The Perfexion can perform procedures faster than previous Gamma Knife models and it involves less health care personnel intervention. In 2015, Elekta introduced the Leksell Gamma Knife Icon ™. The Perfexion is upgradeable to the Icon platforms which has enhanced imaging capabilities allowing for treatment without a head frame and the treatment of larger tumors. In 2022, Elekta introduced an upgrade to the Icon, called the Esprit. Existing model 4(C)s of the Gamma Knife are not upgradeable to the Perfexion model. As of March 1, 2023 March 1, 2024, all two of the Company's ten Gamma Knife units in the United States are Esprits and eight of the Company's ten Gamma Knife units are Perfexion models, and two of these Perfexion units which have the Icon upgrade. The Company's two South American sites utilize the Company's equipment in Ecuador was upgraded to a Perfexion with Icon in November 2023. The Company's equipment in Peru is a Model 4(C). The failure to acquire or use new technology and products could have a material adverse effect on our business and results of operations.

The Company has invested Any failure, interruption, or breach in a Proton Beam business and is obligated to fund two additional proton beams systems; there is no assurance that security of the Company will be able's information technology ("IT") infrastructure due to fund these additional proton systems and if a cyber-attack or other security incident could cause the Company is unable to do so the may be incur financial penalties and losses, reputational damage, and legal liability, which could have a negative impact material adverse effect on the Company's business, financial condition, and results of operations operations..

We have committed a substantial amount of our financial resources to next-generation proton beam technology. The first MEVION S250 system began treating patients in December 2013. The Company's first MEVION S250 system began treating patients ability to carry out its internal and external business operations depends in April 2016. The part on an IT infrastructure that includes computer systems, hardware, software, online sites, servers, networks, and other IT products and services, some of which are owned and managed by third-party service providers and suppliers. Although the Company has committed takes steps to purchase two additional MEVION S250i safeguard its IT infrastructure, cybersecurity risks are an evolving and pervasive threat to the Company's business, operations, and financial performance. Security incidents that the Company must protect against include unauthorized access of the Company's IT systems, breaches of the Company's data and confidential information, sophisticated malware, advanced phishing and social-engineering ploys, cyber-attacks, and commercial-software vulnerabilities that are integrated into the Company's or any of its suppliers' or service providers' IT systems. While the Company strives to maintain the integrity and confidentiality of its data, systems, and has already made deposits of $2,250,000 towards this commitment. As of December 31, 2020, information and to protect it from internal and external cybersecurity threats by taking the preventative measures and abiding by the security protocols identified in "Item 1C. Cybersecurity" below, there is no guarantee that the IT infrastructure developed by the Company determined these deposits were impaired and wrote their value down to $0. See Note 3 - Property the cybersecurity measures implemented by the Company will be successful in preventing and Equipment to defending against the consolidated financial statements for further discussion. There evolving and increasingly sophisticated range of cyber incidents that the Company could be exposed to. Furthermore, there can be no assurance that we the Company's cybersecurity risk management strategy and processes will be able fully implemented, complied with, or effective in safeguarding the Company's data, systems, and information.

Any actual compromise of or perceived threat to obtain additional customers or be able to finance the two additional systems. If we are unable to obtain additional customers or are unable to finance the two additional Company's IT systems and infrastructure could cause significant legal and financial exposure for the Company, will lose damage the Company's reputation, and create adverse publicity, which could adversely affect the Company's business, operations, and financial condition. Any necessary response to a cyber-attack, which could include analyzing a security incident, patching up security vulnerabilities, notifying individuals affected by the incident, determining the materiality of the incident, disclosing the incident in accordance with any applicable legal and regulatory requirements, and responding to any resulting litigation, could also divert the Company's resources and attention from its deposits.growth operations and business objectives, which could further hinder its operational and financial performance.

Stock Ownership Risk

The Trading Volume trading volume of Our Common Stock the Company's common stock is Low low

Although our the Company's common stock is listed on the NYSE American, our the Company's common stock has historically experienced low trading volume. Reported average daily trading volume in our common stock for the three-month period ended December 31, 2022 December 31, 2023 was approximately 12,000 10,000 shares. There is no reason to think that a further increase in an active trading market in our the Company's common stock will develop in the future. Limited trading volume subjects our the Company's common stock to greater price volatility and may make it difficult for you shareholders to sell your their shares in a quantity or at a price that is attractive to you. attractive.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

The Company recognizes the importance of securing its information, devices, and data and the IT systems it relies on to conduct its business. The Company has established its Network, Information, and Data Security Policy Guidelines (the "NIDSP Guidelines") designed to protect the integrity and confidentiality of data and information belonging to or being exchanged by the Company and its employees, partners, customers, service providers, and suppliers and to safeguard that information and the Company's IT infrastructure from unauthorized access, use, disclosure, alteration, and destruction.

Risk Management and Strategy

The protections, procedures, and controls set forth in the NIDSP Guidelines demonstrate the Company's attention to and prioritization of cybersecurity as a component of its overall strategy and system for managing risks. The NIDSP Guidelines include five policies described below, that together define the Company's strategy and practices for managing cybersecurity threats and mitigating cybersecurity risks.

- Physical Security Policy (the "PSP"). The PSP establishes guidelines related to selecting IT operation sites, designating security zones, using, inspecting, and storing IT Assets, designing restricted-access and security controls, and monitoring compliance with safety and security standards. The goal of the PSP is to minimize risks of damage, destruction, unauthorized access, inadvertent disclosure, misuse, loss, or theft of the Company's IT Assets. In accordance with the PSP, the Company: (i) evaluates IT operation sites based on their susceptibility to natural disasters, crime and theft, and unauthorized access; (ii) requires the use of keycards or biometrics in order to enforce security zones and give users the least amount of access required to do their jobs; (iii) requires systems and devices that store confidential data to be maintained and protected in accordance with the Company's Confidential Data Policy; and (iv) requires visitors at the Company's office to complete a sign-in log, wear a visitor badge, and be escorted by a designated employee at all times.

- Network Security Policy (the "NSP"). The NSP aims to protect the integrity of the Company's data by securing the systems and devices that make up the Company's network infrastructure. Pursuant to the NSP, the Company: (i) enforces strict password-construction criteria for network devices; (ii) requires employees to verify their identities using multi-factor authentication to access internal resources; (iii) maintains and reviews logs from application services, network devices, and critical devices and requires the retention of logs in accordance with the Company's Retention Policy; (iv) implements and configures firewall technology to filter both inbound and outbound network connections; (v) authorizes the IT Manager to determine the extent and scope of external security testing to be performed; (vi) establishes a software-use policy; and (vii) requires antivirus and anti-malware software to be used and timely patched and updated on any Company-provided devices.
- Backup Policy. The Company's Backup Policy applies to all data stored on Company systems. The Backup Policy specifies the types of data and information considered to be critical to the Company's operations and thus required to be backed up, establishes a backup schedule that is necessary for successful data recovery, and implements procedures for the off-site rotation, storage, and retention of backups. The Backup Policy also establishes the Company's data-restoration procedures and mandates the periodic testing of those procedures.
- Remote Access Policy (the "RAP"). The RAP defines the Company's standards for accessing IT resources from outside the Company's network, such as when an employee is working remotely. Pursuant to the RAP, remote access is only permitted if accomplished through secure, Company-provided means. The Company's uses remote-access software designed to guard against unauthorized access using traffic encryption during transmission and firewall protections.
- Confidential Data Policy (the "CDP"). The CDP governs the handling, storage, transmission, destruction, and protection of confidential data. Pursuant to the CDP, confidential data must be securely stored, removed from common areas, properly marked as confidential data, protected with strong encryption if being transmitted, and destroyed by means that make recovery impossible. Employees who are given access to confidential data are required to immediately notify their supervisor if they suspect any misuse or unauthorized disclosure of confidential information.

The Company's NIDSP Guidelines and policies apply not only to the Company's employees and consultants but also to any third parties that access or utilize the Company's information and systems. Such third parties may include the Company's service providers, customers, suppliers, contractors, consultants, and any other individuals the Company conducts business with. The IT infrastructure that the Company has developed in accordance with the NIDSP Guidelines is designed to monitor both internal and external cybersecurity risks. The NIDSP Guidelines equip the Company with the tools and systems necessary to recognize, address, and protect against risks associated with its third-party interactions.

Cybersecurity Governance

The Company's IT Manager and executive team is responsible for the day-to-day management of cybersecurity risks, while the Company's Board of Directors has responsibility for oversight of risk management.

As part of the Company's framework for cybersecurity risk oversight and governance, the Company's network, information, and data-security policies set forth in the NIDSP Guidelines are enforced by the Company's IT Manager and/or its executive team. The IT Manager is an employee designated by the Company to manage the Company's security policies and program. The IT Manager is tasked with ensuring that the Company maintains compliance with the Company's security policies and any applicable security regulations. The IT Manager is responsible for: (i) implementing the Company's security policies; (ii) disseminating the Company's security policies to all employees; (iii) establishing a training program for all employees and users covered by the Company's IT security policy to notify them of the Company's security policies, train and re-train them to comply with the Company's IT security program, and educate them on the importance of data security; (iv) performing any ongoing testing or analysis of the Company's security infrastructure, policies, and procedures; and (v) updating the NSP and any other policies and guidelines as needed to comply with applicable regulations and to stay up to date with the changing IT security landscape.

The IT Manager works closely with the Company's management and executive team to determine the Company's IT-related needs, to evaluate the sufficiency of the Company's data-governance policies and practices, to keep the Company's management informed of notable cybersecurity-related updates, to review its security-related policies, and to identify ways to strengthen the systems and procedures implemented by the Company to detect, assess, and manage data risks.

In the event of the detection of an actual or suspected cybersecurity incident, the Company's IT Team, lead by the IT Manager, assesses the incident as "minimal", "low", "moderate" or "high". Incidents assessed at a minimal or low risk are reported to Company's management and the Executive Chairman of the Board and the Executive Chairman of the Board may share this information with the Board. Incidents assessed at a moderate or high risk are reported to Company's management, the Executive Chairman of the Board, and the Company's Board of Directors.

Notwithstanding the Company's cybersecurity-related policies, procedures, and governance framework, the ever-present threat of a cyber-attack, data breach, or other security incident is pervasive. The increasingly sophisticated nature of the tactics used to circumvent IT security safeguards makes cybersecurity threats increasingly difficult to detect and respond to. While the Company does not believe its business strategy, results of operations, or financial condition have been materially adversely affected by any cybersecurity threats or incidents, there is no assurance that the Company will not be materially affected by such threats or incidents in the future. Accordingly, the Company will continue to monitor cybersecurity risks and strive to invest in and strengthen its cybersecurity infrastructure.

ITEM 2. PROPERTIES

The Company's Company's corporate offices are located at 601 Montgomery Street, Suite 1112, San Francisco, California, where it leases approximately 900 square feet for $4,500 per month with a lease expiration date in November 2024. The Company subleased its prior corporate offices located at Two Embarcadero Center, Suite 410, San Francisco, California, where it leases leased approximately 3,253 square feet for $22,011 per month with a month. This lease expiration date expired in August 2023. The monthly lease expense is was offset by sublease income of $16,195. The sublease term is was consistent with the existing lease term. The Company owns and operates a stand-alone Gamma Knife facility in Lima, Peru where it leases approximately 1,600 square feet for approximately $8,850 per month with on a lease expiration date in January 2024. month-to-month

basis. The Company also owns and operates a stand-alone Gamma Knife facility in Guayaquil, Ecuador where it owns 864 square feet of condominium space in an office building and approximately 10,135 of related land and parking spaces.

ITEM 3. LEGAL PROCEEDINGS

There are no material pending legal proceedings involving the Company or any of its property. The Company knows of no legal or administrative proceedings against the Company contemplated by governmental authorities.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Dividend Policy

The Company's Company's common shares, no par value (the "Common Shares"), are currently traded on the NYSE American. At December 31, 2022 December 31, 2023, the Company had 6,184,000 6,300,000 issued and outstanding common shares, 95,000 146,000 common shares reserved for options, 6,000 33,000 unvested restricted stock units, and 123,000 vested, but not issued restricted stock units.

The Company estimates that there were approximately 1,100 beneficial holders of its Common Shares at December 31, 2022 December 31, 2023.

There were no dividends declared or paid during 2022 2023 and 2021. 2022.

Stock Repurchase Program

In 1999 and 2001, the Board of Directors approved resolutions authorizing the Company to repurchase up to a total of 1,000,000 shares of its common stock on the open market from time to time at prevailing prices, and in 2008 the Board of Directors reaffirmed these authorizations. In 2022 2023 and 2021, 2022, there were no shares repurchased by the Company. A total of approximately 928,000 shares have been repurchased in the open market pursuant to these authorizations at a cost of approximately $1,957,000. As of December 31, 2022 December 31, 2023, there were approximately 72,000 shares remaining under the repurchase authorizations.

Equity Compensation Plans

During 2022, 11,000 2023, 26,000 restricted stock units, 120,000 shares for executive compensation, and 50,000 70,000 options were granted. Additional information regarding our equity compensation plans is incorporated herein by reference from the 2023 2024 Proxy Statement. Also, see Note 8 - Stock-Based Compensation Expense to the consolidated financial statements for additional information.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

American Shared Hospital Services is a leading provider of turnkey turn-key technology solutions for stereotactic radiosurgery and advanced radiation therapy equipment and services. The main drivers of the Company's domestic Gamma Knife business revenue are numbers of sites, procedure volume, and reimbursement. The Company delivers radiation therapy through medical equipment leasing and direct patient services, its two reportable segments. The medical equipment leasing segment, which we also refer to as the Company's leasing segment, operates by fee-per-use contracts or retail revenue sharing contracts where the Company shares in the revenue and operating costs of the equipment. The Company leases ten Gamma Knife systems and one PBRT system as of December 31, 2023, where a contract exists between the hospital and the Company. The Company, through GKF, also owns and operates two single-unit Gamma Knife facilities in Lima, Peru and Guayaquil, Ecuador. These units economically function similar The Company's facilities in Peru and Ecuador are considered direct patient services, which we also refer to as the Company's turn-key retail arrangements. The Company's PBRT system segment, where a contract exists between the Company's facilities and the individual treated at Orlando Health, is also considered a retail arrangement. The main drivers the facility. A

summary of the Company's revenue are numbers of sites, procedure volume medical equipment leases and reimbursement. A summary of the direct patient service sites is set forth in the table below. below:

Number of Sites

	12/31/2022	12/31/2021
Retail/Turn-key	6	7
Fee Per Use	6	6
Domestic Gamma Knife	12	13
International Gamma Knife	2	2
Total Gamma Knife	14	15
PBRT	1	1

	12/31/2023	12/31/2022
Revenue Sharing	5	6
Fee Per Use	5	6
Medical Equipment Leasing - Gamma Knife	10	12
Medical Equipment Leasing - Proton Bream Radiation Therapy	1	1
Medical Equipment Leasing - Total	11	13
Direct Patient Services ("Retail") - Gamma Knife	2	2

The Company removed one Gamma Knife unit in January 2022, whose contract expired in the fourth quarter of 2021. Another Gamma Knife contract expired had two contracts expire in the second quarter and third quarters of 2022 is currently leased on 2023, respectively. The Company had a month-to-month basis third contract up for renewal in 2023. This lease was extended and the equipment was upgraded to an Esprit during the fourth quarter. The Company is in negotiations with this site to renew the lease. The next has one customer contract expirations are that will expire in the first and fourth quarters of 2023. The Company is in active negotiations with both of these sites as well. November 2024. A summary of the Company's procedure volumes for fiscal years 2022 2023 and 2021 2022 are set forth in the table below.

Volume

Gamma Knife	12/31/2022	12/31/2021	Increase (Decrease)	Increase (Decrease)
Total Procedures	1,286	1,436	(150)	(10.4)%
Same Centers Procedures	1,286	1,360	(74)	(5.4)%
PBRT Procedures	5,296	4,426	870	19.7 %

Gamma Knife	12/31/2023	12/31/2022	Increase (Decrease)	Increase (Decrease)
Medical Equipment Leasing - Gamma Knife	824	954	(130)	(13.6)%
Direct Patient Services ("retail") - Gamma Knife	371	332	39	11.7 %
Gamma Knife - Total	1,195	1,286	(91)	(7.1)%
PBRT Procedures (medical equipment leasing)	5,369	5,296	73	1.4 %

The decrease in Gamma Knife volume, under medical equipment lease, during 20222023 was primarily due to the expiration of two contracts in the first second and third quarters of 2023, respectively. Same center procedures decreased 4% compared to 2022 due to downtime for the upgrade of two Gamma Knife systems to the Esprit during the third and fourth quarters of 2021. Same center procedures decreased 5% compared to 2021 2023. The increase in Gamma Knife volume, under direct patient services, during 2023 was due to temporary staffing shortages improved marketing and physician outreach at several of the Company's domestic customers and normal, cyclical fluctuations. international locations, offset by downtime to upgrade the Gamma Knife equipment in Ecuador to the Icon. The increase in PBRT volume was due to lower volumes during 2021 driven by the continued impact from the COVID-19 pandemic and down-time for repair of system components. normal, cyclical fluctuations.

Reimbursement

CMS established a 2023 2024 delivery code reimbursement rate of approximately $7,691 $7,420 ($7,943 7,691 in 2022 2023) for a Medicare Gamma Knife treatment. The approximate CMS reimbursement rates for delivery of PBRT for a simple treatment without compensation for 2023 2024 is $572 $561 ($554 572 in 2022 2023) and $1,323 $1,362 ($1,321 1,323 in 2022 2023) for simple with compensation, intermediate and complex treatments, respectively.

On September 18, 2020 September 29, 2020, CMS issued the published a final rule that would have implemented a new mandatory payment model for radiation oncology services: services delivered to certain Medicare beneficiaries: the Radiation Oncology Alternative Payment Method ("RO APM"). The APM. On August 29, 2022, CMS published a final rule that delayed the start date of the RO APM which was to a date to be in effect for a five year determined through future rulemaking and amended the definition of "model performance period" to provide that the start and end dates of the five-year model performance period has been delayed indefinitely. will be established by CMS through future rulemaking. If the RO APM had not been delayed, it would have significantly altered CMS' payment methodology from a fee for service paradigm to a set reimbursement by cancer type methodology for radiation services provided within a 90 day episode of care. Under the RO APM, hospital based and free-standing radiation therapy providers would have been required to participate in the model based on whether the radiation therapy provider is located within a randomly selected core-based statistical area. CMS projects that providers treating approximately 30% of radiation oncology patients would have been selected to participate in the RO APM. The remaining providers not included in the RO APM would have continued to receive reimbursement based on a fee-for-service methodology. The RO APM would have included, but would not have been limited to, PBRT and Gamma Knife services. Three of the Company's Gamma Knife centers were expected to be included in the RO APM. It was not anticipated that inclusion in the RO APM would have a significant impact on the Company's Gamma Knife revenues. The Company's PBRT center was not selected for inclusion in the RO APM. Medicare reimbursement in 2023 for the most commonly used PBRT delivery codes increased by approximately 3.2% and 0.2% and decreased by approximately 3.2% for Gamma Knife.

On August 29, 2022, CMS published a final rule that delayed the start date of the RO APM to a date to be determined through future rulemaking and amended the definition of "model performance period" to provide that the start and end dates of the five-year model performance period will be established by CMS through future rulemaking. At this time, it is not clear if the RO APM will be implemented and, if it is implemented, the timing for implementation and in what form it will be implemented. If a start date for the RO APM is proposed, CMS will provide at least six months' notice in advance of the proposed start date, and the proposed start date will be subject to public comment.

Impact of the COVID-19 Pandemic Pending Acquisition

In 2021, following On November 10, 2023, the dissemination of Company entered into the vaccine for the COVID-19 virus in the United States, there was a scale back of the safety measures put into place throughout 2020. Some of the Company's customers still experienced some delays IPA with GenesisCare and restrictions in providing service, but not GC Holdings pursuant to which GenesisCare agreed to sell to the same degree that occurred during 2020. Procedure volumes for the Company's domestic Gamma Knife business for the year ended December 31, 2021, began to rebound to pre-pandemic levels. The Company's PBRT business was impacted by COVID-19, and other factors, during 2021 as treatment volumes continued to lag from pre-pandemic levels. The Company's business has been impacted differently at Company its entire equity interest in each of RI Target Companies together with the Company's various locations as assignment of certain payor contacts for a result purchase price of $2,850,000. The equity interests to be acquired by the COVID-19 pandemic and related governmental actions.

Despite Company under the IPA equates to a decrease 60% interest in volumes for the year ended December 31, 2022 compared to the same period each RI Target Company. The RI Target Companies operate three functional radiation therapy cancer centers in the prior year, domestic Gamma Knife volumes for existing customers rebounded to pre-pandemic levels. This decrease in volume was due to normal, cyclical fluctuations Rhode Island. The RI Acquisition is contingent upon certain closing conditions, including Genesis Care and the Company does not anticipate entering into a significant impact on domestic Gamma Knife volumes from consent agreement with the COVID-19 pandemic going forward. The Company's stand-alone facilities in Peru Rhode Island Department of Health and Ecuador have also begun to return to pre-pandemic levels for the year ended December 31, 2022 approval of all equity holders and managers of each RI Target Company. On March 1, 2024, the Company, expects this trend GenesisCare and GC Holding entered to continue through 2023. a First Amendment to Investment Agreement pursuant to which the parties agreed to extend the date on which a party could terminate the IPA if the closing conditions had not been met from March 10, 2024 to April 30, 2024. The Company's PBRT business was impacted by COVID-19, and other factors, during 2021 as treatment volumes continued to lag from pre-pandemic levels. However, for Company anticipates that the year ended December 31, 2022, the Company's PBRT site also returned to pre-pandemic levels. As the COVID-19 pandemic evolves and new strains of the virus develop, additional impacts may arise which may have a material impact on the Company's future business. closing conditions will be met in April 2024.

The COVID-19 pandemic has led to supply chain disruptions for many of the Company's suppliers. These disruptions have resulted in price increases for purchased services and capital acquisitions. To mitigate its cost increases, the Company has in many cases aggregated its purchase of services and capital goods to minimize these price increases.

APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's consolidated financial statements are prepared in accordance with generally accepted accounting principles and follow general practices within the industry in which it operates. Application of these principles requires management to make estimates, assumptions and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates, assumptions and judgments are based on information available as of the date of the consolidated financial statements; accordingly, as this information changes, consolidated the financial statements could reflect different estimates, assumptions and judgments. Certain policies inherently have a greater reliance on the use of estimates, assumptions and judgments and as such have a greater possibility of producing results that could be materially different than originally reported.

The most significant accounting policies followed by the Company are presented in Note 2 – Accounting Policies to the consolidated financial statements. These policies along with the disclosures presented in the other consolidated financial statement notes and, in this discussion, and analysis, provide information on how significant assets and liabilities are valued in the consolidated financial statements and how those values are determined. Based on the valuation techniques used and the sensitivity of the consolidated financial statement amounts, and the methods, assumptions and estimates underlying those amounts, management has identified revenue recognition and costs of sales for turn-key and revenue sharing arrangements, customers, and the carrying salvage value of fixed assets and useful lives, equipment, and as such the aforementioned could be most subject to revision as new information becomes available. The following are our critical accounting policies in which management's estimates, assumptions and judgments most directly and materially affect the consolidated financial statements:

Revenue Recognition

The Company recognizes revenues under Accounting Standards Codification ("ASC") 842 *Leases* ("ASC 842") and ASC 606 *Revenue from Contracts with Customers* ("ASC 606"). The Company had twelve domestic delivers radiation therapy through medical equipment leasing ("leasing") and direct patient services ("retail"). The Company leased ten Gamma Knife units, two international Gamma Knife units, systems and one PBRT system in operation as of December 31, 2022 December 31, 2023. Four The leasing business operates by fee-per-use contracts or revenue sharing, where the Company shares in the revenue and operating costs of the Company's customer contracts are through subsidiaries where GKF or its subsidiary is the majority owner and managing partner. Six of the Company's twelve domestic Gamma Knife customers are under fee-per-use contracts, and six customers are under retail arrangements. equipment. The Company, through GKF, also owns and operates two single-unit Gamma Knife facilities in Lima, Peru and Guayaquil, Ecuador. These units economically function similar Ecuador, which provide radiation therapy services directly to the Company's turn-key retail arrangements. The Company's PBRT system at Orlando Health is also considered a retail arrangement. patient, or, retail.

Rental Income Revenue from Medical Services Equipment Leasing ("Leasing")

The Company recognizes revenues leasing revenue under ASC 842 when services have been rendered and collectability is reasonably assured, on either a fee per use or revenue sharing basis. The terms of the contracts do not contain any guaranteed minimum payments. The Company's lease contracts are typically for a ten-year term and are classified as either fee per use or retail. Retail arrangements are further classified as either turn-key or revenue sharing. Revenues Revenue from fee per use contracts is determined by each hospital's contracted rate. lease agreement with the Company. Revenues are recognized at the time the procedures are performed, based on each hospital's contracted rate and the number of procedures performed. Under revenue sharing arrangements, the Company receives a contracted percentage of the reimbursement received by the hospital. The amount the Company expects to receive is recorded as revenue and estimated based on historical experience. Revenue estimates are reviewed periodically and adjusted as necessary. Under turn-key Some of the Company's revenue sharing arrangements also have a cost sharing component and net profit share for the operating costs of the center. The Company receives payment from the hospital at an agreed upon percentage share of the hospital's reimbursement from third party payors, and the Company is responsible for paying all the operating costs of the equipment. Operating costs are equipment determined primarily based on historical treatment protocols and cost schedules with the hospital. The Company records an estimate of operating costs which are reviewed on a regular basis and adjusted as necessary to more accurately reflect the actual operating costs. For turn-key sites, the Company also shares a percentage of net operating costs and profit. The Company records an estimate of net operating profit based on estimated revenues, less estimated operating costs. The operating costs and estimated net operating profit are recorded as other direct operating costs in the consolidated statement of operations. As of December 31, 2022 For the years ended, December 31, 2023 and 2021, 2022, the Company recognized revenues leasing revenue of approximately $16,655,000 $17,772,000 and $14,719,000 $16,655,000 under ASC 842, respectively, of which approximately $8,952,000 $10,133,000 and $6,058,000 $8,952,000 were for PBRT services, respectively.

Revenue from retail sharing arrangements amounted to approximately 67% 70% and 60% 67% of total revenue for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. Because the revenue estimates are reviewed on a quarterly basis, any adjustments required for past revenue estimates would result in an increase or reduction in revenue during the current quarterly period. Payor mix is a significant variable in the Company's estimate for retail revenue sharing revenues. Fluctuations in payor mix that may result in a 5% to 10% change in the estimate could increase or decrease revenues as of December 31, 2022 December 31, 2023, by approximately $114,000 $113,000 to $227,000. $226,000.

Direct Patient Income Services Revenue("Retail")

The Company has stand-alone facilities in Lima, Peru and Guayaquil, Ecuador, where a contract exists between the Company's facilities and the individual patient treated at the facility. Under ASC 606, the Company acts as the principal in this transaction and provides, at a point in time, a single performance obligation, in the form of a Gamma Knife treatment. Revenue related to a Gamma Knife treatment is recognized on a gross basis at the time when the patient receives treatment. There is no variable consideration present in the Company's performance obligation and the transaction price is agreed upon per the stated contractual rate. GKPeru's payment terms are typically prepaid for self-pay patients and insurance provider payments are paid net 30 days. GKCE's GKCE's patient population is primarily covered by a government payor and payments are paid approximately 30 to 60 days upon between three and six months, following issuance of invoice. The Company did not capitalize any incremental costs related to the fulfillment of its customer contracts. Accounts receivable earned by GKPeru were not significant for under ASC 606 at December 31, 2023 was $1,626,000. Accounts receivable under ASC 606 at January 1, 2022 and December 31, 2022 was $668,000 and $1,119,000. For the years ended December 31, 2022 December 31, 2023 and 2021. GKCE's accounts receivable were $862,000 and $435,000 for the years ended December 31, 2022 and 2021. As of December 31, 2022 and 2021, 2022, the Company recognized retail revenues of approximately $3,091,000 $3,553,000 and $2,909,000 $3,091,000 under ASC 606, respectively.

Equipment Sales

During the year-ended December 31, 2023, the Company completed a sale of equipment to a new customer. The Company assessed this transaction under ASC 606 and concluded the Company acted as the agent in this transaction and provided, at a point in time, two performance obligations, in the form of an equipment sale of an Icon and Cobalt-60 reload. The performance obligation to sell, assign, transfer and deliver the equipment to the customer was carried out via Elekta. Revenue related to the equipment sale is recognized on a net basis when the sale is complete. The Company recognized net revenue of $200,000 on the sale of equipment for the year-ended December 31, 2023.

Salvage Value on Equipment

Salvage value is based on the estimated fair value of the equipment at the end of its useful life. The Company determines salvage value based on the estimated fair value of the equipment at the end of its useful life. There is no active resale market of Gamma Knife or PBRT equipment, but the Company believes its salvage value estimates were a reasonable assessment of the economic value of the equipment when the contract ends. There is no salvage value assigned to the two Gamma Knife units in Peru or Ecuador because these are Model 4(C) units. Ecuador. The Company has not assigned salvage value to its PBRT equipment.

As of April 1, 2021, the Company reduced its estimate for salvage value for nine of its domestic Gamma Knife Perfexion units. As of October 1, 2022, the Company further reduced its estimate for salvage value for one of its domestic Gamma Knife Perfexion units. The net effect of the change in estimate made October 1, 2022, for the year ended December 31, 2022, was a decrease in net income of approximately $17,000 or $0.00 per diluted share. This change in estimate will also impact future periods. See Note 3 - Property and Equipment to the consolidated financial statements for further discussion on salvage value. As of December 31, 2022 December 31, 2023, the Company has had seven domestic Gamma Knife units with salvage value ranging from $140,000 to $300,000. A further change in estimate for salvage value could have an impact on future earnings of the Company. For example, if the Company determined the salvage value of the existing seven domestic Gamma Knife units should be $0, there could be an annual increase to depreciation expense of approximately $514,000.$676,000.

Accounting pronouncements issued andnotyet adopted - In November 2023, the FASB issued ASU 2023-07 *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07") which enhances the disclosure requirements for segment reporting, primarily disclosures around significant segment expenses. The key provisions of the amendments require disclosure of significant segment expense reviewed by the CODM, require disclosure of an "other" segment category, require disclosure of segment profit or loss and assets for interim periods, clarify and require disclosure of other measurements used by the CODM in assessing segment performance and allocating resources, and require disclosure of the CODM's title and position and explanation of how the CODM assesses segment performance. ASU 2023-07 is effective for annual periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company is currently evaluating ASU 2023-07 to determine the impact it may have on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09 *Income Taxes (Topic 740) Improvements to Income Tax Disclosures* ("ASU 2023-09") which requires entities, on an annual basis, to disclose: specific categories in the rate reconciliation, additional information for reconciling items that meet a quantitative threshold, the amount of income taxes paid, net of refunds, disaggregated by jurisdiction, income or loss from continuing operations before income tax, income tax expense from continuing operations disaggregated between foreign and domestic, and income tax expense from continuing operations disaggregated by federal, state and foreign. ASU 2023-09 is effective for annual periods beginning after December 31, 2024. The Company is currently evaluating ASU 2023-09 to determine the impact it may have on its consolidated financial statements.

2022 2023 Results

For each of the years ended December 31, 2023 and 2022, 84% and 16% of the Company's revenue was derived from the leasing segment versus the retail segment, respectively. For the year ended December 31, 2023, 51% of the Company's revenue was derived from its Gamma Knife business, 48% was derived from its PBRT business and 1% was derived from equipment sales. For the year ended December 31, 2022, 55% of the Company's revenue was derived from its Gamma Knife business and 45% was derived from the its PBRT system. For the year ended December 31, 2021, 66% of the Company's revenue was derived from its Gamma Knife business and 34% was derived from the PBRT system. business.

TOTAL REVENUE

(in thousands)	2022	Increase (Decrease)	2021	2023	Increase (Decrease)	2022

Total revenue	$ 19,746	12.0%	$ 17,628	$ 21,325	8.0%	$ 19,746

Total revenue in 2022 2023 increased 12.0% 8.0% compared to 2021 2022 primarily due to an increase in PBRT revenues offset by a decrease in domestic Gamma Knife revenue. Domestic Gamma Knife volumes were down compared to and equipment sales during the prior year, offset by an increase in average reimbursement. current year. Revenues from the Company's domestic leasing segment increased $1,936,000 $1,117,000 in 2022 2023 compared to 2021 2022 due to an increase in PBRT volumes and PBRT and Gamma Knife average reimbursement, offset slightly by lower Gamma Knife volumes. revenues. Revenues from the Company's international retail segment increased by $182,000 $462,000 in 2022 2023 compared to 2021 2022 primarily due to an increase in volume and average reimbursement. volume.

Gamma Knife Revenue

		Increase			Increase	
	2022	(Decrease)	2021	2023	(Decrease)	2022
Revenue from Gamma Knife (in thousands)	$ 10,794	(7.2)%	$ 11,629	$ 10,992	1.8%	$ 10,794
Number of Gamma Knife procedures	1,286	(10.4)%	1,436	1,195	(7.1)%	1,286
Average revenue per procedure	$ 8,393	3.6%	$ 8,098	$ 9,198	9.6%	$ 8,393

Gamma Knife revenue for 2022 2023 was $10,794,000 $10,992,000 compared to $11,629,000 $10,794,000 in 2021. 2022. Gamma Knife revenue for 2022 decreased $835,000 2023 increased $198,000 compared to 2021 2022 due to a decrease in procedures, offset by an increase in average reimbursement. reimbursement, offset by lower procedure volume.

The number of Gamma Knife procedures performed in 2022 2023 decreased 150 by 91 compared to 2021 2022 primarily due to the expiration of two contracts in the first second and fourth third quarters of 2021. 2023. Excluding the two Gamma Knife contracts that expired, Gamma Knife procedures for existing sites decreased 5% increased 1% in 2022 2023 compared to the prior year. The decrease increase in Gamma Knife procedures for existing customer sites was driven by a 12% increase in the Company's retail segment, partially offset by a 4% decrease in the Company's Gamma Knife leasing segment in 2023 compared to 2022, respectively. The increase in Gamma Knife volumes from retail sites was due to normal, cyclical fluctuations. The number of improved marketing and physician outreach at the Company's international locations, partially offset by downtime due to upgrade the Gamma Knife procedures increased 2% equipment in 2022 compared Ecuador to 2021. the Icon.

Revenue per procedure increased by $295 $805 in 2022 2023 compared to 2021. 2022. This increase was due to higher reimbursement at the Company's retail sites, driven by several large reimbursements from commercial payors at a few of the customer sites.

Proton Therapy Revenue

		Increase			Increase	
	2022	(Decrease)	2021	2023	(Decrease)	2022
Revenue from PBRT (in thousands)	$ 8,952	47.8%	$ 6,058	$ 10,133	13.2%	$ 8,952
Number of PBRT fractions	5,296	19.7%	4,426	5,369	1.4%	5,296
Average revenue per fraction	$ 1,690	23.5%	$ 1,369	$ 1,887	11.7%	$ 1,690

PBRT revenue for 2022 2023 was $8,952,000 $10,133,000 compared to $6,058,000 $8,952,000 in 2021. 2022. The number of PBRT fractions performed in 2022 2023 was 5,296 5,369 compared to 4,426 5,296 in 2021. 2022. Revenue per fraction in 2022 2023 was $1,690 $1,887 compared to $1,369 $1,690 in 2021. 2022. The increase in PBRT volume was due to lower volumes in the prior year driven higher utilization of the equipment by the continued impact from the COVID-19 pandemic and down-time for repair of system components. customer. The average reimbursement increased due to a shift in payor mix from Medicare to commercial or other payors, which are reimbursed at a higher amount.

COSTS OF REVENUE

		Increase			Increase	
(In thousands)	2022	(Decrease)	2021	2023	(Decrease)	2022
Total costs of revenue	$ 11,364	4.2%	$ 10,902	$ 11,981	5.4%	$ 11,364
Percentage of total revenue	57.6%		61.8%	56.2%		57.6%

The Company's costs of revenue, consisting of maintenance and supplies, depreciation and amortization, and other operating expenses (such as insurance, property taxes, sales taxes, marketing costs and operating costs from the Company's retail revenue sharing and international sites) increased by $462,000 $617,000 in 2022 2023 compared to 2021. 2022.

Maintenance and supplies and other direct operating costs, related party, as a percentage of total revenue were 15.1% 13.5% and 14.1% 15.1% in 2022 2023 and 2021 2022, respectively. Maintenance and supplies and other direct operating costs, related party increased decreased by $482,000 $89,000 in 2022 2023 compared to 2021 2022. The increase decrease in 2022 2023 compared to 2021was 2022was primarily due to a maintenance contract for one of the Company's Gamma Knife Icon upgrades, which commenced contracts that expired in the fourth quarter of 2021 and maintenance contracts for existing domestic customers, which commenced in September 2021 and January 2022 June 2023.

Depreciation and amortization costs as a percentage of total revenue were 23.9% 23.8% and 27.5% 23.9% in 2022 2023 and 2021 2022. Depreciation and amortization costs decreased $130,000 increased $347,000 in 2022 2023 compared to 2021 2022. The decrease increase in 2022 2023 compared to 2021was 2022was due to the expiration of one contract in each of the first and fourth quarters of 2021, offset by the Company's a change in estimate for salvage value. useful life for one of the Company's Gamma Knife units. As of April 1, 2021 January 1, 2023, the Company reduced its estimate for salvage value for nine of its Gamma Knife units. As of October 1, 2022, the Company further reduced its estimate for salvage value estimated useful life for one of its domestic retail Gamma Knife Perfexion units. The net effect of the change in estimate made October 1, 2022 January 1, 2023, for the year ended December 31, 2022 December 31, 2023, was a decrease in net income of approximately $17,000 $207,000 or $0.00 $0.03 per diluted share. Salvage value is based on the estimated fair value of the equipment at the end of its useful life. This change in estimate also impacts future periods.

Other direct operating costs as a percentage of total revenue were 18.6% 18.9% and 20.2% 18.6% in 2022 2023 and 2021 2022, respectively. Other direct operating costs increased by $110,000 $359,000 in 2022 2023 compared to 2021 2022. The increase in 2022 2023 was primarily due to increased volume and therefore increased operating costs at from the Company's international sites. retail segment.

SELLING AND ADMINISTRATIVE EXPENSE

(In thousands)	2022	Increase (Decrease)	2021	2023	Increase (Decrease)	2022
Selling and administrative expense	$ 5,145	13.6%	$ 4,531	$ 7,022	36.5%	$ 5,145
Percentage of total revenue	26.1%		25.7%	32.9%		26.1%

The Company's selling and administrative costs increased $614,000 $1,877,000 in 2022 2023 compared to 2021. 2022. The increase in 2022 2023 was due to higher increased staffing in the sales, finance and related customer retention areas and approximately $919,000 in fees associated with new business opportunities. opportunities, including the Company's pending RI Acquisition.

INTEREST EXPENSE

(In thousands)	2022	Increase (Decrease)	2021	2023	Increase (Decrease)	2022
Interest expense	$ 806	9.1%	$ 739	$ 1,112	38.0%	$ 806
Percentage of total revenue	4.1%		4.2%	5.2%		4.1%

The Company's Company's interest expense increased $67,000 $306,000 in 2022 2023 compared to 2021. On April 9, 2021, 2022. The debt under the Company refinanced predominantly all of its existing debt and finance lease portfolio. The term loan (the "Term Loan") and delayed draw term loan (the "DDTL") carry Credit Agreement carries a floating interest rate of LIBOR plus 3%. The increase for the year ended December 31, 2022 December 31, 2023 was due to an increase in LIBOR compared to the same period of the prior year.

(LOSS) ON WRITE DOWN OF IMPAIRED ASSETS AND ASSOCIATED REMOVAL COSTS

(In thousands)	2022	Increase (Decrease)	2021	2023	Increase (Decrease)	2022
Loss on write down of impaired assets	$ —	*	$ 105	$ 940	*	$ —
Percentage of total revenue	0.0%		0.6%	4.4%		0.0%

As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company recognized a loss on the write down of impaired assets of $940,000 and $0, and $105,000, respectively. The Company reviewed its Gamma Knife and PBRT equipment, in light of available information as of December 31, 2022 and 2021 and concluded no additional impairment exists. As of December 31, 2021 During the year ended December 31, 2023, the Company recognized recorded an additional $105,000 related to the asset removal costs of obligation ("ARO") for one of the unit customer contracts that expired during 2023. An ARO for the second contract that expired during 2023 was recorded and impaired in 2020 a prior period. For the ARO recorded during 2023, the Company concluded the related increase to the underlying assets could not be supported by the cash flows of the equipment and removed in January 2022.

(LOSS) ON EARLY EXTINGUISHMENT OF DEBT

(In thousands)	2022	Increase (Decrease)	2021
(Loss) on extinguishment of debt	$ —	*	$ (401)
Percentage of total revenue	*		(2.3)%

The therefore the Company recorded a loss on the extinguishment write-down of debt the ARO during the three-month period ended June 30, 2023. The Company also reviewed its long-lived assets during the fourth quarter of $401,000 for the year ended December 31, 2021. On April 9, 2021, the Company refinanced the majority of its existing debt 2023 and finance lease portfolio with concluded events and circumstances existed that indicated additional impairment existed at a new lender. The prepayment penalties charged by third Gamma Knife site related to the existing lenders of $401,000 was recorded as a loss equipment. See Note 3 - Property and Equipment to the consolidated financial statements for further discussion on extinguishment during the year ended December 31, 2021. impairment.

INTEREST AND OTHER INCOME

(In thousands)	2023	Increase (Decrease)	2022
Interest and other income (loss)	$ 422	385.1 %	$ 87
Percentage of total revenue	2.0 %		0.4 %

Interest and other income increased $422,000 in 2023 compared to 2022. The increases are primarily due to increases in the interest paid on the Company's cash in 2023 compared to 2022.

INCOME TAX EXPENSE

(In thousands)	2022	Increase (Decrease)	2021	2023	Increase (Decrease)	2022
Income tax expense	$ 963	258.0 %	$ 269	$ 431	(55.2)%	$ 963
Percentage of total revenue	4.9 %		1.5 %	2.0 %		4.9 %
Percentage of income, after net income attributable to non-controlling interests, and before income taxes	42.0 %		58.1 %	41.4 %		42.0 %

Income tax expense increased $694,000 decreased $532,000 in 2022 2023 compared to 2021. 2022. The increase decrease in income tax expense in 2022 2023 was due to higher lower earnings during 2022, 2023, and return-to-provision adjustments arising from foreign tax returns filed during 2022, as well as permanent domestic tax differences. differences recorded in the prior year.

The Company anticipates that it will continue to record income tax expense if it operates profitably in the future. Currently there are state income tax payments required for most states in which the Company operates. At December 31, 2022, the Company exhausted the remainder of its net operating loss carryforward for federal income tax return purposes. The Company has net operating loss carryforwards for state income tax purposes.

NET (LOSS) INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

(In thousands)	2022	Increase (Decrease)	2021	2023	Increase (Decrease)	2022
Net income attributable to non-controlling interests	$ 227	(53.1)%	$ 484			

Net (loss) income attributable to non-controlling interests			$ (345)	(252.0)%	$ 227
Percentage of total revenue	1.1%	2.7%	(1.6)%		1.1%

Net income attributable to non-controlling interests decreased $257,000 $572,000 in 2022 2023 compared to 2021 2022. Net income attributable to non-controlling interests represents the pre-tax income earned by the 19% non-controlling interest in GKF, and the pre-tax income or losses of the non-controlling interests in various subsidiaries controlled by GKF. The decrease or increase in net income attributable to non-controlling interests reflects the relative profitability of GKF. The decrease in 2022 2023 compared to 2021 2022 was due to lower pre-tax income for GKF stand-alone operations.

NET INCOME ATTRIBUTABLE TO AMERICAN SHARED HOSPITAL SERVICES

(In thousands, except per share amounts)	2022	Increase (Decrease)	2021	2023	Increase (Decrease)	2022
Net income attributable to ASHS	$ 1,328	584.5%	$ 194	$ 610	(54.1)%	$ 1,328
Net income per share attributable to ASHS, diluted	$ 0.21	600.0%	$ 0.03	$ 0.10	(52.4)%	$ 0.21

Net income attributable to American Shared Hospital Services increased $1,134,000 decreased $718,000 in 2022 2023 compared to 2021. The increase 2022. Net income for the Company's retail segment decreased $49,000 in 2022 2023 compared to 2021 2022. The decrease in 2023 compared to 2022 was primarily due to increased revenues down time for the upgrade of the equipment in Ecuador. Net income for the Company's leasing segment decreased $669,000 in 2023 compared to 2022. The decrease in 2023 compared to 2022 was due to higher selling and administrative expense to support the Company's pursuit of new business opportunities as well as higher interest expense, losses on the write-down of impaired equipment and associated removal costs, and the loss on extinguishment of debt recorded Company's change in 2021. estimate for depreciation.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary liquidity needs are to fund capital expenditures as well as support working capital requirements. In general, the Company's principal sources of liquidity are cash and cash equivalents on hand and a $7,000,000 revolving line of credit. As of December 31, 2022 December 31, 2023, the Company has not drawn borrowed $2,500,000 on its line of credit. credit, which was paid off in January 2024. The Company had cash and cash equivalents, including restricted cash, of $13,808,000 at December 31, 2023 compared to $12,453,000 at December 31, 2022 compared to $8,263,000 at December 31, 2021, an increase of $4,190,000. $1,355,000. The Company's expected primary cash needs on both a short and long-term basis are for capital expenditures, business expansion (including the payment of the purchase price in connection with the RI acquisition), working capital, and other general corporate purposes. The Company believes that its borrowing capacity under its Revolving Line and its access to capital resources are sufficient to continue funding its present operations, to meet its commitments on its existing debt, and to meet its operating capital and funding requirements for the next 12 months from the date of this Annual Report.

Cash Flows

Cash Flows Provided by Operating Activities

Operating activities provided $7,235,000 $5,718,000 of cash in 2022. 2023, which was driven by net income of $1,555,000, $265,000, non-cash charges for depreciation and amortization of $4,783,000, $5,165,000, a loss on the write down of impaired assets of $940,000, stock-based compensation expense of $399,000, amortization $389,000, accretion of deferred issuance costs of $84,000, deferred income taxes of $344,000, $46,000, income taxes payable of $159,000 changes in payables and other accrued liabilities of $608,000, $974,000, and changes in receivables prepaids and other assets of $696,000. $21,000. These increases were offset by net changes in Right-of-Use assets and lease liabilities of $40,000, $34,000, deferred income taxes of $759,000, changes in prepaids payables and other assets accrued liabilities of $111,000, $79,000, changes in receivables of $719,000, and changes in related party liabilities of $845,000 and payment of asset retirement obligations of $397,000. $491,000.

The Company's trade accounts receivable decreased increased by $410,000 $542,000 to $4,343,000 at December 31, 2023 from $3,801,000 at December 31, 2022 from $4,211,000 at December 31, 2021. The number of days revenue (sales) outstanding ("DSO") in accounts receivable as of December 31, 2022 December 31, 2023 was 70 74 days compared to 87 70 days at December 31, 2021 December 31, 2022. DSO can and does fluctuate fluctuates depending on timing of customer payments received and the mix of fee per use versus revenue sharing and retail customers. Retail The revenue sharing and retail sites generally have longer collection periods than fee per use sites.

Cash Flows Used in Investing Activities

Investing activities used $388,000 $6,273,000 of cash in 2022. 2023, due to payments made towards the purchase of property and equipment. During 2023, the Company completed one Esprit upgrade and began a second Esprit upgrade at existing customer sites, and predominantly completed the installation of a LINAC at it's new site in Puebla, Mexico. The Company amended its Credit Agreement to include financing for the LINAC equipment in in January 2024.

Cash Flows Provided by (Used in) Financing Activities

Financing activities used $2,657,000 provided $1,910,000 of cash during 2022, 2023, which was driven by long-term debt financing from the second tranche of the DFC Loan of $1,750,000 and net borrowings on the Revolving Line of $2,500,000. These increases were offset by payments on long-term debt of $2,032,000, distributions to non-controlling interests of $573,000, $2,129,000, debt issuance costs of $9,000 and payments on short-term financing of insurance premiums of $48,000. This was offset by $5,000 in proceeds from options exercised during 2022. $202,000.

Working Capital

The Company had working capital at December 31, 2022 December 31, 2023 of $13,548,000 $9,677,000 compared to working capital of $9,196,000 $13,548,000 at December 31, 2021 December 31, 2022. The $4,352,000 increase $3,871,000 decrease in net working capital was primarily due to increased a decrease in cash generation from a lower DSO and driven by payments for equipment that the refinancing that occurred during the second quarter of 2021. The refinancing decreased the Company's current debt and finance obligations in addition Company financed subsequent to providing excess working capital. year-end. The Company also secured a $7,000,000 revolving line of credit as part paid substantially all of the refinancing. The project invoices for the Puebla equipment during 2023. On January 25, 2024, the Company has not drawn on amended the line as of December 31, 2022. The Company believes that its cash flow from operations, cash on hand and other cash resources are adequate Credit Agreement to meet its scheduled debt and finance lease obligations during include financing for the next 12 months. See additional discussion below related to commitments. LINAC equipment in Puebla totaling $2,700,000. See Note 5 - Long-Term Debt Financing to the consolidated financial statements for more information.

The Company, in the past, has secured financing for its Gamma Knife and radiation therapy units. The Company has secured financing for its projects from several lenders and anticipates that it will be able to secure financing on future projects from these or other lending sources, but there can be no assurance that financing will continue to be available on acceptable terms.

Long-Term Debt

Prior to April 2021, GKF generally financed its U.S. Gamma Knife units, upgrades and additions with loans or finance leases from various finance companies for typically 100% of the cost of each Gamma Knife, plus any sales tax, customs, and duties. On April 9, 2021, the Company and certain of its domestic subsidiaries entered into a five year $22,000,000 credit agreement with Fifth Third Bank, N.A., which refinanced its existing domestic Gamma Knife portfolio. The lease financing previously obtained by Orlando was also refinanced as long-term debt by the Credit Agreement. The Credit Agreement includes three loan facilities: (1) a $9,500,000 term loan (the "Term Loan"), which was used to refinance the domestic Gamma Knife debt and finance leases and the associated closing costs; (2) a $5,500,000 delayed draw term loan (the "DDTL"), which was used to refinance the Company's PBRT finance leases and associated closing costs and to provide additional working capital for the Company; and (3) a $7,000,000 revolving line of credit that (the "Revolving Line"), which is available for the Company's future projects and general corporate purposes. The Company borrowed $2,500,000 under the Revolving Line as of December 31, 2023, which the Company has not drawn on as of December 31, 2022. repaid in January 2024. The Credit Agreement is 48% amortized over a 58-month period with a balloon payment upon maturity and is secured by a lien on substantially all of the assets of the Company and certain of its domestic subsidiaries. The Company's Gamma Knife unit Revolving Loan, the Term Loan, and the DDTL will mature on April 9, 2026 unless accelerated due to the occurrence of certain events specified in Ecuador is financed with DFC. The DFC Loan is secured by a lien on GKCE's assets. The amount outstanding under the DFC Loan is payable in 29 quarterly installments with a fixed interest rate of 3.67%.
As of December 31, 2021, LIBOR will no longer be used to price new loans, but 1-month, 3-month, 6-month and 12-month maturities will continue to be published through 2023. The Company is working with Fifth Third Bank to determine an alternative base rate. Credit Agreement. The Revolving Line is charged an unused line fee of 0.25% per annum. The Term Loan and DDTL have interest and principal payments due quarterly. Principal amortization on an annual basis for the Term Loan and DDTL equates to 48% of the original principal loan commitments in years one through five and an end of term payment of the remaining principal balance.
On January 25, 2024, the, the Company entered into a First Amendment to Credit Agreement with Fifth Third which amended the Credit Agreement to add the Supplemental Term Loan, a new term loan in the aggregate principal amount of $2,700,000. The proceeds of the Supplemental Term Loan were advanced in a single borrowing on January 25, 2024, and were used to finance capital expenditures that the Company paid cash for during 2023 for its operations in Puebla, Mexico and other related transaction costs. The Supplemental Term Loan will mature on January 25, 2030, unless accelerated due to the occurrence of certain events specified in the Credit Agreement. Interest on the Supplemental Term Loan is payable monthly during the initial twelve month period following the First Amendment Effective Date. Following such twelve month period, the Company is required to make equal monthly payments of principal and interest to fully amortize the amount outstanding under the Supplemental Term Loan by the Maturity Date. The Supplemental Term Loan is secured by a lien on substantially all of the assets of the Company and certain of its domestic subsidiaries. The First Amendment also replaces the LIBOR-based rates in the Credit Agreement with SOFR-based rates. Pursuant to the First Amendment, advances under the Credit Agreement bear interest at a floating rate per annum equal to SOFR plus 3.00%, subject to a SOFR floor of 0.00%.
As of December 31, 2023, the Company was subject to customary covenants under the Credit Agreement which included, among other covenants and obligations, a minimum fixed charge coverage ratio of 1.25 to 1.0 and a total funded debt to EBITDA ratio of 3.0 to 1.0 (tested on a trailing twelve-month basis at the end of each fiscal quarter), along with an annual clean-up covenant that requires the Company to cause the outstanding principal balance under the Revolving Loan to be less than $3,500,000 for at least 30 consecutive days during each calendar year (the "Credit Agreement Covenants"). The Company was in compliance with the Credit Agreement Covenants as of December 31, 2023.
The Company's acquisition of GKCE and the Gamma Knife Esprit in Ecuador is financed with DFC. The loan entered into with DFC in June 2020 was obtained through the Company's wholly-owned subsidiary, HoldCo, and is guaranteed by GKF. The DFC Loan is secured by a lien on GKCE's assets. The first tranche of the DFC Loan was funded in June 2020. In October 2023, the second tranche of the DFC Loan was funded in the amount of $1,750,000 to finance its equipment upgrade in Ecuador. The amount outstanding under the first tranche of the DFC Loan is payable in 29 quarterly installments with a fixed interest rate of 3.67%. The amount outstanding under the second tranche of the DFC

Loan is payable in 16 quarterly installments with a fixed interest rate of 7.49%. The Company's loan with DFC also contains customary covenants and representations, which, following the funding of the second Tranche, the Company was not in compliance with as of December 31, 2023. The Company obtained a waiver for the covenants for December 31, 2023.

The DFC Loan contains customary covenants among other covenants and obligations, requirements that the Company maintain certain financial ratios related to liquidity and cash flow as well as depository requirements. On March 28, 2024 the Company received a waiver and amendment from DFC for certain covenants as of December 31, 2023 and through December 31, 2024 and amended other covenants and definitions permanently. The Company expects to be in compliance with all debt covenants pursuant to the DFC Loan as amended and waived at March 31, 2024.

If the Company fails to comply with the Credit Agreement Covenants or the DFC Loan Covenants, the Company's credit commitments could be terminated and the principal of any outstanding borrowings, together with any accrued but unpaid interest, under the Credit Agreement or the DFC Loan could be declared immediately due and payable. Furthermore, The lenders under the Credit Agreement and the DFC Loan could also exercise their rights to take possession of, and to dispose of, the collateral securing the credit facilities and loans and could take any additional remedies upon default as set forth in each such agreement.

The Company's combined long-term debt, net, totaled $13,125,000 as of December 31, 2023. See Note 5 - Long Term Debt to the consolidated financial statements for additional information.

Commitments

As of December 31, 2022 December 31, 2023, the Company had commitments to purchase two MEVION S250i PBRT systems for $34,000,000, and commitments to purchase and install Gamma Knife and LINAC equipment totaling $13,243,000. $15,925,000. There are no significant cash requirements, pending financing, for these commitments in the next 12 months. There can be no assurance that financing will be available for the Company's current or future projects, or at terms that are acceptable to the Company. However, the Company currently has cash on hand of $12,453,000 $13,808,000 and a line of credit of $7,000,000 to fund these projects.

The Company also had commitments to service these various equipment commitments totaling $15,374,000. $14,805,000. The Gamma Knife and certain other service contracts are paid monthly, as service is performed. The Company believes that cash flow from operations, cash on hand and its line of credit will be sufficient to cover these payments. See Note 10 - Commitments and Contingencies to the consolidated financial statements for further discussion on commitments.

The Company's commitments to purchase a second and third PBRT unit expired in January 2024.

Related Party Transactions

The Company's Gamma Knife business is operated through its 81% indirect interest in its GKF subsidiary. The remaining 19% of GKF is owned by a wholly owned U.S. subsidiary of Elekta, which is the manufacturer of the Gamma Knife. Since the Company purchases its Gamma Knife units from Elekta, there are significant related party transactions with Elekta such as equipment purchases, commitments to purchase and service equipment, and costs to de-install and maintain the equipment.

The following summarizes related party activity for the years ended December 31, 2022 December 31, 2023 and 2021: 2022:

	December 31,		December 31,	
	2022	2021	2023	2022
Equipment purchases and de-install costs	$ 1,844,000	$ 1,906,000	$ 6,918,000	$ 1,844,000
Costs incurred to maintain equipment	1,094,000	759,000	851,000	1,094,000
Total related party transactions	$ 2,938,000	$ 2,665,000	$ 7,769,000	$ 2,938,000

The Company also had related party commitments to install three Esprit upgrades, one Cobalt-60 reload, purchase one Icon, install four Icon upgrades, MR LINAC, purchase two one Gamma Plan workstations, purchase two LINACs, workstation, and service the related equipment of $17,407,000 equipment. The Company also has two commitments to de-install Gamma Knife units at existing customer sites. Total related party commitments were $18,968,000 as of December 31, 2022 December 31, 2023.

Related party liabilities on the consolidated balance sheets consist of the following as of December 31, 2022 December 31, 2023 and 2021: 2022:

	December 31,	
	2022	2021
Accounts payable and other accrued liabilities	$ 497,000	$ 1,992,000

	December 31,	
	2023	2022
Accounts payable and other accrued liabilities	$ 1,961,000	$ 497,000

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, as defined in Rule 10(f)(1) of Regulation S-K under the Exchange Act, the Company is not required to provide the information required by this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See the Index to Consolidated Financial Statements and Financial Statement Schedules included at page F-1 of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

Our Executive Chairman of the Board and our Chief Financial Officer, after evaluating the effectiveness of the Company's "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e)) of the Exchange Act) as of the end of the period covered by this annual report, have concluded that our disclosure controls and procedures are effective based on their evaluation of these controls and procedures required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15.

(b) **Management's report on internal control over financial reporting.**

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control system was designed to provide reasonable assurance to its management and Board of Directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2022 December 31, 2023. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (2013). Based on this assessment management believes that, as of December 31, 2022 December 31, 2023, the Company's internal control over financial reporting is effective based on those criteria.

(c) Changes in internal controls over financial reporting.

Our Executive Chairman of the Board and our Chief Financial Officer have evaluated the changes to the Company's internal control over financial reporting that occurred during our last fiscal quarter ended December 31, 2022 December 31, 2023, as required by paragraph (d) of Exchange Act Rules 13a-15 and 15d-15, and have concluded that there were no such changes that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding directors is incorporated herein by reference from the Company's definitive Proxy Statement for the 2023 2024 Annual Meeting of Shareholders (the "2023 "2024 Proxy Statement"). Information regarding executive officers of the Company, included herein under the caption "Executive Officers of the Company" in "Part I, Item 1.

Business" above, is incorporated herein by reference.

Information concerning the identification of our standing audit committee required by this Item is incorporated by reference from the 2023 2024 Proxy Statement.

Information concerning our audit committee financial experts required by this Item is incorporated by reference from the 2023 2024 Proxy Statement.

Information concerning compliance with Section 16(a) of the Exchange Act required by this Item is incorporated by reference from the 2023 2024 Proxy Statement.

We have adopted a Code of Ethics that is available on our website at www.ashs.com. The information on our website is not part of this report. You may also request a copy of this document free of charge by writing our Corporate Secretary.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this Item is incorporated herein by reference from the 2023 2024 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this Item is incorporated herein by reference from the 2023 2024 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this Item is incorporated herein by reference from the 2023 2024 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to the section entitled “Ratification of the Appointment of Our Independent Registered Public Accounting Firm” in our Proxy Statement for the 2023 2024 Annual Meeting of Stockholders.

Auditor Firm Id:	659	Auditor Name:	Moss Adams LLP	Auditor Location:	Seattle, WA United States

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements and Schedules.

The following Financial Statements and Schedules are filed with this Report:

Report of Independent Registered Public Accounting Firm
Audited Consolidated Financial Statements
Consolidated Balance Sheets
Consolidated Statements of Income Operations
Consolidated Statement of Shareholders' Equity
Consolidated Statements of Cash Flows
Notes to Consolidated Financial Statements
Financial Statement Schedules- no schedules are included since the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the financial statements and notes thereto.

(b) Exhibits.

The following Exhibits are filed with this Report.

Exhibit Number	Description	Incorporated by reference herein		
		Form	Exhibit	Date
3.1	Articles of Incorporation of the Company.	10-Q 001-08789	3.1	5/15/2017
3.1a	Certificate of Amendment to Articles of Incorporation of the Company.	10-K 001-08789	3.1	3/27/2017
3.2	By-laws of the Company, as amended to date.	10-Q 001-08789	3.2	8/15/2022
4.1	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934	10-K 001-08789	4.1	4/6/2021
10.1	Operating Agreement for GK Financing, LLC dated as of October 17, 1995 between American Shared Radiosurgery Services, Inc. and GKV Investments, Inc.	S-1 033-63721	10.12	10/26/1995
10.1a	Amendment Agreement dated as of October 26, 1995 to the GK Financing, LLC Operating Agreement between American Shared Radiosurgery Services, Inc. and GKV Investments, Inc.	S-1/A 033-63721	10.13	3/29/1996
10.1b	Second Amendment Agreement dated as of December 20, 1995 to the GK Financing, LLC Operating Agreement between American Shared Radiosurgery Services, Inc. and GKV Investments, Inc.	S-1/A 033-63721	10.13	3/29/1996
10.1c	Third Amendment Agreement dated as of October 16, 1996 to the GK Financing, LLC Operating Agreement between American Shared Radiosurgery Services, Inc. and GKV Investments, Inc.	10-K 001-08789	10.13b	3/31/1998
10.1d	Amendment Four Agreement dated as of March 31, 1998 to the GK Financing, LLC Operating Agreement between American Shared Radiosurgery Services, Inc. and GKV Investments, Inc.	10-K 001-08789	10.8	3/31/1999
10.1e	Fifth Amendment Agreement dated as of March 31, 1998 to the GK Financing, LLC Operating Agreement between American Shared Radiosurgery Services, Inc. and GKV Investments, Inc.	10-K 001-08789	10.9	3/31/1999
10.1f	Sixth Amendment Agreement dated as of June 5, 1998 to the GK Financing, LLC Operating Agreement between American Shared Radiosurgery Services, Inc. and GKV Investments, Inc.	10-K 001-08789	10.10	3/31/1999
10.1g	Seventh Amendment Agreement dated as of October 18, 2006 to the GK Financing, LLC Operating Agreement between American Shared Radiosurgery Services, Inc. and GKV Investments, Inc.	10-K 001-08789	10.52	4/2/2007
10.1h	Eighth Amendment Agreement dated as of April 28, 2010 to the GK Financing, LLC Operating Agreement between American Shared Radiosurgery Services, Inc. and GKV Investments, Inc.	10-K 001-08789	10.1h	3/30/2016

10.1i		Ninth Amendment Agreement dated as of May 16, 2011 to the GK Financing, LLC Operating Agreement between American Shared Radiosurgery Services, Inc. and GKV Investments, Inc.	10-K 001-08789	10.1i	3/30/2016					
10.1j		Tenth Amendment Agreement dated as of March 25, 2021 to the GK Financing, LLC Operating Agreement between American Shared Radiosurgery Services, Inc. and GKV Investments, Inc.	10-K 001-08789	10.1j	3/30/2022					
10.2	10.2	Lease Agreement for a Gamma Knife Unit dated as of October 29, 1996 between GK Financing, LLC and Methodist Healthcare Systems of San Antonio, Ltd., dba Southwest Texas Methodist Hospital.	10-K 001-08789	10.2	3/30/2016	10.2	Lease Agreement for a Gamma Knife Unit dated as of October 29, 1996 between GK Financing, LLC and Methodist Healthcare Systems of San Antonio, Ltd., dba Southwest Texas Methodist Hospital.	10-K 001-08789	10.2	3/30/2016
10.2a	10.2a	Addendum to Lease Agreement for a Gamma Knife Unit dated as of October 31, 1996 between GK Financing, LLC and Methodist Healthcare System of San Antonio, Ltd., dba Southwest Texas Methodist Hospital.	10-K 001-08789	10.2a	3/30/2016	10.2a	Addendum to Lease Agreement for a Gamma Knife Unit dated as of October 31, 1996 between GK Financing, LLC and Methodist Healthcare System of San Antonio, Ltd., dba Southwest Texas Methodist Hospital.	10-K 001-08789	10.2a	3/30/2016

10.2b	10.2b	Addendum Two to Lease Agreement for a Gamma Knife Unit dated as of October 16, 1997 between Methodist Healthcare System of San Antonio, Ltd., d.b.a. Southwest Texas Methodist Hospital and GK Financing, LLC.	10-K 001-08789	10.2b	3/30/2016	10.2b	Addendum Two to Lease Agreement for a Gamma Knife Unit dated as of October 16, 1997 between Methodist Healthcare System of San Antonio, Ltd., d.b.a. Southwest Texas Methodist Hospital and GK Financing, LLC.	10-K 001-08789	10.2b	3/30/2016
10.2c	10.2c	Amendment to Lease Agreement for a Gamma Knife Unit dated as of December 13, 2003 between Methodist Healthcare Systems of San Antonio, Ltd., d/b/a Southwest Texas Methodist Hospital and GK Financing, LLC.	10-K 001-08789	10.2c	3/30/2016	10.2c	Amendment to Lease Agreement for a Gamma Knife Unit dated as of December 13, 2003 between Methodist Healthcare Systems of San Antonio, Ltd., d/b/a Southwest Texas Methodist Hospital and GK Financing, LLC.	10-K 001-08789	10.2c	3/30/2016

10.2d	10.2d	# Second Amendment to Lease Agreement for a Gamma Knife Unit (Perfexion Upgrade) dated as of December 23, 2009 between GK Financing, LLC and Methodist Healthcare Systems of San Antonio, Ltd., d/b/a Southwest Texas Methodist Hospital.	10-Q 001-08789	10.18b	11/15/2010	10.2d	# Second Amendment to Lease Agreement for a Gamma Knife Unit (Perfexion Upgrade) dated as of December 23, 2009 between GK Financing, LLC and Methodist Healthcare Systems of San Antonio, Ltd., d/b/a Southwest Texas Methodist Hospital.	10-Q 001-08789	10.18b	11/15/2010
10.2e						10.2e	Third Amendment to Lease Agreement for a Gamma Knife Unit (Perfexion Upgrade) dated June 1, 2020 between GK Financing, LLC and Methodist Healthcare System of San Antonio, Ltd., d/b/a Southwest Texas Methodist Hospital	10-Q 001-08789	10.4	5/12/2023

10.2f							10.2f	*	Fourth Amendment to Lease Agreement for a Gamma Knife Unit (Esprit Upgrade) dated July 28, 2023 between GK Financing, LLC and Methodist Healthcare System of San Antonio, Ltd., L.L.P. (f/k/a Methodist Healthcare System of San Antonio, Ltd.) d/b/a Southwest Texas Methodist Hospital.			
10.4	10.4	Purchased Services Agreement (for a Gamma Knife Unit) dated as of November 19, 2008 between GK Financing, LLC and Kettering Medical Center.	10-Q 001-08789	10.1	8/11/2016	10.4			Purchased Services Agreement (for a Gamma Knife Unit) dated as of November 19, 2008 between GK Financing, LLC and Kettering Medical Center.	10-Q 001-08789	10.1	8/11/2016

10.4a	10.4a	First Amendment to Purchased Services Agreement (for a Gamma Knife Unit) dated as of June 11, 2009 between GK Financing, LLC and Kettering Medical Center.	10-Q 001-08789	10.1a	8/11/2016	10.4a	First Amendment to Purchased Services Agreement (for a Gamma Knife Unit) dated as of June 11, 2009 between GK Financing, LLC and Kettering Medical Center.	10-Q 001-08789	10.1a	8/11/2016
10.4b	10.4b	# Second Amendment to Purchased Services Agreement (for a Gamma Knife Unit) dated as of February 27, 2014 between GK Financing, LLC and Kettering Medical Center.	10-K 001-08789	10.21c	4/1/2015	10.4b	# Second Amendment to Purchased Services Agreement (for a Gamma Knife Unit) dated as of February 27, 2014 between GK Financing, LLC and Kettering Medical Center.	10-K 001-08789	10.21c	4/1/2015
10.4c	10.4c	# Third Amendment to Purchased Services Agreement (for a Gamma Knife Unit) dated as of March 28, 2019 between GK Financing, LLC and Kettering Medical Center	10-Q 001-08789	10.1	11/7/2019	10.4c	# Third Amendment to Purchased Services Agreement (for a Gamma Knife Unit) dated as of March 28, 2019 between GK Financing, LLC and Kettering Medical Center	10-Q 001-08789	10.1	11/7/2019

10.5	#	Lease Agreement for a Gamma Knife Unit (Perfexion Upgrade) dated as of July 30, 2013 between Tufts Medical Center, Inc. (FKA New England Medical Center Hospitals, Inc.) and GK Financing, LLC.	10-K 001-08789	10.22b	3/31/2014					
10.4d						10.4d	#	Fourth Amendment to Purchased Services Agreement dated April 20, 2021 between GK Financing, LLC and Kettering Medical Center.	10-Q 001-08789	10.1	8/14/2023
10.5a	#	First Amendment to Lease Agreement for a Gamma Knife Unit (Perfexion Upgrade) dated as of April 23, 2020 between Tufts Medical Center, Inc. (FKA New England Medical Center Hospitals, Inc.) and GK Financing, LLC.	10-Q 001-08789	10.1	8/14/2020					
10.6	#	Amended and Restated Equipment Lease Agreement (for a Gamma Knife Unit) dated as of December 12, 2014, between GK Financing, LLC and the Board of Trustees of the University of Arkansas on behalf of the University of Arkansas for Medical Sciences.	10-Q 001-08789	10.4	8/19/2015					
10.4e						10.4e		Fifth Amendment to Purchased Services Agreement dated May 1, 2023 between GK Financing, LLC and Kettering Medical Center.	10-Q 001-08789	10.2	8/14/2023

10.10	10.10	Lease Agreement for a Gamma Knife Unit dated as of November 1, 1999 between GK Financing, LLC and Jackson HMA, Inc. d/b/a Central Mississippi Medical Center.	10-K 001-08789	10.10	3/30/2016	10.10	Lease Agreement for a Gamma Knife Unit dated as of November 1, 1999 between GK Financing, LLC and Jackson HMA, Inc. d/b/a Central Mississippi Medical Center.	10-K 001-08789	10.10	3/30/2016
10.10a	10.10a	Addendum to Lease Agreement for a Gamma Knife Unit dated as of November 1, 1999 between Jackson HMA, Inc. dba Central Mississippi Medical Center and GK Financing, LLC.	10-Q 001-08789	10.34	8/10/2001	10.10a	Addendum to Lease Agreement for a Gamma Knife Unit dated as of November 1, 1999 between Jackson HMA, Inc. dba Central Mississippi Medical Center and GK Financing, LLC.	10-Q 001-08789	10.34	8/10/2001
10.10b	10.10b	# Addendum Two to Lease Agreement for a Gamma Knife Unit dated as of November 6, 2006 between GK Financing, LLC and Jackson HMA, Inc. d/b/a Central Mississippi Medical Center.	10-K 001-08789	10.51	4/2/2007	10.10b	# Addendum Two to Lease Agreement for a Gamma Knife Unit dated as of November 6, 2006 between GK Financing, LLC and Jackson HMA, Inc. d/b/a Central Mississippi Medical Center.	10-K 001-08789	10.51	4/2/2007

10.10c	10.10c	Amendment Three to Lease Agreement for a Gamma Knife Unit dated as of February 23, 2010 between GK Financing, LLC and Jackson HMA, LLC d/b/a Central Mississippi Medical Center.	10-K 001-08789	10.10c	3/30/2016	10.10c	Amendment Three to Lease Agreement for a Gamma Knife Unit dated as of February 23, 2010 between GK Financing, LLC and Jackson HMA, LLC d/b/a Central Mississippi Medical Center.	10-K 001-08789	10.10c	3/30/2016
10.10d	10.10d	Amendment Four to Lease Agreement for a Gamma Knife Unit dated as of May 1, 2019 between GK Financing, LLC and Jackson HMA, LLC d/b/a Central Mississippi Medical Center.	10-Q 001-08789	10.1	5/11/2020	10.10d	Amendment Four to Lease Agreement for a Gamma Knife Unit dated as of May 1, 2019 between GK Financing, LLC and Jackson HMA, LLC d/b/a Central Mississippi Medical Center.	10-Q 001-08789	10.1	5/11/2020
10.11	10.11	Lease Agreement for a Gamma Knife Unit dated as of February 18, 2000 between GK Financing, LLC and OSF HealthCare System.	10-K 001-08789	10.11	3/30/2016	10.11	Lease Agreement for a Gamma Knife Unit dated as of February 18, 2000 between GK Financing, LLC and OSF HealthCare System.	10-K 001-08789	10.11	3/30/2016

10.11a	10.11a	Addendum to Lease Agreement for a Gamma Knife Unit dated as of April 13, 2007, between GK Financing, LLC and OSF Healthcare System.	10-Q 001-08789	10.2	8/11/2016	10.11a	Addendum to Lease Agreement for a Gamma Knife Unit dated as of April 13, 2007, between GK Financing, LLC and OSF Healthcare System.	10-Q 001-08789	10.2	8/11/2016
10.11b	10.11b	Addendum Two to Lease Agreement for a Gamma Knife Unit dated as of October 31, 2012 between GK Financing, LLC and OSF Healthcare System.	10-Q 001-08789	10.2a	8/11/2016	10.11b	Addendum Two to Lease Agreement for a Gamma Knife Unit dated as of October 31, 2012 between GK Financing, LLC and OSF Healthcare System.	10-Q 001-08789	10.2a	8/11/2016
10.11c	10.11c	# Addendum Three to Lease Agreement for a Gamma Knife Unit dated as of June 7, 2016 between GK Financing, LLC and OSF Healthcare System.	10-Q 001-08789	10.2b	8/11/2016	10.11c	# Addendum Three to Lease Agreement for a Gamma Knife Unit dated as of June 7, 2016 between GK Financing, LLC and OSF Healthcare System.	10-Q 001-08789	10.2b	8/11/2016
10.11d	10.11d	Addendum Four to Lease Agreement for a Gamma Knife Unit dated as of February 6, 2020 between GK Financing, LLC and OSF Healthcare System.	10-K 001-08789	10.11d	4/6/2021	10.11d	Addendum Four to Lease Agreement for a Gamma Knife Unit dated as of February 6, 2020 between GK Financing, LLC and OSF Healthcare System.	10-K 001-08789	10.11d	4/6/2021

10.11e	10.11e	# Addendum Five to Lease Agreement for a Gamma Knife Unit dated as of April 28, 2021 between GK Financing, LLC and OSF Healthcare System.	10-K 001-08789	10.11e	3/30/2022	10.11e	# Addendum Five to Lease Agreement for a Gamma Knife Unit dated as of April 28, 2021 between GK Financing, LLC and OSF Healthcare System.	10-K 001-08789	10.11e	3/30/2022
10.13	10.13	Equipment Lease Agreement (for a Gamma Knife Unit) dated as of February 13, 2003 between GK Financing, LLC and AHS Albuquerque Regional Medical Center, LLC.	10-K 001-08789	10.13	3/30/2016	10.13	Equipment Lease Agreement (for a Gamma Knife Unit) dated as of February 13, 2003 between GK Financing, LLC and AHS Albuquerque Regional Medical Center, LLC.	10-K 001-08789	10.13	3/30/2016
10.13a	10.13a	# Amendment to Equipment Lease Agreement (Perfexion Upgrade) dated as of April 8, 2011 between GK Financing, LLC and Lovelace Health System, Inc., d/b/a Lovelace Medical Center.	10-Q 001-08789	10.62	8/15/2011	10.13a	# Amendment to Equipment Lease Agreement (Perfexion Upgrade) dated as of April 8, 2011 between GK Financing, LLC and Lovelace Health System, Inc., d/b/a Lovelace Medical Center.	10-Q 001-08789	10.62	8/15/2011

10.13b	10.13b	Assignment and Assumption of Purchase and License Agreement dated as of February 2, 2011 between Elekta, Inc., GK Financing, LLC and Albuquerque GK Equipment, LLC.	10-Q 001-08789	10.62a	8/15/2011	10.13b	Assignment and Assumption of Purchase and License Agreement dated as of February 2, 2011 between Elekta, Inc., GK Financing, LLC and Albuquerque GK Equipment, LLC.	10-Q 001-08789	10.62a	8/15/2011
10.13c	10.13c	# Icon Upgrade and Amendment Two to Equipment Lease Agreement for a Gamma Knife Unit dated as of October 15, 2019 between GK Financing, LLC and Lovelace Health System, Inc., d/b/a Lovelace Medical Center.	10-Q 001-08789	10.1	11/13/2020	10.13c	# Icon Upgrade and Amendment Two to Equipment Lease Agreement for a Gamma Knife Unit dated as of October 15, 2019 between GK Financing, LLC and Lovelace Health System, Inc., d/b/a Lovelace Medical Center.	10-Q 001-08789	10.1	11/13/2020

10.13d							10.13d	*	Amendment Three to Equipment Lease Agreement dated as of November 9, 2023 between GK Financing, LLC and Lovelace Health System, LLC d/b/a Lovelace Medical Center.			
10.14	10.14		Equipment Lease Agreement (for a Gamma Knife Unit) dated as of March 21, 2003 between GK Financing, LLC and Northern Westchester Hospital Center.	10-K 001-08789	10.14	3/30/2016	10.14		Equipment Lease Agreement (for a Gamma Knife Unit) dated as of March 21, 2003 between GK Financing, LLC and Northern Westchester Hospital Center.	10-K 001-08789	10.14	3/30/2016
10.14a	10.14a	#	Amendment to Equipment Lease Agreement (Perfexion Upgrade) dated as of June 8, 2012 between GK Financing, LLC and Northern Westchester Hospital Center.	10-Q 001-08789	10.46a	8/14/2013	10.14a	#	Amendment to Equipment Lease Agreement (Perfexion Upgrade) dated as of June 8, 2012 between GK Financing, LLC and Northern Westchester Hospital Center.	10-Q 001-08789	10.46a	8/14/2013

10.14b	10.14b	# Amendment Two to Equipment Lease Agreement (Reload) dated as of October 7, 2020 between GK Financing, LLC and Northern Westchester Hospital Association.	10-Q 001-08789	10.1	5/13/2021	10.14b	# Amendment Two to Equipment Lease Agreement (Reload) dated as of October 7, 2020 between GK Financing, LLC and Northern Westchester Hospital Association.	10-Q 001-08789	10.1	5/13/2021
10.16	10.16	# Purchased Services Agreement (for a Gamma Knife Unit) dated as of March 5, 2008 between GK Financing, LLC and USC University Hospital, Inc.	10-Q 001-08789	10.57	5/14/2008	10.16	# Purchased Services Agreement (for a Gamma Knife Unit) dated as of March 5, 2008 between GK Financing, LLC and USC University Hospital, Inc.	10-Q 001-08789	10.57	5/14/2008
10.16a	10.16a	# First Amendment to Purchased Services Agreement (for a Gamma Knife Unit) dated as of April 1, 2009 between GK Financing, LLC and University of Southern California.	10-Q 001-08789	10.57a	8/14/2009	10.16a	# First Amendment to Purchased Services Agreement (for a Gamma Knife Unit) dated as of April 1, 2009 between GK Financing, LLC and University of Southern California.	10-Q 001-08789	10.57a	8/14/2009

10.16b	10.16b	# Second Amendment to Purchased Services Agreement (for a Gamma Knife Unit) dated as of October 1, 2013 between GK Financing, LLC and University of Southern California.	10-Q 001-08789	10.57b	8/14/2014	10.16b	# Second Amendment to Purchased Services Agreement (for a Gamma Knife Unit) dated as of October 1, 2013 between GK Financing, LLC and University of Southern California.	10-Q 001-08789	10.57b	8/14/2014
10.16c	10.16c	Third Amendment to Purchased Services Agreement dated as June 30, 2020 between GK Financing, LLC and University of Southern California.	10-Q 001-08789	10.2	11/13/2020	10.16c	Third Amendment to Purchased Services Agreement dated as June 30, 2020 between GK Financing, LLC and University of Southern California.	10-Q 001-08789	10.2	11/13/2020
10.16d	10.16d	Fourth Amendment to Purchased Services Agreement dated as of July 28, 2021 between GK Financing, LLC and University of Southern California.	10-Q 001-08789	10.1	11/10/2021	10.16d	Fourth Amendment to Purchased Services Agreement dated as of July 28, 2021 between GK Financing, LLC and University of Southern California.	10-Q 001-08789	10.1	11/10/2021
10.17		# Equipment Lease Agreement (for a Gamma Knife Unit) dated as of May 1, 2010 between GK Financing, LLC and Fort Sanders Regional Medical Center.	10-Q 001-08789	10.60	5/16/2011					
10.17a		Amendment to Lease Agreement (for a Gamma Knife Unit) dated as of January 3, 2012 between GK Financing, LLC and Fort Sanders Regional Medical Center.	10-K 001-08789	10.17a	3/30/2016					

10.17b		Second Amendment to Equipment Lease Agreement (for a Gamma Knife Unit) dated as of June 1, 2017 between GK Financing, LLC and Fort Sanders Regional Medical Center.	10-Q 001-08789	10.2	8/10/2017					
10.18	10.18	#Leksell Gamma Knife Perfexion Purchased Services Agreement dated as of August 5, 2011 between Jacksonville GK Equipment, LLC and St. Vincent's Medical Center, Inc.	10-K 001-08789	10.63	3/30/2012	10.18	#Leksell Gamma Knife Perfexion Purchased Services Agreement dated as of August 5, 2011 between Jacksonville GK Equipment, LLC and St. Vincent's Medical Center, Inc.	10-K 001-08789	10.63	3/30/2012
10.18a	10.18a	#First Amendment to the Leksell Gamma Knife Perfexion Purchased Services Agreement dated as of October 10, 2011 between Jacksonville GK Equipment, LLC and St. Vincent's Medical Center, Inc.	10-K 001-08789	10.63a	3/30/2012	10.18a	#First Amendment to the Leksell Gamma Knife Perfexion Purchased Services Agreement dated as of October 10, 2011 between Jacksonville GK Equipment, LLC and St. Vincent's Medical Center, Inc.	10-K 001-08789	10.63a	3/30/2012
10.19	10.19	#Leksell Gamma Knife Perfexion Purchased Services Agreement dated as of January 19, 2012 between GK Financing, LLC and Sacred Heart Health System, Inc.	10-Q 001-08789	10.65	5/15/2013	10.19	#Leksell Gamma Knife Perfexion Purchased Services Agreement dated as of January 19, 2012 between GK Financing, LLC and Sacred Heart Health System, Inc.	10-Q 001-08789	10.65	5/15/2013

10.20	10.20	# Leksell Gamma Knife Perfexion Purchased Services Agreement dated as of March 27, 2014 between GK Financing, LLC and PeaceHealth doing business through its operating division PeaceHealth Sacred Heart Medical Center at RiverBend.	10-K 001-08789	10.67	4/1/2015	10.20	# Leksell Gamma Knife Perfexion Purchased Services Agreement dated as of March 27, 2014 between GK Financing, LLC and PeaceHealth doing business through its operating division PeaceHealth Sacred Heart Medical Center at RiverBend.	10-K 001-08789	10.67	4/1/2015
10.20a	10.20a	Amendment One to Leksell Gamma Knife Perfexion Purchased Services Agreement dated as of March 27, 2014 between GKF Financing, LLC and PeaceHealth Sacred Heart Medical Center at Riverbend.	10-Q 001-08789	10.2	5/13/2021	10.20a	Amendment One to Leksell Gamma Knife Perfexion Purchased Services Agreement dated as of March 27, 2014 between GKF Financing, LLC and PeaceHealth Sacred Heart Medical Center at Riverbend.	10-Q 001-08789	10.2	5/13/2021
10.20b						10.20b *	Amendment Two to Leksell Gamma Knife Perfexion Purchased Services Agreement dated as of January 19, 2024 between GKF Financing, LLC and PeaceHealth Sacred Heart Medical Center at RiverBend,			

10.21	10.21	# Equipment Lease Agreement (for a Gamma Knife Unit) dated as of February 21, 2017 between Bryan Medical Center, and GK Financing, LLC.	10-Q 001-08789	10.1	11/13/2017	10.21	# Equipment Lease Agreement (for a Gamma Knife Unit) dated as of February 21, 2017 between Bryan Medical Center, and GK Financing, LLC.	10-Q 001-08789	10.1	11/13/2017
10.21a	10.21a	# First Amendment to Equipment Lease Agreement (for a Gamma Knife unit) dated as of February 14, 2018 between Bryan Medical Center and GK Financing, LLC	10-Q 001-08789	10.1	5/10/2018	10.21a	# First Amendment to Equipment Lease Agreement (for a Gamma Knife unit) dated as of February 14, 2018 between Bryan Medical Center and GK Financing, LLC	10-Q 001-08789	10.1	5/10/2018
10.22	10.22	# Proton Beam Radiation Therapy Lease Agreement dated as of October 18, 2006 between American Shared Hospital Services and Orlando Regional Healthcare System, Inc.	10-Q 001-08789	10.3	8/11/2016	10.22	# Proton Beam Radiation Therapy Lease Agreement dated as of October 18, 2006 between American Shared Hospital Services and Orlando Regional Healthcare System, Inc.	10-Q 001-08789	10.3	8/11/2016

10.22a	10.22a	#	Amendment One to Proton Beam Radiation Therapy Lease Agreement dated as of August 12, 2012 between American Shared Hospital Services and Orlando Health, Inc., formerly known as Orlando Regional Healthcare System, Inc.	10-Q 001-08789	10.3a	8/11/2016	10.22a	#	Amendment One to Proton Beam Radiation Therapy Lease Agreement dated as of August 12, 2012 between American Shared Hospital Services and Orlando Health, Inc., formerly known as Orlando Regional Healthcare System, Inc.	10-Q 001-08789	10.3a	8/11/2016
10.23		#	Equipment Lease Agreement (for a Gamma Knife Unit) dated as of May 8, 2018 between The Methodist Hospitals, Inc. and GK Financing, LLC	10-Q 001-08789	10.1	5/13/2019						
10.23a							10.23a	#	Equipment Lease Agreement (for a Gamma Knife Unit) dated as of May 8, 2018 between The Methodist Hospitals, Inc. and GK Financing, LLC	10-Q 001-08789	10.1	5/13/2019
10.23b							10.23b	*	First Amendment to Lease Agreement for a Gamma Knife Unit (Perfexion on site upgrade to Elekta Esprit) dated as of April 18, 2023 between The Methodist Hospitals, Inc. and GK Financing, LLC.			

10.23c						10.23c	*	Second Amendment to Lease Agreement for a Gamma Knife Unit (Cobalt-60 Reload) dated as of June 13, 2023 between The Methodist Hospitals, Inc. and GK Financing, LLC.			
10.24	10.24	• American Shared Hospital Services Incentive Compensation Plan as Amended and Restated effective June 25, 2021	8-K 001-08789	10.1	7/1/2021	10.24	•	American Shared Hospital Services Incentive Compensation Plan as Amended and Restated effective June 25, 2021	8-K 001-08789	10.1	7/1/2021
10.25	10.25	• Form of Indemnification Agreement between American Shared Hospital Services and members of its Board of Directors.	10-K 001-08789	10.26	3/30/2016	10.25	•	Form of Indemnification Agreement between American Shared Hospital Services and members of its Board of Directors.	10-K 001-08789	10.26	3/30/2016
10.26	10.26	• Form of American Shared Hospital Services Incentive Compensation Plan Performance Share Award Agreement.	10-K 001-08789	10.25	3/27/2017	10.26	•	Form of American Shared Hospital Services Incentive Compensation Plan Performance Share Award Agreement.	10-K 001-08789	10.25	3/27/2017

10.27	10.27	• Offer Letter between the Company and Mr. Raymond C. Stachowiak dated April 22, 2020	8-K 001-08789	99.1	4/22/2020	10.27	• Form of American Shared Hospital Services Incentive Compensation Plan Restricted Stock Unit Issuance Agreement.	10-Q 001-08789	10.2	5/12/2023
10.28	10.28	• Offer Letter between the Company and Peter Gaccione dated August 26, 2022.	8-K 001-08789	10.1	9/1/2022	10.28	• Form of American Shared Hospital Services Incentive Compensation Plan Notice of Grant of Incentive Stock Option.	10-Q 001-08789	10.3	5/12/2023
10.29		Credit Agreement dated as of April 9, 2021 among American Shared Hospital Services, PBRT Orlando, LLC and GK Financing, LLC as the initial co-Borrowers, and American Shared Radiosurgery Services as the initial additional Loan Party and Fifth Third Bank, National Association, as Lender.	8-K 001-08789	10.1	4/15/2021					
10.29						10.29	• Offer Letter between the Company and Mr. Raymond C. Stachowiak dated April 22, 2020	8-K 001-08789	99.1	4/22/2020
10.30						10.30	• Offer Letter between the Company and Peter Gaccione dated August 26, 2022.	8-K 001-08789	10.1	9/1/2022
10.31						10.31	• Offer Letter between the Company and Robert Hiatt dated April 12, 2023.	8-K 001-08789	10.1	4/18/2023

10.32a		10.32a	Credit Agreement dated as of April 9, 2021 among the Company, PBRT Orlando, LLC and GK Financing, LLC as the initial co-Borrowers, and American Shared Radiosurgery Services as the initial additional Loan Party and Fifth Third Bank, National Association, as Lender.	8-K 001-08789	10.1	4/15/2021
10.32b		10.32b	First Amendment to Credit Agreement dated as of January 25, 2024 among the Company, PBRT Orlando, LLC and GK Financing, LLC as the Borrowers, American Shared Radiosurgery Services as a Loan Party and Fifth Third Bank, National Association, as Lender.	8-K 001-08789	10.1	1/31/2024

10.33a				10.33a	Investment Agreement dated as of November 10, 2023 between GenesisCare USA, Inc., GenesisCare USA Holdings, Inc., and the Company.	8-K 001-08789	10.1	11/16/2023
10.33b				10.33b	* First Amendment to Investment Agreement dated as of March 1, 2024 between the Company, GenesisCare USA, Inc., and GenesisCare USA Holdings, Inc.			
21.1	21.1	* Subsidiaries of American Shared Hospital Services		21.1	* Subsidiaries of the Company			
23.1	23.1	* Consent of Independent Registered Public Accounting Firm		23.1	* Consent of Independent Registered Public Accounting Firm			

31.1	*	Certification of Principal Executive Officer pursuant to Rule 13a-14a/15d-14a, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	*	Certification of Principal Financial Officer pursuant to Rule 13a-14a/15d-14a, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	‡	Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97	*	American Shared Hospital Services Compensation Recoupment Policy, effective October 2, 2023.
101.INS	*	Inline XBRL Instance Document
101.SCH	*	Inline XBRL Taxonomy Extension Schema Document
101.CAL	*	Inline XBRL Taxonomy Calculation Linkbase Document
101.DEF	*	Inline XBRL Taxonomy Definition Linkbase Document
101.LAB	*	Inline XBRL Taxonomy Label Linkbase Document
101.PRE	*	Inline XBRL Taxonomy Extension Presentation Linkbase Document

104	*	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline Instance XBRL contained in Exhibit 101

* Filed herewith.

‡ Furnished herewith.

Confidential material appearing in As permitted by Regulation S-K, Item 601(b)(10)(iv) of the Securities Exchange Act of 1934, as amended, certain confidential portions of this document has exhibit have been omitted and redacted from the publicly filed separately with document. The Company agrees to furnish supplementally an unredacted copy of the exhibit to the Securities and Exchange Commission in accordance with Rule 24b-2, promulgated under the Securities and Exchange Act of 1934, as amended. upon its request. Omitted information has been replaced with asterisks.

• Indicates management compensatory plan, contract, or arrangement.

ITEM 16. FORM 10-K SUMMARY

The optional summary in Item 16 has not been included in this Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICAN SHARED HOSPITAL SERVICES

(Registrant)

March 31, 2023 April 1, 2024

By: /s/ Raymond C. Stachowiak

Raymond C. Stachowiak

Executive Chairman of the Board

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Raymond C. Stachowiak Raymond C. Stachowiak	Executive Chairman of the Board (principal executive officer)	March 31, 2023 April 1, 2024
/s/ Daniel G. Kelly Jr. Daniel G. Kelly JR.	Director	March 31, 2023 April 1, 2024
/s/ Ernest A. Bates Ernest A. Bates, M.D.	Director	March 31, 2023
/s/ Kathleen Miles Kathleen Miles	Director	March 31, 2023 April 1, 2024
/s/ Vicki L. Wilson Vicki L. Wilson	Director	March 31, 2023 April 1, 2024
/s/ Craig K. Tagawa Robert L. Hiatt Craig K. Tagawa Robert L. Hiatt	President and Chief Financial Officer (principal financial officer and principal accounting officer)	March 31, 2023 April 1, 2024

AMERICAN SHARED HOSPITAL SERVICES

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
and
CONSOLIDATED FINANCIAL STATEMENTS

AS OF December 31, 2022 December 31, 2023 and 2021 2022,
and
FOR THE YEARS THEN ENDED

CONTENTS

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of
American Shared Hospital Services, Inc.

Opinion on the Financial Statements

We have audited the accompanying *consolidated* balance sheets of American Shared Hospital Services, Inc. (the "Company") as of December 31, 2022 December 31, 2023 and 2021, 2022, and the related consolidated statements of income, operations, shareholders' equity and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022 December 31, 2023 and 2021, 2022, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which they relate.

Retail Rental Revenue Recognition from Medical Equipment Leasing – Estimates of Reimbursement Rates and Payor Mix

As described in Note 2 in the Company's consolidated financial statements, the Company has retail customer rental revenue classified as from medical equipment leasing on either turn-key a fee per use or revenue sharing basis that are recognized under Accounting Standards Codification 842, *Leases*. Under revenue sharing arrangements, the Company receives a contracted percentage of the reimbursement received by the hospital. Under turn-key fee per use arrangements, the Company receives payment from the hospital based on as determined by each hospital's lease agreement with the amount of the hospital's reimbursement from third party payors. Company.

We identified management's estimates of reimbursement rates and payor mix to record retail rental revenue from medical equipment leasing and related accounts receivable, as a critical audit matter. Retail Rental revenue from medical equipment leasing and related accounts receivable involves significant judgment and estimation, including measurement uncertainty, by management based on the estimates and assumptions used and are subject to adjustments based on actual reimbursements received by the Company. In turn, auditing management's judgments and estimates related to retail rental revenue from medical equipment leasing and related accounts receivable involved a high degree of subjectivity, as they are based on estimates of reimbursement rates and payor mix. rates.

The primary procedures we performed to address this critical audit matter included:

- Obtaining management's reconciliation of retail rental revenue from medical equipment leasing and accounts receivable by site and agreeing management's reconciliation to supporting documentation related to the estimated reimbursement rates and payor mix used in the calculation.

- Testing the completeness, accuracy, and relevance of the underlying data of the system-generated reports used by management.

- Obtaining third party confirmations, confirming the number of procedures, payment dates and amounts paid, and reconciling confirmed amounts to management's reconciliation, to validate the approximate rate per procedure.

- Testing subsequent cash receipts and evaluating the reasonableness of the management's estimates through a look-back analysis over retail rental revenue from medical equipment leasing as compared to accounts receivable balances previously recognized.

- Developing an independent expectation of reimbursement rates per procedure based on historical trends, procedures, and payment amounts received through confirmation directly with the hospital and comparing to management's estimates.

Property and Equipment - Salvage Value on Equipment

As described in Note 2 to the consolidated financial statements, property and equipment are stated at cost less accumulated depreciation. Depreciation for Gamma Knife, and other equipment is determined using the straight-line method over the estimated useful lives of the assets, which for medical and office equipment is generally from 3 to 10 years, and after accounting for salvage value on the equipment where indicated. Salvage value is based on the estimated fair value of the equipment at the end of its useful life. As of December 31, 2022, the Company had seven domestic Gamma Knife units with salvage value ranging from $140,000 to $300,000.

We identified management's estimates of salvage value including qualitative assessments of certain equipment as a critical audit matter. Determination of salvage values involves significant judgment and estimation, involving measurement uncertainty, as there is no active resale market for the Gamma Knife units due to limited sellers and buyers and trade-ins for the equipment are not guaranteed. Trade-ins are highly dependent on future demand, values and the Company's relationship with the supplier, a related party of the Company. In turn, auditing management's judgments and estimates related to salvage value of certain equipment, involved a high degree of subjectivity.

The primary procedure we performed to address this critical audit matter included evaluating management's determination of salvage values by comparing determined salvages values with historical trade-in transactions and publicly available transaction information, if available, which may include reviewing relevant purchase agreements, supplier agreements or information, and evaluating publicly available transaction information.

/s/ Moss Adams LLP

San Francisco, California

March 31, 2023 April 1, 2024

We have served as the Company's auditor since 2000.

AMERICAN SHARED HOSPITAL SERVICES

CONSOLIDATED BALANCE SHEETS

	December 31,		December 31,	
	2022	2021	2023	2022
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 12,335,000	$ 8,145,000	$ 13,690,000	$ 12,335,000
Restricted cash	118,000	118,000	118,000	118,000
Accounts receivable, net of allowance for doubtful accounts of $100,000 At December 31, 2022 and December 31, 2021	3,801,000	4,211,000		
Accounts receivable, net of allowance for credit losses of $100,000 At December 31, 2023 and December 31, 2022			4,343,000	3,801,000
Other receivables	327,000	613,000	504,000	327,000
Prepaid maintenance	1,245,000	1,174,000	1,275,000	1,245,000
Prepaid expenses and other current assets	897,000	826,000	526,000	897,000
Total current assets	18,723,000	15,087,000	20,456,000	18,723,000
PROPERTY AND EQUIPMENT, net	23,467,000	28,254,000	25,844,000	23,467,000
LAND	19,000	19,000	19,000	19,000
GOODWILL	1,265,000	1,265,000	1,265,000	1,265,000
INTANGIBLE ASSETS	78,000	78,000	78,000	78,000
RIGHT OF USE ASSETS, net	317,000	654,000	57,000	317,000
OTHER ASSETS	87,000	73,000	443,000	87,000
TOTAL ASSETS	$ 43,956,000	$ 45,430,000	$ 48,162,000	$ 43,956,000
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	$ 230,000	$ 318,000	$ 315,000	$ 230,000
Employee compensation and benefits	735,000	423,000	757,000	735,000
Other accrued liabilities	1,544,000	1,505,000	1,226,000	1,544,000
Related party liabilities	497,000	1,342,000	1,961,000	497,000
Asset retirement obligations, related party (includes $107,000 non-related party at December 31, 2021)	360,000	757,000		
Asset retirement obligations, related party (includes $250,000 and $120,000 non-related party at December 31, 2023 and 2022, respectively)			650,000	360,000
Income taxes payable	255,000	96,000	1,229,000	255,000
Current portion of lease liabilities	292,000	369,000	57,000	292,000
Line of credit			2,500,000	—
Current portion of long-term debt, net	1,262,000	1,081,000	2,084,000	1,262,000

Total current liabilities	5,175,000	5,891,000	10,779,000	5,175,000
LONG-TERM LEASE LIABILITIES, less current portion	59,000	359,000	—	59,000
LONG-TERM DEBT, net, less current portion	12,205,000	14,323,000	11,041,000	12,205,000
DEFERRED REVENUE, less current portion	70,000	140,000	—	70,000
DEFERRED INCOME TAXES	822,000	478,000	63,000	822,000
TOTAL LIABILITIES	18,331,000	21,191,000	21,883,000	18,331,000
COMMITMENTS AND CONTINGENCIES (See Note 10)				
SHAREHOLDERS' EQUITY				
Common stock				
Common stock, no par value (10,000,000 authorized; Issued and outstanding shares – 6,184,000 at December 31, 2022 and 6,049,000 at December 31, 2021	10,763,000	10,758,000		
Common stock, no par value (10,000,000 authorized shares; Issued and outstanding shares – 6,300,000 at December 31, 2023 and 6,184,000 at December 31, 2022			10,763,000	10,763,000
Additional paid-in capital	7,843,000	7,444,000	8,232,000	7,843,000
Retained earnings	3,019,000	1,691,000	3,629,000	3,019,000
Total equity- American Shared Hospital Services	21,625,000	19,893,000	22,624,000	21,625,000
Non-controlling interests in subsidiaries	4,000,000	4,346,000	3,655,000	4,000,000
Total shareholders' equity	25,625,000	24,239,000	26,279,000	25,625,000
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 43,956,000	$ 45,430,000	$ 48,162,000	$ 43,956,000

See accompanying notes

AMERICAN SHARED HOSPITAL SERVICES

CONSOLIDATED STATEMENTS OF OPERATIONS

	YEARS ENDED December 31,	
	2023	**2022**
Revenues:		
Rental revenue from medical equipment leasing	$ 17,772,000	$ 16,655,000
Direct patient services revenue	3,353,000	3,091,000
Equipment sales, net	200,000	—
	21,325,000	19,746,000
Costs of revenue:		
Maintenance and supplies	2,032,000	1,878,000
Depreciation and amortization	5,073,000	4,726,000
Other direct operating costs	4,025,000	3,666,000
Other direct operating costs, related party	851,000	1,094,000
	11,981,000	11,364,000
Gross margin	9,344,000	8,382,000
Selling and administrative expense	7,022,000	5,145,000
Interest expense	1,112,000	806,000
Loss on write down of impaired assets and associated removal costs	940,000	—
Operating income	270,000	2,431,000
Interest and other income, net	426,000	87,000
Income before income taxes	696,000	2,518,000

Income tax expense	431,000	963,000
Net income	265,000	1,555,000
Less (plus): net loss (income) attributable to non-controlling interests	345,000	(227,000)
Net income attributable to American Shared Hospital Services	$ 610,000	$ 1,328,000
Net income per share attributable to American Shared Hospital Services:		
Earnings per common share - basic	$ 0.10	$ 0.21
Earnings per common share - diluted	$ 0.10	$ 0.21
Weighted average common shares for basic earnings per share	6,358,000	6,297,000
Weighted average common shares for diluted earnings per share	6,393,000	6,303,000

See accompanying notes

AMERICAN SHARED HOSPITAL SERVICES

CONSOLIDATED STATEMENTS OF INCOME

	YEARS ENDED December 31,	
	2022	**2021**
Revenues:		
Rental income from medical services	$ 16,655,000	$ 14,719,000
Patient income	3,091,000	2,909,000
	19,746,000	17,628,000
Costs of revenue:		
Maintenance and supplies	1,878,000	1,731,000
Depreciation and amortization	4,726,000	4,856,000
Other direct operating costs	3,666,000	3,556,000
Other direct operating costs, related party	1,094,000	759,000
	11,364,000	10,902,000
Gross margin	8,382,000	6,726,000
Selling and administrative expense	5,145,000	4,531,000
Interest expense	806,000	739,000
Loss on write down of impaired assets and associated removal costs	—	105,000
Operating income	2,431,000	1,351,000
(Loss) on early extinguishment of debt	—	(401,000)
Interest and other (loss) income	87,000	(3,000)
Income before income taxes	2,518,000	947,000
Income tax expense	963,000	269,000
Net income	1,555,000	678,000
Less: net (income) attributable to non-controlling interests	(227,000)	(484,000)

Net income attributable to American Shared Hospital Services	$ 1,328,000	$ 194,000
Net income per share attributable to American Shared Hospital Services:		
Earnings per common share - basic	$ 0.21	$ 0.03
Earnings per common share - diluted	$ 0.21	$ 0.03
Weighted average common shares for basic earnings per share	6,297,000	6,044,000
Weighted average common shares for diluted earnings per share	6,303,000	6,059,000

See accompanying notes

AMERICAN SHARED HOSPITAL SERVICES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	YEARS ENDED December 31, 2022 and 2021							YEARS ENDED December 31, 20				
	Common Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Sub-Total ASHS	Non-controlling Interests in Subsidiaries	Total	Common Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Su A
Balances at December 31, 2020	5,791,000	$ 10,753,000	$ 7,024,000	$ 1,497,000	$ 19,274,000	$ 4,376,000	$ 23,650,000					
Stock-based compensation expense	—	—	420,000	—	420,000	—	420,000					
Options exercised	5,000	5,000	—	—	5,000	—	5,000					
Issuance of deferred restricted stock awards	123,000	—	—	—	—	—	—					
Vested restricted stock awards	130,000	—	—	—	—	—	—					
Cash distributions to non-controlling interests	—	—	—	—	—	(514,000)	(514,000)					
Net income	—	—	—	194,000	194,000	484,000	678,000					
Balances at December 31, 2021	6,049,000	10,758,000	7,444,000	1,691,000	19,893,000	4,346,000	24,239,000	6,049,000	$ 10,758,000	$ 7,444,000	$ 1,691,000	$ 19
Stock-based compensation expense	—	—	399,000	—	399,000	—	399,000	—	—	399,000	—	
Options exercised	3,000	5,000	—	—	5,000	—	5,000	3,000	5,000	—	—	
Vested restricted stock awards	132,000	—	—	—	—	—	—	132,000		—	—	

Cash distributions to non-controlling interests	—	—	—	—	—	(573,000)	(573,000)	—	—	—	—	
Net income	—	—	—	1,328,000	1,328,000	227,000	1,555,000	—	—	—	1,328,000	1
Balances at December 31, 2022	6,184,000	$ 10,763,000	$ 7,843,000	$ 3,019,000	$ 21,625,000	$ 4,000,000	$ 25,625,000	6,184,000	10,763,000	7,843,000	3,019,000	21
Stock-based compensation expense								—	—	389,000	—	
Vested restricted stock awards								116,000	—	—	—	
Net income								—	—	—	610,000	
Balances at December 31, 2023								6,300,000	$ 10,763,000	$ 8,232,000	$ 3,629,000	$ 22

See accompanying notes

AMERICAN SHARED HOSPITAL SERVICES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED December 31,		YEARS ENDED December 31,	
	2022	2021	2023	2022
OPERATING ACTIVITIES				
Net income	$ 1,555,000	$ 678,000	$ 265,000	$ 1,555,000
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation and amortization	4,783,000	4,972,000	5,165,000	4,783,000
Non cash lease expense	337,000	309,000	(34,000)	(40,000)
Accretion of deferred issuance costs	84,000	59,000	46,000	84,000
Loss on write down impaired assets	—	105,000		
Loss on sublease impairment, net	—	74,000		
Loss on extinguishment of debt	—	401,000		
Loss on write down of impaired assets			940,000	—
Deferred income taxes	344,000	60,000	(759,000)	344,000
Stock-based compensation expense	399,000	420,000		
Interest expense associated with lease liabilities	29,000	42,000		
Stock-based compensation			389,000	399,000
Changes in operating assets and liabilities:				
Receivables	696,000	(519,000)	(719,000)	696,000
Prepaid expenses and other assets	(111,000)	14,000	21,000	(111,000)
Asset retirement obligations, related party	(397,000)	(618,000)	—	(397,000)
Related party liabilities	(845,000)	775,000	(491,000)	(845,000)
Lease liability	(406,000)	(351,000)		
Accounts payable, accrued liabilities and deferred revenue	608,000	76,000	(79,000)	608,000
Income taxes payable	159,000	(230,000)	974,000	159,000

Net cash provided by operating activities	7,235,000	6,267,000	5,718,000	7,235,000
INVESTING ACTIVITIES				
Payment for purchases of property and equipment	(388,000)	(1,674,000)	(6,273,000)	(388,000)
Net cash (used in) investing activities	(388,000)	(1,674,000)	(6,273,000)	(388,000)
FINANCING ACTIVITIES				
Principal payments on long-term debt	(2,032,000)	(3,927,000)	(2,129,000)	(2,032,000)
Principal payments on finance leases	—	(8,919,000)		
Long-term debt financing	—	13,897,000		
Prepayment penalties	—	(401,000)		
Principal payments on line of credit			(1,400,000)	—
Long-term debt financing on purchase of property and equipment			1,750,000	—
Advances on line of credit			3,900,000	—
Distributions to non-controlling interests	(573,000)	(514,000)	—	(573,000)
Debt issuance costs long-term debt	(9,000)	(325,000)	(9,000)	(9,000)
Proceeds from options exercised	5,000	5,000	—	5,000
Principal payments on short-term financing prepaid insurance	(48,000)	(471,000)	(202,000)	(48,000)
Net cash (used in) financing activities	(2,657,000)	(655,000)		
Net cash provided by (used in) financing activities			1,910,000	(2,657,000)
Net change in cash and cash equivalents	4,190,000	3,938,000	1,355,000	4,190,000
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	8,263,000	4,325,000	12,453,000	8,263,000
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of year	$ 12,453,000	$ 8,263,000	$ 13,808,000	$ 12,453,000

See accompanying notes

SUPPLEMENTAL CASH FLOW DISCLOSURE				
Cash paid for interest	$ 722,000	$ 680,000	$ 1,066,000	$ 722,000
Cash paid for income taxes	$ 169,000	$ 712,000	$ 297,000	$ 169,000
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES				
Right of use assets and lease liabilities	$ —	$ 151,000		
Acquisition of equipment with long-term debt financing	$ —	$ 1,103,000		
Equipment included in accounts payable and accrued liabilities			$ 1,955,000	$ —
DETAIL OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD				
Cash and cash equivalents	$ 12,335,000	$ 8,145,000	$ 13,690,000	$ 12,335,000
Restricted cash	118,000	118,000	118,000	118,000
Cash, cash equivalents, and restricted cash at end of period	$ 12,453,000	$ 8,263,000	$ 13,808,000	$ 12,453,000

See accompanying notes

AMERICAN SHARED HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – **BUSINESS AND BASIS OF PRESENTATION**

Business – These consolidated financial statements include the accounts of American Shared Hospital Services (“ASHS”) and its subsidiaries (the “Company”) as follows: ASHS wholly-owns the subsidiaries American Shared Radiosurgery Services (“ASRS”), PBRT Orlando, LLC (“Orlando”), ASHS-Mexico, S.A. de C.V. (“ASHS-Mexico”), ASHS-Rhode

Island Proton Beam Radiation Therapy, LLC, ASHS-Bristol Radiation Therapy, LLC, OR21, Inc., and MedLeader.com, Inc. (“MedLeader”); ASHS is the majority owner of Long Beach Equipment, LLC (“LBE”); ASRS is the majority-owner of GK Financing, LLC (“GKF”) which wholly-owns the subsidiary Instituto de Gamma Knife del Pacifico S.A.C. (“GKPeru”) and HoldCo GKC S.A. (“HoldCo”). HoldCo wholly owns the subsidiary Gamma Knife Center Ecuador S.A. (“GKCE”). GKF is the majority owner of the subsidiaries Albuquerque GK Equipment, LLC (“AGKE”) and Jacksonville GK Equipment, LLC (“JGKE”). GKF formed HoldCo GKC S.A. (“HoldCo”) to acquire Gamma Knife Center Ecuador S.A. (“GKCE”).

The Company (through ASRS) and Elekta AG (“Elekta”), the manufacturer of the Gamma Knife (through its wholly-owned United States subsidiary, GKV Investments, Inc.), entered into an operating agreement and formed GKF. During 2022 2023, GKF leased Gamma Knife units to twelve medical centers in the United States in the states of California, Florida, Illinois, Indiana, Mississippi, Nebraska, New Mexico, New York, Ohio, Oregon, and Texas. GKF also owns and operates two single-unit Gamma Knife facilities in Lima, Peru and Guayaquil, Ecuador. The Company through its wholly-owned subsidiary, Orlando, provided proton beam radiation therapy (“PBRT”) and related equipment to a customer in the United States.

The Company formed the subsidiary GKPeru and acquired GKCE for the purposes of expanding its business internationally; Orlando and LBE to provide PBRT equipment and services in Orlando, Florida and Long Beach, California, respectively; and AGKE and JGKE to provide Gamma Knife equipment and services in Albuquerque, New Mexico and Jacksonville, Florida, respectively. AGKE began operations in the second quarter of 2011 and JGKE began operations in the fourth quarter of 2011. Orlando treated its first patient in April 2016. GKPeru treated its first patient in July 2017. LBE is not expected to generate revenue within the next two years.

On April 27, 2022, the Company signed a Joint Venture Agreement (the “Agreement”) with the principal owners of Radioterapia Guadalupe Amor Y y Bien S.A. de C.V. (“Guadalupe”) to establish AB Radiocirugia Y y Radioterapia de Puebla, S.A.P.I. de C.V. of Puebla (“Puebla”) to treat public- and private-paying cancer patients. patients and provide radiation therapy and radiosurgery services locally in Mexico. The Company and Guadalupe will hold 85% and 15% ownership interests, respectively, in Puebla. Under the Agreement, the Company will be is responsible for providing a linear accelerator upgrade to an Elekta Versa HD, and Guadalupe will be accountable for all site modification costs. The Company formed ASHS-Mexico S.A. de C.V. on October 3, 2022 to establish Puebla in order to provide radiation therapy and radiosurgery services locally in Mexico. Puebla. Puebla was formed on December 15, 2022. 2022 and the Company expects Puebla to begin treating patients in June 2024. Operating costs incurred during the year ended December 31, 2023 by Puebla, are included in the consolidated statement of operations.

The Company continues to develop its design and business model for The Operating Room for the 21st CenturySM through its 50% owned OR21, LLC (“OR21”). The remaining 50% of OR21 is owned by an architectural design company. OR21 is not expected to generate significant revenue within the next two years.

MedLeader was formed to provide continuing medical education online and through videos for doctors, nurses, and other healthcare workers. This subsidiary is not operational at this time.

On November 10, 2023, the Company entered into an Investment Purchase Agreement (the “IPA”) with GenesisCare USA, Inc. (the “GenesisCare”) and GenesisCare USA Holdings, Inc. (“GC Holdings”), pursuant to which GenesisCare agreed to sell to the Company its entire equity interest in each of Southern New England Regional Cancer Center, LLC and Roger Williams Radiation Therapy, LLC, (collectively, the “RI Target Companies”) together with the assignment of certain payor contacts for a purchase price of $2,850,000 (such transaction, the “RI Acquisition”). The equity interests to be acquired by the Company under the IPA equates to a 60% interest in each RI Target Company. The RI Target Companies operate three functional radiation therapy cancer centers in Rhode Island. The RI Acquisition is contingent upon certain closing conditions, including GenesisCare and the Company entering into a consent agreement with the Rhode Island Department of Health and approval of all equity holders and managers of each RI Target Company. On March 1, 2024, the Company, GenesisCare and GC Holding entered into a First Amendment to the Investment Agreement pursuant to which the parties agreed to extend the date on which a party could terminate the IPA if the closing conditions had not been met from March 10, 2024 to April 30, 2024. The Company anticipates that these conditions will be met in April 2024.

The transaction will be accounted for as a business combination under ASC 805 Business Combinations, which requires, among other things, that purchase consideration, assets acquired, and liabilities assumed be measured at their fair values as of the acquisition date. The initial purchase allocation for the business combination is incomplete at this time, subject to finalizing the IPA. After closing, disclosures regarding amounts recognized for major classes of assets acquired and liabilities assumed will be provided once the initial accounting is completed.

Costs related to legal, financial and due diligence services performed in connection with this transaction recorded in the consolidated statement of operations were $432,000 for the year ended December 31, 2023.

All significant intercompany accounts and transactions have been eliminated in consolidation.

NOTE 2 – **ACCOUNTING POLICIES**

Use of estimates in the preparation of financial statements – In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Significant accounting estimates reflected in the Company’s consolidated financial statements include the estimated useful lives of fixed assets property and equipment and its salvage values, revenues and costs of sales for turn-key and revenue sharing arrangements. customers. Actual results could differ from those estimates.

Advertising and marketing – The Company expenses advertising and marketing costs as incurred (collectively, "marketing costs"). Marketing costs were $233,000 165,000 and $211,000 $233,000 during the years ended December 31, 2022 2023 and 2021 2022, respectively. Marketing costs include joint marketing with customers and corporate advertising costs. Marketing costs are recorded in other direct operating costs and sales and administrative costs in the consolidated statements of income.

Sales and Service – The Company markets its financial and turnkey turn-key solutions directly to cancer treatment centers, hospitals, and large cancer networks worldwide through its sales staff. Sales expense includes payroll and travel costs for the Company's sales staff. The Company also typically provides the equipment, as well as planning, installation, reimbursement and marketing support services to its customers.

Cash and cash equivalents – The Company considers all liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents. Restricted cash is not considered a cash equivalent for purposes of the consolidated statements of cash flows.

Restricted cash – Restricted cash represents the minimum cash that must be maintained in GKF to fund operations, per the subsidiary's operating agreement and the minimum cash that must be maintained by GKF per it's financing agreement with the United States International Development Finance Corporation ("DFC"). See further discussion at Note 5 - Long Term Debt.

Business and credit risk – The Company maintains its cash balances, which exceed federally insured limits, in financial institutions. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents. The Company monitors the financial condition of the financial institutions it uses on a regular basis.

All of the Company's revenue was provided by fifteen15 locations or 1 PBRT unit and seventeen customers14 Gamma Knife units in each of 2022 2023 and 2021 2022, respectively. . One customer location accounted for approximately 45% 48% and 34% 45% of the Company's total revenue in 2022 2023 and 2021 2022, respectively. At December 31, 2023, two locations each individually accounted for 30% and 31% of total accounts receivable, respectively. At December 31, 2022, four customers locations each individually accounted for 12%, 14%, 16% and 22% of total accounts receivable, respectively. At December 31, 2021, two customers each individually accounted for 31% and 10% of total accounts receivable, respectively. The Company performs credit evaluations of its customers and generally does not require collateral. The Company has not experienced significant losses related to receivables from individual customers or groups of customers in any particular geographic area.

All of the Company's radiosurgery devices have been purchased through Elekta, to date. However, there are other manufacturers that also make radiosurgery devices.

Accounts receivable and doubtful accounts allowance for credit losses – Accounts receivable are recorded at net realizable value. An allowance for doubtful accounts is estimated based on historical collections plus an allowance for probable expected losses. Receivables are considered past due based on contractual terms and are charged off in the period that they are deemed uncollectible. Recoveries of receivables previously charged off are offset against bad debt expense when received.

Non-controlling interests - The Company reports its non-controlling interests as a separate component of shareholders' equity. Non-controlling interest is determined by the income (loss) multiplied by the non-controlling interest in subsidiaries, and the income or losses of the non-controlling interests in various subsidiaries controlled by GKF. The Company also presents the consolidated net income and the portion of the consolidated net income (loss) allocable to the non-controlling interests and to the shareholders of the Company separately in its consolidated statements of income. operations.

Property and equipment – Property and equipment are stated at cost less accumulated depreciation. Depreciation for Gamma Knife and other equipment is determined using the straight-line method over the estimated useful lives of the assets, which for medical and office equipment is generally 3 – 10 years, and after accounting for salvage value on the equipment where applicable. The Company acquired a building as part of the acquisition of GKCE in June 2020. Depreciation for buildings is determined using the straight-line method over 20 years. The Company determines salvage value based on the estimated fair value of the equipment at the end of its useful life. As of April 1, 2021, the Company reduced its estimate for salvage value for nine of its domestic Gamma Knife Perfexion units. As of October 1, 2022, the Company further reduced its estimate for salvage value for one of its domestic Gamma Knife Perfexion units. The net effect of the change in estimate made October 1, 2022, for the year ended December 31, 2022, was a decrease in net income of approximately $17,000 or $0.00 per diluted share. This change in estimate will also impact future periods. As of December 31, 2023 and 2022, the Company had seven domestic Gamma Knife units with salvage value ranging from $140,000 to $300,000.
As of January 1, 2023, the Company reduced its estimated useful life for one of its direct patient services Gamma Knife units. The net effect of the change in estimate made January 1, 2023, for the year ended December 31, 2021 2023, the Company had seven domestic Gamma Knife units with salvage value ranging from $175,000 to $400,000. was a decrease in net income of approximately $207,000 or $0.03 per diluted share. This change in estimate also impacts future periods.

Depreciation for PBRT and related equipment is determined using the modified units of production method, which is a function of both time and usage of the equipment. This depreciation method allocates costs considering the projected volume of usage through the useful life of the PBRT unit, which has been estimated at 20 years. The estimated useful

life of the PBRT unit is consistent with the estimated economic life of 20 years.

The Company leases Gamma Knife and radiation therapy equipment to its customers under arrangements accounted for as operating leases. At December 31, 2023, the Company held equipment under operating lease contracts with customers with an original cost of $70,635,000 and accumulated depreciation of $52,302,000. At December 31, 2022, the Company held equipment under operating lease contracts with customers with an original cost of $69,306,000 and accumulated depreciation of $47,992,000. At December 31, 2021, the Company held equipment under operating lease contracts with customers with an original cost of $68,994,000 and accumulated depreciation of $43,400,000.

As of December 31, 2022 2023 and 2021 2022, the Company recognized a loss on the write down of impaired assets of $940,000 and $0, and $105,000, respectively. The impairment as of December 31, 2021 was related to the removal costs of one of the Gamma Knife units that was impaired during During the year ended December 31, 2020 2023, the Company recorded an asset removal obligation ("ARO") for one of the customer contracts that expired during 2023. An ARO for the second contract that expired during 2023 was recorded and impaired in a prior period. For the ARO recorded during 2023, the Company concluded the related increase to the underlying assets could not be supported by the cash flows of the equipment and therefore the Company recorded a loss on the write-down of the ARO in June 2023. The Company's estimate for the ARO liability was subsequently adjusted during the fourth quarter of 2023 based on new information. Total ARO impairment for the year ended December 31, 2023 was $290,000. The Company also reviewed its long-lived assets during the fourth quarter of 2023 and concluded events and circumstances existed that indicated additional impairment existed at a third Gamma Knife site related to the existing equipment. Total equipment impairment for the year ended December 31, 2023 was $650,000. . See further discussion under Note 2 - Long-lived asset impairment and Note 3 - Property and Equipment.

AMERICAN SHARED HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – **ACCOUNTING POLICIES (CONTINUED)**

Revenue recognition - The Company recognizes revenues under ASC 842 *Leases* ("ASC 842") and ASC 606 *Revenue from Contracts with Customers* ("ASC 606").

Rental income from medical services equipment leasing ("leasing") – The Company recognizes revenues leasing revenue under ASC 842 when services have been rendered and collectability is reasonably assured, on either a fee per use or revenue sharing basis. The terms of the contracts do not contain any guaranteed minimum payments. The Company's lease contracts are typically for a 10-year ten-year term and are classified as either fee per use or retail. Retail arrangements are further classified as either turn-key or revenue sharing. Revenues Revenue from fee per use contracts is determined by each hospital's contracted rate. lease agreement with the Company. Revenues are recognized at the time the procedures are performed, based on each hospital's contracted rate and the number of procedures performed. Under revenue sharing arrangements, the Company receives a contracted percentage of the reimbursement received by the hospital. The amount the Company expects to receive is recorded as revenue and estimated based on historical experience. Revenue estimates are reviewed periodically and adjusted as necessary. Under turn-key Some of the Company's revenue sharing arrangements also have a cost sharing component and net profit share for the operating costs of the center. The Company receives payment from the hospital at an agreed upon percentage share of the hospital's reimbursement from third party payors, and the Company is responsible for paying all the operating costs of the equipment. Operating costs are equipment determined primarily based on historical treatment protocols and cost schedules with the hospital. The Company records an estimate of operating costs which are reviewed on a regular basis and adjusted as necessary to more accurately reflect the actual operating costs. For turn-key sites, the Company also shares a percentage of net operating costs and profit. The Company records an estimate of net operating profit based on estimated revenues, less estimated operating costs. The operating costs and estimated net operating profit are recorded as other direct operating costs in the consolidated statement of operations. As of operations. For the years ended, December 31, 2022 2023 and 2021 2022, the Company recognized revenues leasing revenue of approximately $16,655,000 $17,772,000 and $14,719,000 $16,655,000 under ASC 842, respectively, of which approximately $8,952,000 $10,133,000 and $6,058,000 $8,952,000 were for PBRT services, respectively.

Revenue sharing arrangements amounted to approximately 70 % and 67% of total revenue for the years ended December 31, 2023 and 2022, respectively. Because the revenue estimates are reviewed on a quarterly basis, any adjustments required for past revenue estimates would result in an increase or reduction in revenue during the current quarterly period. Payor mix is a significant variable in the Company's estimate for revenue sharing revenues.

Patient Direct patient services income ("retail") – The Company has stand-alone facilities in Lima, Peru and Guayaquil, Ecuador, where a contract exists between the Company's facilities and the individual patient treated at the facility. Under ASC 606, the Company acts as the principal in this transaction and provides, at a point in time, a single performance obligation, in the form of a Gamma Knife treatment. Revenue related to a Gamma Knife treatment is recognized on a gross basis at the time when the patient receives treatment. There is no variable consideration present in the Company's performance obligation and the transaction price is agreed upon per the stated contractual rate. GKPeru's GKPeru's payment terms are typically prepaid for self-pay patients and insurance provider payments are paid net 30 days. GKCE's patient population is primarily covered by a government payor and payments are paid between 3 three and 6 six months. Timing months, following issuance of payments from the government payor can fluctuate year to year based on local social or economic changes. invoice. The Company did not capitalize any incremental costs related to the fulfillment of its customer contracts. Accounts receivable earned by GKPeru were not significant for under ASC 606 at December 31, 2023 was $1,626,000. Accounts receivable under ASC 606 at January 1, 2022 and December 31, 2022 was $668,000 and $1,119,000. For the years ended December 31, 2022 2023 and 2021. GKCE's accounts receivable were $862,000 and $435,000 for the years ended December 31, 2022 and 2021. As of December 31, 2022 and 2021, the Company recognized retail revenues of approximately $3,091,000 $3,553,000 and $2,909,000 $3,091,000 under ASC 606, respectively.

Equipment sales – During the year-ended December 31, 2023, the Company completed a sale of equipment to a new customer. The Company assessed this transaction under ASC 606 and concluded the Company acted as the agent in this transaction and provided, at a point in time, two performance obligations, in the form of an equipment sale of an Icon and Cobalt-60 reload. The performance obligation to sell, assign, transfer and deliver the equipment to the customer was carried out via Elekta. Revenue related to the equipment sale is recognized on a net basis when the sale is complete. The Company recognized net revenue of $200,000 on the sale of equipment for the year-ended December 31, 2023.

Stock-based compensation – The Company measures all stock-based compensation awards at fair value and records such expense in its consolidated financial statements over the requisite service period of the related award. See Note 8 - Stock-Based Compensation Expense for additional information on the Company's stock-based compensation programs.

Costs of revenue – The Company's costs of revenue consist primarily of maintenance and supplies, depreciation and amortization, and other operating expenses (such as insurance, property taxes, sales taxes, marketing costs and operating costs from the Company's revenue sharing and retail sites). Costs of revenues revenue are recognized as incurred.

Income taxes – The Company accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

NOTE 2 – **ACCOUNTING POLICIES (CONTINUED)**

The Company accounts for uncertainty in income taxes as required by the provisions of ASC 740 *Income taxes* ("ASC 740"), which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to estimate and measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as this requires the Company to determine the probability of various possible outcomes. The Company considers many factors when evaluating and estimating the Company's tax positions and tax benefits, which may require periodic adjustments and may not accurately anticipate actual outcomes.

See Note 7 - Income Taxes for further discussion on income taxes.

Functional currency – Based on guidance provided in accordance with ASC 830, *Foreign Currency Matters* ("ASC 830"), the Company analyzes its operations outside the United States to determine the functional currency of each operation. Management has determined that these operations are initially accounted for in U.S. dollars since the primary transactions incurred are in U.S. dollars and the Company provides significant funding towards the startup of the operation. When Management determines that an operation has become predominantly self-sufficient, the Company will reassess its accounting for the operation to the local currency from the U.S. dollar. The Company analyzed it's Gamma Knife site in Peru and its startup operations in Mexico for Puebla under ASC 830 as of December 31, 2022 2023 and 2021 2022 and concluded the functional currency was the U.S. dollar. As facts and circumstances change, the Company will revisit this conclusion. The functional currency of the Company's Gamma Knife site in Ecuador is the U.S. dollar because that is the local currency of Ecuador.

Asset Retirement Obligations – Based on the guidance provided in ASC 410, *Asset Retirement Obligations* ("ASC 410"), the Company analyzed its existing lease agreements and determined whether an asset retirement obligation ("ARO") ARO exists to remove the respective units at the end of the lease terms. As of December 31, 2020, 2023four of the Company's Gamma Knife customers notified , the Company of their intent to terminate their contracts at has two AROs recorded for the contract lease term. two customer sites that expired during the year, totaling $650,000. One ARO was recorded and impaired in a prior period. The Company recorded and impaired an ARO liability for these four sites, using estimates from Elekta. As of December 31, 2022, the Company removed three of these four units and has an ARO recorded for the remaining site. The Company increased its estimate for one second of the AROs as of customer site during December 31, 2021 2023.by approximately $105,000. The Company paid approximately $457,000 for the Gamma Knife unit that was removed in January 2022. No liability has been recorded as of December 31, 2022 2023 for the remaining Gamma Knife sites, or PBRT locations, because it is uncertain these units will be removed and the Company historically has not removed the Gamma Knife equipment at the end of the lease term. The Company will re-evaluate the need to record additional ARO liabilities on a periodic basis when facts and circumstances change that could affect this conclusion.

Earnings per share – The Company calculates diluted shares using the treasury stock method. Basic earnings per share excludes dilution and is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the year. The fully vested restricted stock units not issued and outstanding and unvested restricted stock units, are also included therein. Diluted earnings per share reflect the potential dilution that could occur if common shares were issued pursuant to the

exercise of options or warrants. and from unvested restricted stock units. The computation for the years ended December 31, 2022 2023 and 2021 2022 excluded approximately 20,000 144,000 and 31,000 20,000, respectively, of the Company's stock options because the exercise price of the options was higher than the average market price during the period. The weighted average common shares outstanding for the years ended December 31, 2022 2023 and 2021 2022, included approximately 123,000 and 123,000, respectively, of the Company's restricted stock awards that are fully vested but are deferred for issuance.

The following table illustrates the computations of basic and diluted earnings per share for the years ended December 31, 2023 and 2022.

	2023	2022
Numerator for basic and diluted earnings per share	$ 610,000	$ 1,328,000
Denominator:		
Denominator for basic earnings per share – weighted-average shares	6,358,000	6,297,000
Effect of dilutive securities employee stock options and restricted stock	35,000	6,000
Denominator for diluted earnings per share – adjusted weighted-average shares	6,393,000	6,303,000
Earnings per common share- basic	$ 0.10	$ 0.21
Earnings per common share- diluted	$ 0.10	$ 0.21

AMERICAN SHARED HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – ACCOUNTING POLICIES (CONTINUED)

The following table illustrates the computations of basic and diluted earnings per share for the years ended December 31, 2022 and 2021.

	2022	2021
Numerator for basic and diluted earnings per share	$ 1,328,000	$ 194,000
Denominator:		
Denominator for basic and diluted earnings per share – weighted-average shares	6,297,000	6,044,000
Effect of dilutive securities Employee stock options and restricted stock	6,000	15,000
Denominator for diluted earnings per share – adjusted weighted-average shares	6,303,000	6,059,000
Earnings per common share- basic	$ 0.21	$ 0.03
Earnings per common share- diluted	$ 0.21	$ 0.03

Business segment information - Based on the guidance provided in accordance with ASC 280 *Segment Reporting* ("ASC 280"), the Company analyzed its subsidiaries which are all in the business of leasing providing radiosurgery and radiation therapy equipment services, either through leasing to healthcare providers or directly to patients, and concluded there are fifteen locations that meet the definition of an operating segment and these fifteen locations are aggregated into two reportable segments, domestic leasing and foreign. retail. During 2023, tThe he Company provides provided Gamma Knife and PBRT equipment to thirteen hospitals in the United States and owns and operates two single-unit facilities in Lima, Peru and Guayaquil, Ecuador as of December 31, 2022 2023. An operating segment is defined by ASC 280 as it engages in business activities in which it may recognize revenues and incur expense, expenses, its operating results are regularly reviewed by the Company's Chief Operating Decision Maker ("CODM"), and its discrete financial information is available. The Company determined two reportable segments existed due to similarities in economics of business operations and geographic location. how the Company recognizes revenue for the patient treatment. The operating results of the two reportable segments are reviewed by the Company's CEO, Executive Chairman of the Board, who is also the CODM.

For the years ended December 31, 2022 2023 and 2021 2022, the Company's PBRT operations represented a significant majority of the domestic profit, net income attributable to American Shared Hospital Services from the leasing segment, disclosed below. The revenues, profit or loss, depreciation, interest expense, interest income, tax expense, and net income attributable to American Shared Hospital Services, and total asset allocations for the Company's two reportable segments as of December 31, 2022 2023 and 2021 2022 consists of the following:

	2022	2021	2023	2022
Revenues				
Domestic	$ 16,655,000	$ 14,719,000		
Foreign	3,091,000	2,909,000		
Leasing			$ 17,772,000	$ 16,655,000
Retail			3,553,000	3,091,000

Total	$ 19,746,000	$ 17,628,000	$ 21,325,000	$ 19,746,000

	2022	2021
Net income (loss) attributable to American Shared Hospital Services		
Domestic	$ 1,187,000	$ 245,000
Foreign	141,000	(51,000)
Total	$ 1,328,000	$ 194,000

	2023	2022
Depreciation expense		
Leasing	$ 4,429,000	$ 4,268,000
Retail	736,000	515,000
Total	$ 5,165,000	$ 4,783,000

	2022	2021
Total assets		
Domestic	$ 37,575,000	$ 39,322,000
Foreign	6,381,000	6,108,000
Total	$ 43,956,000	$ 45,430,000

	2023	2022
Interest expense		
Leasing	$ 1,087,000	$ 806,000
Retail	25,000	—
Total	$ 1,112,000	$ 806,000

	2023	2022
Interest income		
Leasing	$ 458,000	$ 103,000
Retail	—	—
Total	$ 458,000	$ 103,000

	2023	2022
Income tax expense		
Leasing	$ 306,000	$ 753,000
Retail	125,000	210,000
Total	$ 431,000	$ 963,000

	2023	2022
Net income attributable to American Shared Hospital Services		
Leasing	$ 518,000	$ 1,187,000
Retail	92,000	141,000
Total	$ 610,000	$ 1,328,000

	2023	2022
Total assets		
Leasing	$ 39,854,000	$ 37,575,000
Retail	8,308,000	6,381,000
Total	$ 48,162,000	$ 43,956,000

AMERICAN SHARED HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – ACCOUNTING POLICIES (CONTINUED)

Long lived asset impairment – The Company assesses the recoverability of its long-lived assets when events or changes in circumstances indicate their carrying value may not be recoverable. Such events or changes in circumstances may include: a significant adverse change in the extent or manner in which a long-lived asset is being used, significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset, an accumulation of costs significantly in excess of the amount originally expected for the acquisition or development of a long-lived asset, current or future operating or cash flow losses that demonstrate continuing losses associated with the use of a long-lived asset, or a current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. The Company performs impairment testing at the asset group level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The Company assesses recoverability of a long-lived asset by determining whether the carrying value of the asset group can be recovered through projected undiscounted cash flows over their remaining lives. If the carrying value of the asset group exceeds the forecasted undiscounted cash flows, an impairment loss is recognized, measured as the amount by which the carrying amount exceeds estimated fair value. An impairment loss is charged to the consolidated statement of income operations in the period in which management determines such impairment. As of December 31, 2021, 2023, impairment of $105,000 $650,000 was recorded related to the removal costs cash flow losses of one of the Company's Gamma Knife units that was impaired in the prior year was recorded. units. No other additional impairment has been noted was recorded as of December 31, 2022 2022. . See Note 3 - Property and Equipment for further discussion.

Goodwill and intangible assets - The Company recorded goodwill of $1,265,000 and an intangible asset with a fair value of $78,000 as part of the acquisition of GKCE in June 2020. The intangible asset identified was GKCE's trade name and the Company assigned an indefinite useful life to the asset. Based on the guidance provided in accordance with ASC 350 *Intangibles-Goodwill and Other* ("ASC 350"), the Company does not amortize the intangible asset because it has an indefinite life. The Company assesses goodwill at the reporting unit level, which has been determined to be GKCE. Each reporting period, the Company assesses whether events or circumstances continue to support an indefinite useful life for the intangible asset. Per ASC 350, the Company tests goodwill and intangibles for impairment annually or as events or circumstances change that indicate the fair value may be below the carrying amount. As of December 31, 2022 2023 and 2021 2022, there has been no change to the Company's assessment of the value of intangible assets or goodwill.

Accounting pronouncements issued andnotyet adopted -In January 2021, November 2023, the FASB issued ASU 2021 2023-01 07 *Reference Rate Reform Segment Reporting (Topic 848 280): Improvements to Reportable Segment Disclosures* ("ASU 2021 2023-01" 07") which provides optional expedients enhances the disclosure requirements for segment reporting, primarily disclosures around significant segment expenses. The key provisions of the amendments require disclosure of significant segment expense reviewed by the CODM, require disclosure of an "other" segment category, require disclosure of segment profit or loss and exceptions assets for applying generally accepted accounting principles to contracts, hedging relationships, interim periods, clarify and require disclosure of other transactions affected measurements used by reference rate reform if certain criteria are met. The amendments the CODM in assessing segment performance and allocating resources, and require disclosure of the CODM's title and position and explanation of how the CODM assesses segment performance. ASU 2021 2023-01 apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. ASU 2021-01 07 is effective any date from the for annual periods beginning of an after December 15, 2023 and interim period that includes or is subsequent to periods within fiscal years beginning after March 12, 2020, December 15, 2024. or on a prospective basis to new modifications. The Company is currently evaluating ASU 2021 2023-01 07 to determine the impact it may have on its consolidated financial statements.
In December 2023, the FASB issued ASU 2023-09*Income Taxes (Topic 740) Improvements to Income Tax Disclosures* ("ASU 2023-09") which requires entities, on an annual basis, to disclose: specific categories in the rate reconciliation, additional information for reconciling items that meet a quantitative threshold, the amount of income taxes paid, net of refunds, disaggregated by jurisdiction, income or loss from continuing operations before income tax, income tax expense from continuing operations disaggregated between foreign and domestic, and income tax expense from continuing operations disaggregated by federal, state and foreign. ASU 2023-09 is effective for annual periods beginning after December 31, 2024. The Company is currently evaluating ASU 2023-09 to determine the impact it may have on its consolidated financial statements. See Note 5 - Long-term debt for additional discussion on transition from LIBOR.

Reclassifications – - Certain comparative balances as of and for the year endedDecember 31, 2021 have been reclassified to make them consistent with the current year presentation.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31,		December 31,	
	2022	2021	2023	2022
Medical equipment and facilities	$ 73,709,000	$ 73,388,000	$ 77,150,000	$ 73,709,000

Office equipment	422,000	472,000	306,000	422,000
Construction in progress	106,000	91,000	3,771,000	106,000
	74,237,000	73,951,000	81,227,000	74,237,000
Accumulated depreciation	(50,770,000)	(45,697,000)	(55,383,000)	(50,770,000)
Net property and equipment	$ 23,467,000	$ 28,254,000	$ 25,844,000	$ 23,467,000

As of December 31, 2022 2023 and 2021 2022, approximately $2,201,000 $3,966,000 and $2,697,000, $2,201,000, respectively, of the net property and equipment balance is outside of the United States. Depreciation expense recorded in costs of revenue and selling and administrative expense in the consolidated statements of income for the years ended December 31, 2022 2023 and 2021 2022, was $4,783,000 $5,165,000 and $4,972,000, $4,783,000, respectively.

As of April 1, 2021, the Company reduced its estimate for salvage value for nine of its Gamma Knife units. As of October 1, 2022, the Company further reduced its estimate for salvage value for one of its domestic Gamma Knife Perfexion units. As of January 1, 2023, the Company reduced its estimated useful life for one of its direct patient services Gamma Knife units. The net effect of the change in estimate made October January 1, 2022, 2023, for the year ended December 31, 2022 2023, was a decrease in net income of approximately $17,000 $207,000 or $0.00 $0.03 per diluted share. This change in estimate will also impact impacts future periods. Salvage value is based on the estimated fair value of the equipment at the end of its useful life.

As of December 31, 2022 2023 and 2021 2022, the Company recognized a loss on the write down of impaired assets of $0 $940,000 and $105,000, $0, respectively. The impairment as of December 31, 2021 2023 was related to the estimate cash flow impairment for removal costs of one of the Company's Gamma Knife units and estimated removal costs of the two Gamma Knife contracts that was impaired expired during the year ended December 31, 2020 and removed in January 2022. The Company reviewed its Gamma Knife equipment, in light of available information as of December 31, 2022and concluded no additional impairment exists. existed. The Company reviewed it's PBRT equipment, in light of available information as of December 31, 2022 2023 and 2021 2022 and concluded no impairment exists.

AMERICAN SHARED HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - OTHER ACCRUED LIABILITIES

Other accrued liabilities consists of the following:

	December 31,		December 31,	
	2022	2021	2023	2022
Equipment maintenance and upgrades, non-related party	$ —	$ 367,000		
Insurance	591,000	340,000		
Insurance financing			$ —	$ 591,000
Professional services	92,000	90,000	472,000	92,000
Operating costs	539,000	397,000	450,000	539,000
Other	322,000	311,000	304,000	322,000
Total other accrued liabilities	$ 1,544,000	$ 1,505,000	$ 1,226,000	$ 1,544,000

NOTE 5 - LONG TERM DEBT

On April 9, 2021 the Company along with certain of its domestic subsidiaries (collectively, the "Loan Parties") entered into a five year $22,000,000 credit agreement with Fifth Third Bank, N.A. ("the Credit Agreement"). The Credit Agreement includes three loan facilities. The first loan facility is a $9,500,000 term loan (the "Term Loan") of which $6,774,000 was used to refinance the domestic Gamma Knife debt and finance leases, and associated closing costs, $1,665,000 was used to finance two Gamma Knife reloads and to pay for the unload costs for two customer contracts in the first quarter of 2021, with the remaining $1,061,000 available for future projects. costs. The second loan facility is a $5,500,000 delayed draw term loan (the "DDTL") of which $5,026,000 was used to refinance the Company's PBRT finance leases and associated closing costs, as well as to provide additional working capital. The third loan facility provides for a $7,000,000 revolving line of credit (the "Revolving Line") available for future projects and general corporate purposes. The Company borrowed $2,500,000 on the Revolving Line as of December 31, 2023, which was paid off in January 2024. The facilities have a five-year maturity, carry a floating interest of LIBOR plus 3.0% and are secured by a lien on substantially all of the assets of the Loan Parties and guaranteed by ASHS. The Company recorded a loss on extinguishment of debt of $401,000 during the year ended December 31, 2021, related to the prepayment penalties charged by the existing lenders. The Company capitalized debt issuance costs of

$310,000 related to legal and transaction fees for the Credit Agreement during the year ended December 31, 2021. The long-term debt on the consolidated balance sheets related to the Term Loan and DDTL was $12,624,000 $10,825,000 and $14,437,000 $12,624,000 as of December 31, 2022 2023 and 2021 2022, respectively.

As of December 31, 2021, LIBOR will no longer be used to price new loans, but 1-month, 3-month, 6-month and 12-month maturities will continue to be published through 2023. The Company is working with Fifth Third Bank to determine an alternative base rate. The Revolving Line is charged an unused line fee of 0.25% per annum. The Term Loan and DDTL have interest and principal payments due quarterly. Principal amortization on an annual basis for the Term Loan and DDTL equates to 48% of the original principal loan commitments in years one through five and an end of term payment of the remaining principal balance.

The Credit Agreement contains customary covenants and representations, including without limitation, a minimum fixed charge coverage ratio of 1.25 and maximum funded debt to EBITDA ratio of 3.0 to 1.0 (tested on a trailing twelve-month basis at the end of each fiscal quarter), reporting obligations, limitations on dispositions, changes in ownership, mergers and acquisitions, indebtedness, encumbrances, distributions, investments, transactions with affiliates and capital expenditures. The Loan Parties are in compliance with the Credit Agreement covenants as of December 31, 2022 2023. On January 25, 2024, the Company amended its Credit Agreement to include financing for the equipment in Puebla, see Note 12 - Subsequent Event for further information.

The loan entered into with DFC in connection with the acquisition of GKCE in June 2020 (the "DFC Loan") was obtained through the Company's wholly-owned subsidiary, HoldCo, and is guaranteed by GKF. The DFC Loan is secured by a lien on GKCE's assets. The first tranche of the DFC Loan was funded in June 2020. During the fourth quarter of 2023, the second tranche of the DFC loan was funded to finance the equipment upgrade in Ecuador. The amount outstanding under the first tranche of the DFC Loan is payable in 29 quarterly installments with a fixed interest rate of 3.67%. The Company's loan amount outstanding under the second tranche of the DFC Loan is payable in 16 quarterly installments with DFC also contains customary covenants and representations, which the Company is in compliance with as a fixed interest rate of December 31, 2022 7.49%. The long-term debt on the consolidated balance sheets related to the DFC loan was $1,041,000 $2,464,000 and $1,261,000 $1,041,000 as of December 31, 2022 2023 and 2021 2022, respectively. The Company capitalized debt issuance costs of $9,000 and $15,000 $9,000 as of December 31, 2022 2023 and 2021 2022, respectively, related to maintenance and administrative fees on the DFC Loan.

The DFC Loan contains customary covenants among other covenants and obligations, requirements that the Company maintain certain financial ratios related to liquidity and cash flow as well as depository requirements. On March 28, 2024 the Company received a waiver and amendment from DFC for certain covenants as of December 31, 2023 and through December 31, 2024 and amended other covenants and definitions permanently. The Company expects to be in compliance with all debt covenants pursuant to the DFC Loan as amended and waived at March 31, 2024.
The accretion of debt issuance costs for the years ended December 31, 2022 2023 and 2021 2022, was $84,000 $46,000 and $59,000, $84,000, respectively. As of December 31, 2022 2023 and 2021 2022, the unamortized debt issuance costs on the consolidated balances sheets were $198,000 $164,000 and $294,000. $198,000.

The following are contractual maturities of long-term debt by year at December 31, 2022 2023, excluding debt issuance costs of $198,000: $164,000:

Year ending December 31,	Principal	Principal
2023	$ 1,344,000	
2024	2,094,000	$ 2,157,000
2025	2,469,000	2,907,000
2026	7,594,000	7,732,000
2027	164,000	493,000
	$ 13,665,000	$ 13,289,000

AMERICAN SHARED HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - LEASES

The Company determines if a contract is a lease at inception. Under ASC 842, the Company is a lessor of equipment to various customers. Leases that commenced prior to ASC 842 adoption date were classified as operating leases under historical guidance. As the Company has elected the package of practical expedients allowing it to not reassess lease classification, these leases are classified as operating leases under ASC 842 as well. All of the Company's lessor arrangements entered into after ASC 842 adoption are also classified as operating leases. Some of these lease terms have an option to extend the lease after the initial term, but do not contain the option to terminate early or purchase the asset at the end of the term. The Company has elected not to recognize ROU right-of-use ("ROU") assets and lease liabilities that arise from short-term (12 months or less) leases for any class of underlying asset.

The Company's Gamma Knife and PBRT contracts with hospitals are classified as operating leases under ASC 842. The related equipment is included in medical equipment and facilities on the Company's consolidated balance sheets (see further discussion at Note 2). As all income from the Company's lessor arrangements is solely based on procedure volume, all income is considered variable payments not dependent on an index or a rate. As such, the Company does not measure future operating lease receivables.

On November 3, 2021, the Company entered into an agreement to sublease (the "Sublease") its corporate office located at Two Embarcadero Center, Suite 410, San Francisco, California, where it leases leased approximately 3,253 square feet for $22,011 per month with a month. The lease expiration date expired in August 2023. The Sublease is was for $16,195 per month through the existing contract expiration date. The Company also entered into a lease (the "Lease") agreement for new corporate office space at 601 Montgomery, Suite 1112, San Francisco, CA for approximately 900 square feet for $4,500 per month with a lease expiration date in November 2024. The Company assessed the Lease under ASC 842 and concluded the Lease should be classified as an operating lease. The Company recorded $151,000 right-of-use ("ROU") asset, other current liabilities and lease liabilities on the consolidated balance sheets related to the Lease as of December 1, 2021, the effective date of the Lease. The Company assessed the Sublease under ASC 842 and ASC 360 Property and Equipment ("ASC 360") and concluded the ROU asset for the corporate offices at Two Embarcadero Center was impaired. The Company recorded an impairment loss on the Sublease of $77,000 as of December 1, 2021.

The Company's lessee operating leases are accounted for as ROU assets, other current portion of lease liabilities, and lease liabilities on the consolidated balance sheets. Operating lease ROU assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The Company's operating lease contracts do not provide an implicit rate for calculating the present value of future lease payments, so the Company determined its incremental borrowing rate to be in the range of approximately 4.0% and 6.0% by using available market rates and expected lease terms. The operating lease ROU assets and liabilities also include any lease payments made and excludes lease incentives and initial direct costs incurred. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The Company's lessee operating lease agreements are for administrative office space and related equipment, and the agreement to lease clinic space for its stand-alone facility in Lima, Peru. These leases have remaining lease terms between of approximately 1 and 2 years, year, some of which include options to renew or extend the lease. As of December 31, 2022 2023, operating ROU assets net of impairment, were $317,000 and lease liabilities were $351,000. $57,000.

The following table summarizes maturities of lessee operating lease liabilities as of December 31, 2022 2023:

Year ending December 31,	Operating Leases	Operating Leases
2023	$ 301,000	
2024	59,000	$ 58,000
Total lease payments	360,000	58,000
Less imputed interest	(9,000)	(1,000)
Total	$ 351,000	$ 57,000

	Year Ended December 31,		Year Ended December 31,	
	2022	2021	2023	2022
Lease cost				
Operating lease cost, net of impairment	$ 406,000	$ 351,000	$ 302,000	$ 406,000
Sublease income	(174,000)	(14,000)	(129,000)	(174,000)
Total lease cost	$ 232,000	$ 337,000	$ 173,000	$ 232,000
Other information				
Cash paid for amounts included in the measurement of lease liabilities - Operating leases	$ 406,000	$ 351,000	$ 302,000	$ 406,000
Weighted-average remaining lease term - Operating leases in years	1.11	1.39	0.80	1.11
Weighted-average discount rate - Operating leases	5.65%	5.80%	4.65%	5.65%

The Company's corporate offices are located at 601 Montgomery Street, Suite 1112, San Francisco, California, where it leases approximately 900 square feet for $4,500 per month with a lease expiration date in November 2024. The Company subleased its existing corporate offices located at Two Embarcadero Center, Suite 410, San Francisco, California, where it leases leased approximately 3,253 square feet for $22,011 per month with a month. This lease expiration date expired in August 2023. The monthly lease expense is was offset by sublease income of $16,195. The sublease term is was consistent with the existing lease term. The Company owns and operates a stand-alone Gamma Knife facility in Lima, Peru where it leases approximately 1,600 square feet for approximately $8,850 per month with a lease expiration date in January 2024. The lease in Peru is currently on a month-to-month basis. The Company also owns and operates a stand-alone Gamma Knife facility in Guayaquil, Ecuador where it owns 864 square feet of condominium space in an office building and approximately 10,135 of related land and parking spaces.

Net rent expense was $290,000 $234,000 and $377,000 $290,000 for the years ended December 31, 2022 2023 and 2021 2022, respectively, and includes the above operating leases as well as month-to-month rental and certain executory costs. The sublease of the Company's existing office space through the remainder of its lease term at a rate lower

than its lease rate resulted in an impairment loss of $77,000 for the year ended December 31, 2021.

AMERICAN SHARED HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 – INCOME TAXES

The components of income before income taxes for the years ended December 31, 2022 2023 and 2021 2022 are as follows:

	YEARS ENDED December 31,		YEARS ENDED December 31,	
	2022	2021	2023	2022
Domestic	$ 2,350,000	$ 831,000	$ 666,000	$ 2,350,000
Foreign	168,000	116,000	30,000	168,000
Income before income taxes	$ 2,518,000	$ 947,000	$ 696,000	$ 2,518,000

For the year ended December 31, 2022 2023 and 2021 2022, the Company recorded an income tax expense of $431,000 and $963,000, and $269,000, respectively. The increase in the Company's provision for income taxes as of December 31, 2022 is due to higher earnings during the current period, return-to-provision adjustments arising from foreign tax returns filed during the current period, as well as permanent domestic tax differences.

The components of the provision for income taxes for the years ended December 31, 2022 2023 and 2021 2022 consists of the following:

	YEARS ENDED December 31,		YEARS ENDED December 31,	
	2022	2021	2023	2022
Current:				
Federal	$ 355,000	$ 9,000	$ 940,000	$ 355,000
State	60,000	93,000	115,000	60,000
Foreign	204,000	107,000	135,000	204,000
Total current	619,000	209,000	1,190,000	619,000
Deferred:				
Federal	290,000	98,000	(672,000)	290,000
State	48,000	(18,000)	(77,000)	48,000
Foreign	6,000	(20,000)	(10,000)	6,000
Total deferred	344,000	60,000	(759,000)	344,000
	$ 963,000	$ 269,000	$ 431,000	$ 963,000

Significant components of the Company's deferred tax liabilities and assets as of December 31, 2022 2023 and 2021 2022 are as follows:

	December 31,		December 31,	
	2022	2021	2023	2022
Deferred tax liabilities:				
Property and equipment	$ (1,255,000)	$ (1,055,000)	$ (323,000)	$ (708,000)
Prepaid expenses			(409,000)	(493,000)
ROU asset			(12,000)	(54,000)
Total deferred tax liabilities	(1,255,000)	(1,055,000)	(744,000)	(1,255,000)
Deferred tax assets:				

Net operating loss carryforwards	139,000	360,000	155,000	139,000
Accruals and allowances	167,000	41,000	438,000	167,000
Lease liabilities	61,000	136,000	12,000	61,000
Tax credits	3,000	4,000	4,000	3,000
Other – net	114,000	87,000		
Other			140,000	114,000
Capital loss carryover	646,000	646,000	646,000	646,000
Total deferred tax assets	1,130,000	1,274,000	1,395,000	1,130,000
Valuation allowance	(697,000)	(697,000)	(714,000)	(697,000)
Deferred tax assets net of valuation allowance	433,000	577,000	681,000	433,000
Net deferred tax liabilities	$ (822,000)	$ (478,000)	$ (63,000)	$ (822,000)

AMERICAN SHARED HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 – INCOME TAXES (CONTINUED)

The provision for income taxes differs from the amount computed by applying the U.S. federal statutory tax rate (21% in 2022 2023 and 2021 2022) to income before taxes as follows:

	YEARS ENDED December 31,		YEARS ENDED December 31,	
	2022	2021	2023	2022
Computed expected federal income tax	$ 477,000	$ 79,000	$ 218,000	$ 477,000
State income taxes, net of federal benefit	100,000	69,000	12,000	100,000
Foreign rate differential			38,000	—
Stock compensation			7,000	—
Non-deductible expenses	(25,000)	28,000	6,000	(25,000)
Return to provision true-up	52,000	19,000	18,000	52,000
Uncertain tax positions	(17,000)	14,000	9,000	(17,000)
AMT tax payable adjustment	208,000	—		
Alternative minimum tax payable adjustment			—	208,000
Change in valuation allowance	—	19,000	17,000	—
Other deferred tax adjustments	168,000	41,000	106,000	168,000
	$ 963,000	$ 269,000	$ 431,000	$ 963,000

As of December 31, 2022 2023, the Company has net operating loss carryforwards for federal and state income tax return purposes of approximately $0 $0 and $2,586,000 $2,604,000 that begin to expire in 2029.

Utilization of the net operating loss and credit carryforwards may be subject to an annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended (the "Code"), and similar state provisions. Any annual limitation may result in the expiration of net operating losses and credits before utilization.

At December 31, 2022 2023, the Company has a capital loss carryforward for federal income tax return purposes of approximately $2,679,000,which starts start to expire in 2024. The Company has capital loss carryforwards for state income tax purposes of approximately $129,000, which starts to expire in 2024.

Due to uncertainty surrounding the realization of impairment losses, capital losses and foreign operating losses in future years, the Company has placed a valuation allowance against a portion of its net domestic and foreign deferred tax assets. The net valuation allowance increased by $0 $17,000 and $19,000 $0 for the tax years ended December 31,

2022 2023 and 2021 2022, respectively.

The tax return years 2018 2019 through 2021 2022 remain open to examination by the major domestic taxing jurisdictions to which the Company is subject. Net operating losses generated on a tax return basis by the Company for calendar years 1999 through 2004, 2009, 2010, 2012, 2014, 2015, 2016, 2017 and 2018 remain open to examination by the major domestic taxing jurisdictions.

NOTE 7 – **INCOME TAXES (CONTINUED)**

The Company has adopted accounting standards which prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a company's income tax return, and also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Additionally, these accounting standards specify that tax positions for which the timing of the ultimate resolution is uncertain should be recognized as long-term liabilities. The Company has made no reclassifications between current taxes payable and long term taxes payable under this guidance.

As of December 31, 2022 2023, the unrecognized tax benefit was $278,000 $287,000 which, if recognized, will not affect the annual effective tax rate as these unrecognized tax benefits would increase deferred tax assets, which would be subject to a full valuation allowance. A reconciliation of the beginning and ending amount of unrecognized tax benefit is as follows:

	YEARS ENDED December 31,		YEARS ENDED December 31,	
	2022	2021	2023	2022
Balance at beginning of year	$ 295,000	$ 275,000	$ 278,000	$ 295,000
Additions based on tax positions of prior years	(17,000)	20,000	9,000	(17,000)
Balance at end of year	$ 278,000	$ 295,000	$ 287,000	$ 278,000

The Company's policy for deducting interest and penalties is to treat interest as interest expense and penalties as income taxes. As of December 31, 2022 2023, the Company had $43,000 $58,000 accrued for the payment of penalties and zero interest related to unrecognized tax benefits. The Company does not expect any material changes to our uncertain tax positions within the next 12 months. The Company believes that it is reasonably possible that a decrease of up to $100,000 in unrecognized tax benefits related to foreign taxes may be necessary within the coming year.

NOTE 8 – **STOCK-BASED COMPENSATION EXPENSE**

Incentive Compensation Plan

In June 2021, the Company's shareholders approved an amendment and restatement of the Company's Incentive Compensation Plan (the "Plan"), that among other things, increases the number of shares of the Company's common stock reserved for issuance under the Plan to 2,580,000 and extends the term of the Plan by five years to February 22, 2027. The Plan provides that the shares reserved under the Plan are available for issuance to officers of the Company, other key employees, non-employee directors, and advisors. No further grants or share issuances will be made under the previous plans. As of December 31, 2022 2023, approximately 1,219,000 935,000 shares remain available for grant under the Plan.

Under the Plan, a total of 752,000 898,000 restricted stock units have been granted, consisting of 53,000 of annual automatic grants to non-employee directors, 328,000 of deferred retainer fees to non-employee members of the Board, 31,000 57,000 grants issued in lieu of commission or bonus to employees of the Company, and 340,000 460,000 restricted stock units issued to the CEO, Executive Chairman of the Board, see further discussion below. Of the total restricted stock units granted under the Plan, 123,000 of them are fully vested but not yet deemed issued and outstanding, 624,000 742,000 are fully vested and outstanding, and 6,000 33,000 are outstanding as of December 31, 2022 2023.

Changes in restricted stock units, consisting primarily of annual automatic grants, deferred compensation to non-employee directors, shares issued to employees as part of the Company's bonus plan, and restricted stock units awards to the CEO, Executive Chairman of the Board, under the Incentive Compensation Plans during 2022 2023 and 2021 2022 are as follows:

	Restricted Stock Units	Grant Date Weighted-Average Fair Value	Restricted Stock Units	Grant Date Weighted-Average Fair Value
Outstanding at January 1, 2021	13,000	$ 1.97		
Granted	165,000	$ 2.61		
Vested	(168,000)	$ 2.57		
Outstanding at December 31, 2021	10,000	$ 2.57		
Outstanding at January 1, 2022			10,000	$ 2.57
Granted	131,000	$ 2.40	131,000	$ 2.40
Vested	(132,000)	$ 2.40	(132,000)	$ 2.40
Forfeited	(3,000)	$ 2.92	(3,000)	$ 2.92
Outstanding at December 31, 2022	6,000	$ 2.33	6,000	$ 2.33
Granted			146,000	$ 2.97
Vested			(119,000)	$ 2.94
Outstanding at December 31, 2023			33,000	$ 2.88

For the year ended December 31, 2022, total compensation expense recorded in the consolidated statements of income for annual restricted stock units awarded was $6,000, with an offsetting tax benefit of $1,500, as this expense is deductible for income tax purposes. As of December 31, 2022, there was $11,000 of total unrecognized compensation cost related to annual restricted stock units which is expected to be recognized over a period of threeyears. For the year ended December 31, 2021, 38,000 of the vested restricted stock units were deferred for issuance.

AMERICAN SHARED HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 – STOCK-BASED COMPENSATION EXPENSE (CONTINUED)

Certain Executive Equity Awards

Effective May 4, 2020, the Company appointed Raymond C. Stachowiak as Interim President and Chief Executive Officer. Officer ("CEO"). Pursuant to his Offer Letter, Mr. Stachowiak was granted 50,000 restricted stock awards that vested in full on August 3, 2020. He was granted additional restricted stock awards totaling 10,000 common shares per month, which vest vested in full at the end of each 30-day period following issuance. On Mr. Stachowiak became CEO of the Company on October 1, 2020 Mr. Stachowiak and served in such position until he was appointed as Executive Chairman of the CEO. For the year ended Board on December 31, 2021 March 7, 2023. , 120,000 restricted stock awards were issued to the CEO and became fully vested. Total compensation expense recorded for the year ended December 31, 2021 in the consolidated financial statements of income related to executive equity awards was $331,000. For the year ended December 31, 2022, 120,000 restricted stock awards were issued to Mr. Stachowiak and became fully vested. Total compensation expense recorded for the year ended December 31, 2022 in the consolidated financial statements of income related to executive equity awards was $288,000. For the year ended December 31, 2023, 120,000 restricted stock awards were issued to Mr. Stachowiak and 90,000 became fully vested. Total compensation expense recorded for the year ended December 31, 2023 in the consolidated financial statements of income related to the executive equity awards was $288,000. $351,000.

For the year ended December 31, 2022 2023, stock compensation expense recorded in the consolidated financial statements is summarized as follows:

	Awards Issued and Vested	Stock-Based Compensation Expense	Awards Issued and Vested	Stock-Based Compensation Expense
Options	—	$ 10,000	—	$ 34,000
Options Exercised	3,000	—		
Management Bonus Program - vested and issued	11,000	—	26,000	—

Management Bonus Program	—	92,000		
Annual RSU Awards	1,000	6,000		
Board RSU Awards - other	—	3,000	—	4,000
Executive Compensation	120,000	288,000	90,000	351,000
	135,000	$ 399,000	116,000	$ 389,000

Total stock-based compensation expense before income tax effect for the Company's options and restricted stock awards in the amount of $399,000$389,000 and $420,000$399,000 for the years ended December 31, 2022 2023 and 2021 2022, is reflected in selling and administrative expense in the consolidated statements of income, respectively.

Stock Options

Changes in stock options outstanding under the Incentive Compensation Plans during 2022 2023 and 2021 2022 are as follows:

Options	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Balance at December 31, 2020	417,000	$ 2.79	1.61	$ 2,000				
Granted	6,000	$ 2.92	7.00	$ —				
Exercised	(22,000)	$ 2.65	—	$ —				
Forfeited	(334,000)	$ 2.81	—	$ —				
Balance at December 31, 2021	67,000	$ 2.72	3.33	$ —	67,000	$ 2.72	3.33	$ —
Granted	50,000	$ 2.72	7.00	$ —	50,000	$ 2.72	7.00	$ —
Exercised	(4,000)	$ 2.29	—	$ —	(4,000)	$ 2.29	—	$ —
Forfeited	(18,000)	$ 2.64	—	$ —	(18,000)	$ 2.64	—	$ —
Balance at December 31, 2022	95,000	$ 2.76	4.83	$ 25,000	95,000	$ 2.76	4.83	$ 25,000
Granted					70,000	$ 2.89	7.00	$ —
Forfeited					(19,000)	$ 2.69	—	$ —
Exercisable at December 31, 2021	58,000	$ 2.72	2.96	$ —				
Balance at December 31, 2023					146,000	$ 2.83	5.44	$ —
Exercisable at December 31, 2022	38,000	$ 2.79	2.38	$ —	38,000	$ 2.79	2.38	$ —
Exercisable at December 31, 2023					31,000	$ 2.84	3.38	$ —

NOTE 8 – STOCK-BASED COMPENSATION EXPENSE (CONTINUED)

The weighted average grant-date fair value of the options granted during the years 2022 2023 and 2021 2022 was $1.49 2.89 and $1.10 1.49, respectively. There were no options exercised during the year ended December 31, 2023. There were 4,000 options exercised which resulted in 3,000 shares issued, due to cashless exercises, during the year ended December 31, 2022. There were 22,000 options exercised which resulted in 5,000 shares issued, due to cashless exercises, during the year ended December 31, 2021. Total stock-based compensation expense recognized for stock options for the years ended December 2022 2023 and 2021 2022 was $10,000 $34,000 and $2,000,$10,000, respectively.

The Company received approximately $5,000 from the exercise of 2,000 options under the share-based arrangements in each of during the years year ended December 31, 2022and 2021. The remaining options exercised during 2022 and 2021 were cashless exercises.

At December 31, 2022 2023, there was approximately $80,000 $156,000 of unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the Plan. This cost is expected to be recognized over a period of approximately four years.

The Company's stock-based stock option awards to employees are calculated using the Black-Scholes options valuation model. The Black-Scholes model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, the Black-Scholes model requires the input of highly subjective assumptions including the expected stock price volatility. The Company's stock-based awards have characteristics significantly different from those of traded options, and changes in the subjective input assumptions can materially affect the present value estimates. For these reasons, management believes that the existing models do not necessarily provide a reliable single measure of the fair value of its stock-based awards to employees.

The fair value of the Company's option grants issued during 2022 2023 and 2021 2022 were estimated using assumptions for expected life, volatility, dividend yield, forfeiture rate, and risk-free interest rate which are specific to each award as summarized in the following table. The estimated fair value of the Company's options is amortized over the period during which the optionee is required to provide service in exchange for the award, usually the vesting period.

The fair value of the Company's option grants under the Plan in 2022 2023 and 2021 2022 was estimated using the following assumptions:

	2022	2021	2023	2022
Expected life (years)	7.0	7.0	7.0	7.0
Expected forfeiture rate	0.0%	0.0%	0.0%	0.0%
Expected volatility	50%	40%	50%	50%
Dividend yield	0%	0%	0%	0%
Risk-free interest rate	3.3%	1.2%	3.6%	3.3%

The following summarizes the assumption inputs used for the Company's Black-Scholes calculation:

Expected life (years): The expected term represents the weighted average period that the Company's stock options are expected to be outstanding.

Expected forfeiture rate: Forfeitures are recognized as they occur.

Expected volatility: The expected volatility was derived from the Company's historical stock volatility.

Dividend yield: The expected dividend yield was assumed to be zero, as the Company has not previously paid dividends on common stock and has no current plans to do so.

Risk-free interest rate: The risk-free interest rate is based on the interest yield in effect at the date of grant for zero coupon U.S. Treasury notes with maturities approximately equal to the option's expected term.

Repurchase of Common Stock, Common Stock Warrants and Stock Options

In 1999 and 2001, the Board of Directors approved resolutions authorizing the Company to repurchase up to a total of 1,000,000 shares of its own stock on the open market, which the Board reaffirmed in 2008. There were no shares of the Company repurchased during 2022 2023 or 2021 2022. There are approximately 72,000 shares remaining under this repurchase authorization.

NOTE 9 – RETIREMENT PLAN

The Company has a defined-contribution retirement plan (the "Retirement Plan") that allows for a matching safe harbor contribution. For 2022 2023, the Board of Directors elected to match participant deferred salary contributions up to a maximum of 4% of the participant's annual compensation. Discretionary profit sharing contributions are allowed under the Retirement Plan in years that the Board does not elect a safe harbor match. The Company has accrued approximately $36,000 for During 2023, the estimated safe harbor matching contribution for the year ended December 31, 2022. The Company contributed $41,000 $43,000 to the Retirement Plan for the safe harbor match for the year ended December 31,

2021 2023. The Company has accrued approximately $17,000 for additional safe harbor matching contribution for the year ended December 31, 2023. Also during 2023, the Company contributed $47,000 to the Retirement Plan for the safe harbor match for the year ended December 31, 2022.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

On December 20, 2018, the Company signed Second Amendments to two System Build Agreements for the Company's second and third Mevion PBRT units. The Company These commitments expired in January 2024 and Mevion have agreed to upgrade the second and third PBRT units for which the Company has purchase commitments. The Company is actively seeking sites for these units but, to date, has was not entered into agreements with any party for either placement of a PBRT unit or the related financing. The Company projects that it will be required able to commence delivery of the second and third PBRT units no later than December 2023. In the event the Company is unable to enter into customer agreements within the requisite time frame or receive an extension from Mevion, the Company could forfeit its deposits. utilize this equipment. During the year-ended December 31, 2020, the Company impaired these deposits and wrote-off the deposits and related capitalized interest. As of December 31, 2022, the Company had commitments, after deposits, to purchase two MEVION S250i PBRT systems for $34,000,000.

As of December 31, 2022 2023, the Company had commitments to install four three Leksell Gamma Knife Icon Esprit Systems ("Icon" Esprit") at existing customer sites, and , install one Cobalt-60 reload with software, purchase three one Gamma Plan workstation, purchase one Linear Accelerator ("LINAC") systems. Two LINACS system, and purchase one Magnetic Resonance imaging guided LINAC ("MR LINAC"). The LINAC, MR LINAC and one Esprit will be placed at future customer sites sites. The remaining Esprit upgrades and Cobalt-one 60 LINAC system will be placed reload are scheduled to occur during 2024 at the Company's new site in Puebla, Mexico, which is expected to begin operations in the second half of 2023, pending regulatory approval. existing customer sites. The Company also has a one commitment to upgrade the de-install a Gamma Knife unit at its stand-alone facility an existing customer site. The Company's LINAC installation in Ecuador to an Icon. The remaining Icon upgrades and LINAC purchases are scheduled to occur between Puebla was in process at December 31, 2023 and the Company made substantial payments towards the project during 2024. 2023. The In January 2024, the Company expects amended the Credit Agreement to upgrade include financing for this project. At December 31, 2023, the Company had commitments remaining for some of the ancillary equipment in Ecuador in mid-2023, pending regulatory approval. The Company has a commitment from DFC to finance this upgrade. Puebla. Total Gamma Knife and LINAC commitments as of December 31, 2022 2023, were $15,925,000. There are no deposits on the consolidated balance sheets related to these commitments as of $13,243,000 December 31, 2023. It is the Company's intent to finance substantially all of these commitments. There may can be cash requirements, pending no assurance that financing will be available for the Company's new site in Mexico and Company's current or future projects, or at terms that are acceptable to the upgrade in Ecuador in the next 12 months. Company. However, the Company currently has cash on hand of $12,453,000 13,808,000 and a line of credit of $7,000,000 to fund these projects, if necessary. The Company has not placed borrowed $2,500,000 on the remaining commitments at this time. There can be Revolving Line as of no December 31, 2023 assurance that financing will be available for the Company's future projects, or at terms that are acceptable to the Company. , which was paid off in January 2024.

On September 4, 2022, the Company entered into a Maintenance and Support Agreement with Mevion (the "Mevion Service Agreement"), which provides for maintenance and support of the Company's PBRT unit at Orlando Health from September 2022 through April 2026. The agreement requires an annual prepayment of $1,800,000 $1,865,000 for the current contractual period (one year). This payment portion was recorded as a prepaid contract and will be amortized over the one-year service period.

As of December 31, 2022 2023, the Company had commitments to service and maintain its Gamma Knife and PBRT equipment. The service commitments are carried out via contracts with Mevion, Elekta and Mobius Imaging, LLC. In addition, in April 2019, the Company signed agreements to service the Icon upgrades which will be installed at various dates between 2023 and 2024. The Company's commitments to purchase two LINAC systems also include a 9-year and 5-year agreement to service the equipment, respectively. Total service commitments as of December 31, 2022 2023 were $15,374,000. $14,805,000. The Gamma Knife and certain other service contracts are paid monthly, as service is performed. The Company believes that cash flow from cash on hand and operations will be sufficient to cover these payments.

The Company's customer contracts generally contain mutual indemnification provisions. The Company maintains general and professional liability insurance in the United States. The Company is not involved in the practice of medicine and therefore believes its present insurance coverage and indemnification agreements are adequate for its business. The Company's Peruvian and Ecuadorian Gamma Knife centers are free-standing facilities operated by GKPeru and GKCE, respectively. The treating physicians and clinical staff at these facilities are independent contractors. The Company maintains general and professional liability insurance consistent with the operations of these facilities and believes its present coverage is adequate for its business.

NOTE 11 – RELATED PARTY TRANSACTIONS

The Company's Gamma Knife business is operated through its 81% indirect interest in its GKF subsidiary. The remaining 19% of GKF is owned by a wholly owned U.S. subsidiary of Elekta, which is the manufacturer of the Gamma Knife. Knife and other radiation therapy equipment. Since the Company purchases the majority of its Gamma Knife

units equipment from Elekta, there are significant related party transactions with Elekta such as equipment purchases, commitments to purchase and service equipment, and costs to maintain the equipment.

The following summarizes related party activity for the years ended December 31, 2022 2023 and 2021 2022:

	December 31,		December 31,	
	2022	2021	2023	2022
Equipment purchases and de-install costs	$ 1,844,000	$ 1,906,000	$ 6,918,000	$ 1,844,000
Costs incurred to maintain equipment	1,094,000	759,000	851,000	1,094,000
Total related party transactions	$ 2,938,000	$ 2,665,000	$ 7,769,000	$ 2,938,000

The Company also had related party commitments to install three Esprit upgrades, one Cobalt-60 reload, purchase one Icon, install four Icon upgrades, MR LINAC, purchase two one Gamma Plan workstations, purchase two LINACs, workstation, and service the related equipment of $17,407,000 equipment. The Company also has two commitments to de-install Gamma Knife units at existing customer sites. Total related party commitments were $18,968,000 as of December 31, 2022 2023.

Related party liabilities on the consolidated balance sheets consist of the following as of December 31, 2022 2023 and 2021 2022:

	December 31,	
	2022	2021
Accounts payable and other accrued liabilities	$ 497,000	$ 1,992,000

	December 31,	
	2023	2022
Accounts payable and other accrued liabilities	$ 1,961,000	$ 497,000

NOTE 12 – SUBSEQUENT EVENT

On February 15, 2023, January 25, 2024 (the “First Amendment Effective Date”), the Company executed an equipment sales agreement entered into a First Amendment to Credit Agreement (the “First Amendment”) with Fifth Third which amended the Credit Agreement to add a new customer term loan in the aggregate principal amount of $2,700,000 (the “Supplemental Term Loan”). The proceeds of the Supplemental Term Loan were advanced in a single borrowing on January 25, 2024, and will be used for capital expenditures related to the sale of a Gamma Knife upgrade Company’s operations in Puebla, Mexico and Cobalt-60 reload. other related transaction costs. The Company expects to complete Supplemental Term Loan will mature on January 25, 2030 (the sale “Maturity Date’). Interest on the Supplemental Term Loan is payable monthly during the initial second twelve or month period following the First Amendment Effective Date. Following such third twelve quarter month period, the Company is required to make equal monthly payments of 2023.principal and interest to fully amortize the amount outstanding under the Supplemental Term Loan by the Maturity Date. The Supplemental Term Loan is secured by a lien on substantially all of the assets of the Company will fulfill this order by exercising and certain of its purchase commitments. See Note 10 – Commitments and Contingencies for additional information. domestic subsidiaries. The First Amendment also replaces the LIBOR-based rates in the Credit Agreement with SOFR-based rates. Pursuant to the First Amendment, advances under the Credit Agreement bear interest at a floating rate per annum equal to SOFR plus 3.00%, subject to a SOFR floor of 0.00%.

Exhibit 10.2f

[*****] Text Omitted for Confidential Treatment. The redacted information has been excluded because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

FOURTH AMENDMENT TO
LEASE AGREEMENT FOR A GAMMA KNIFE UNIT
(ESPRIT UPGRADE)

This FOURTH AMENDMENT TO LEASE AGREEMENT FOR A GAMMA KNIFE UNIT (this "Fourth Amendment") is dated effective as of July 28, 2023 (the "Effective Date") and is entered into by and between GK FINANCING, LLC, a California limited liability company ("GKF"), and METHODIST HEALTHCARE SYSTEM OF SAN ANTONIO, LTD., L.L.P. (formerly known as Methodist Healthcare System of San Antonio, Ltd.), d/b/a Southwest Texas Methodist Hospital, a Texas limited liability partnership ("Hospital").

Recitals:

A. On October 29, 1996, GKF and Hospital entered into a certain Lease Agreement For A Gamma Knife Unit, which was amended pursuant to a certain Addendum dated October 31, 1996, Addendum Two dated October 16, 1997, an Amendment To Lease Agreement For A Gamma Knife Unit dated effective December 13, 2003 (the “First

Amendment"), Second Amendment to Lease Agreement for a Gamma Knife Unit (Perfexion upgrade) dated effective December 23, 2009 (the "Second Amendment") and Third Amendment to Lease Agreement for a Gamma Knife Unit (Perfexion Upgrade) dated June 1, 2022 (the "Third Amendment", which together with the First Amendment and the Second Amendment, are collectively referred to herein as the "Lease").

B. Hospital and GKF desire to further amend the Lease to provide for the replacement and upgrade of the existing Leksell Gamma Knife Perfexion unit (the "Perfexion") that is currently being leased by GKF to Hospital pursuant to the Lease, with a Leksell Gamma Knife – Elekta Esprit unit (such Esprit unit leased hereunder is referred to herein as the "Esprit" or the "Equipment"), which will be installed at the existing Site at which the Perfexion is currently installed, and contemporaneously with the de-installation of the Perfexion (the "Esprit Upgrade").

Agreement:

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Defined Terms**. Unless otherwise defined herein, the capitalized terms used herein shall have the same meanings set forth in the Lease.

2.**Confirmation of Hospital Legal Entity**. The parties acknowledge that the Lease incorrectly identifies Hospital as a Texas corporation. To correct this error, Hospital represents and warrants to GKF that (i) Hospital's former legal name was "Methodist Healthcare System of San Antonio, Ltd." which was then organized as a Texas limited partnership, (ii) Hospital's current legal name is "Methodist Healthcare System of San Antonio, Ltd., L.L.P." and is currently organized as a Texas limited liability partnership; and (iii) all references to Hospital in the Lease and in this Fourth Amendment are to one and the same entity.

[*****] Text Omitted for Confidential Treatment. The redacted information has been excluded because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

3.**Upgrade of the Perfexion to the Esprit**. In accordance with Section 14 of the Lease and subject to the terms and conditions set forth herein, GKF shall acquire and hold title to the Esprit, and install the Esprit with new cobalt-60 sources at the Site.

3.1 New LGK Agreement. Concurrently with the execution of this Fourth Amendment, Hospital shall enter into a new LGK Agreement with Elekta, Inc., a Georgia corporation ("Elekta"), which shall supersede and replace the previous LGK Agreement attached as Exhibit A to the Lease (such new LGK Agreement shall hereinafter be referred to as the "LGK Agreement," and shall be deemed attached as Exhibit A to the Lease). Hospital shall operate and maintain a fully functional radiation therapy department at the Site which shall include the Esprit. Use of the Esprit shall be made available to all neurosurgeons and radiation oncologists with Hospital privileges.

3.2 User License. Hospital shall apply for and obtain in a timely manner a User License from the Nuclear Regulatory Commission and, if necessary, from the applicable state agency authorizing it to install and operate the Esprit and to take possession of and maintain the Cobalt supply required in connection with the use of the Esprit during the term of the Lease. Hospital also shall apply for and obtain in a timely manner all other licenses, permits, approvals, consents and authorizations which may be required by state or local governmental or other regulatory agencies for the development, construction and preparation of the Site, the charging of the Equipment with its Cobalt supply, the conduct of acceptance tests with respect to the Equipment, and the use of the Equipment during the Term. Upon request, Hospital shall provide GKF with true and correct copies of any and all such licenses, permits, approvals, consents and authorizations.

3.3 Delivery of Equipment; Site. GKF shall coordinate with Elekta and Hospital to have the Perfexion de-installed and the Esprit delivered to Hospital at 7700 Floyd Curl Drive, San Antonio, TX 78229 (the "Site") on a delivery date agreed upon in writing by GKF, Hospital and Elekta. The location of the Site shall be the current Perfexion suite. Subject to availability of the Esprit from the equipment manufacturer, issuance of all regulatory approvals, permits and/or waivers in a timely manner, and completion of construction of the Site, the estimated delivery date is on or around September/October 2023 (provided that this Fourth Amendment is executed by the parties on or before January 25, 2023). GKF makes no representations or warranties concerning delivery of the Equipment to the Site or the actual date thereof. The parties acknowledge that Hospital may not be able to perform Procedures for approximately one (1) month during the Esprit Upgrade and the deinstallation of the Perfexion.

3.4 Site Preparation and Installation of Equipment.

(a) GKF, in coordination with Elekta, and at its cost and expense, shall prepare all plans, specifications and site planning criteria (collectively the "Site Planning Criteria") required to prepare, construct and improve the Site for the installation, use and operation of the Equipment during the Term. The plans and specifications (i) shall be approved by Hospital, which approval shall not be unreasonably withheld or delayed; (ii) shall comply in all respects with the Site Planning Criteria; and (iii) to the extent required by applicable law, shall be submitted to all state and federal agencies for their review and approval. GKF, at its cost and expense, shall obtain all permits, certifications, approvals or authorizations required by applicable federal, state or local laws, rules or regulations necessary to prepare, construct and improve the Site as provided above.

(b) GKF, at its cost and expense, shall de-install the Perfexion and prepare, construct and improve the Site as necessary for the installation, use and operation of the Esprit during the Term (as extended herein), including, without limitation, providing all temporary or permanent shielding required for the charging of the Equipment with the Cobalt supply and for its subsequent use, aligning the Site for the Equipment, and installing all electrical systems and other wiring required for the Equipment. In connection with the construction of the Site, Hospital, at its cost and expense, shall select, purchase and install all radiation monitoring equipment, devices, safety circuits and radiation warning signs required at the Site in connection with the use and operation of the Equipment.

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(c) In addition to construction and improvement of the Site, GKF, at its cost and expense, shall be responsible for the installation of the Equipment at the Site, including the positioning of the Equipment on its foundation at the Site in compliance with the Site Planning Criteria.

(d) During the Term (as extended herein), Hospital, at its cost and expense, shall maintain the Site in a good working order, condition and repair, reasonable wear and tear expected.

(e) Upon request by GKF and at GKF's reasonable expense, Hospital shall execute and deliver a commercially reasonable form of subordination, attornment and non-disturbance or other documentation if such a document is reasonably requested by the third party financing company which holds a security interest in the Esprit.

3.5 Hospital Personnel and Services. Upon request and as required by GKF, Hospital, at Hospital's cost and expense, shall provide GKF with Hospital personnel (including Hospital's physicists) and services, including security, in connection with the Esprit installation, among other things, to oversee, supervise and assist with construction and compliance with local, state and federal regulatory requirements and with nuclear regulatory compliance issues and the calibration of the Esprit. Hospital shall not be entitled to reimbursement for its personnel costs, internal costs or overhead in connection with the Esprit Upgrade. Notwithstanding anything to the contrary set forth herein, the Esprit Upgrade shall be performed by GKF only after all necessary and appropriate licenses, permits, approvals, waivers, and consents and authorizations, (collectively, the "Permits"), have been obtained by Hospital at Hospital's sole cost and expense. The actual purchase of the Esprit from third parties shall be the responsibility of GKF.

3.6 Training. GKF, at its cost and expense, shall cover the Esprit training tuition costs for those Hospital-credentialed physicians and physicists who will be using the Esprit. Any travel and entertainment associated with training shall not be the responsibility of GKF.

3.7 Acceptance Tests. Upon receipt of Elekta's report on the results of the Acceptance Tests, Hospital shall have five (5) business days to review and validate the results of the Acceptance Tests to confirm that the Esprit meets the manufacturer's specifications and documentation. If Hospital fails to respond within such five (5) business day period, Hospital may request a five (5) business day extension to validate and confirm the results of the Acceptance Tests. At the expiration of the five (5) business day period, plus any extension, if applicable, the Hospital's failure to respond shall constitute Hospital's validation and confirmation of the Acceptance Tests.

4.**De-Installation of the Perfexion; No Ownership Interests**. Promptly following the Esprit Upgrade, GKF shall de-install, remove and retain all ownership rights and title to the existing Perfexion. Notwithstanding anything to the contrary set forth in the Lease or herein, Hospital shall have no ownership interest (or option to purchase any ownership interest) in the Perfexion and/or the Esprit, and Hospital hereby waives any ownership interest (or option to purchase any ownership interest) in the Perfexion and/or the Esprit.

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5.**Extension of Lease Term**. In consideration of GKF's agreement to perform the Esprit Upgrade, the Gamma Knife Service Term (or "Term") is hereby extended to the date that is ten (10) years following the First Esprit Procedure Date.

6.**Compensation**.

6.1 Commencing from the first procedure performed using the Esprit at the Site (the "First Esprit Procedure Date") and continuing through the duration of the Term (as extended hereby), Hospital shall pay to GKF on a monthly basis, the applicable payments for each and every "Procedure" (as defined below) as set forth in Exhibit "A" attached hereto ("Per Procedure Payments"). For the avoidance of doubt, Per Procedure Payments shall be due and owing to GKF for each and every Procedure that is performed by Hospital, its representatives, affiliates, joint ventures and/or partnerships, on an inpatient or outpatient basis, and/or "under arrangement," and irrespective of (i) whether the Procedure is performed on the Esprit or using any other equipment or devices, or (ii) the actual amounts billed or collected, if any, pertaining to such Procedures. The parties acknowledge that the Per Procedure Payments represent fair market value for the use of the Esprit as described herein. As used herein, "Procedure" means any treatment that involves stereotactic, external, single fraction and/or multiple fractions (up to and including 5 fractions), conformal radiation, commonly called radiosurgery, that may include one or more isocenters during the patient treatment session, delivered to any site(s) superior to the foramen magnum.

6.2 The procedures relating to payment to GKF of the Per Procedure Payments for Procedures performed from and after the First Esprit Procedure Date shall be in accordance with the same procedures set forth in Sections 3.b, 3.c and 3.d of the Third Amendment except that all references to the Perfexion in connection with such procedures shall be deemed to refer to the Esprit; provided that, notwithstanding anything to the contrary set forth in this Fourth Amendment, the compensation payable to GKF pertaining to Procedures performed prior to the First Esprit Procedure Date shall continue to be calculated and paid by Hospital in accordance with the Third Amendment.

6.3 The parties acknowledge that the compensation payable to GKF for the Esprit as set forth in this Fourth Amendment has been negotiated by the parties at arm's length based upon reasonable and jointly derived assumptions regarding the capacity for clinical services available from the Esprit, Hospital's capabilities in providing high quality radiation oncology services, market dynamics, GKF's risk in providing the Esprit, and the provision to GKF of a reasonable rate of return on its investment in support of the Esprit. Based thereon, the parties believe that the Per Procedure Payments represent fair market value for the use of the Esprit, the de-installation and removal of the Perfexion, the Esprit Upgrade, marketing support, maintenance and service, personal property taxes, cost of insurance coverage for the Esprit, and the other additional services and costs to be provided or paid for by GKF pursuant to this Fourth Amendment, and taking into account the Hospital's payment pursuant to Section 2.f above. Hospital undertakes no obligation to perform any minimum number of procedures on the Esprit, and the use of the Esprit for the performance of procedures is wholly based upon the independent judgment of physicians who order such procedures to meet the medical needs of their patients.

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7.**Marketing Support**. Section 8(e) of the Lease is hereby deleted in its entirety and replaced with the following:

"GKF shall coordinate its Gamma Knife marketing plan with Hospital, which marketing plan shall be subject to the approval of Hospital. Hospital shall participate in meetings with GKF to jointly develop a marketing plan annually. The Hospital, with the support of GKF, shall implement the Gamma Knife marketing plan based on the approved budget and timeline. Hospital's and any Hospital subsidiary's or related corporation's name, trademarks, service marks, or other identifying names, marks, images or designations shall be and remain the sole and exclusive property of Hospital, but which may be used in any approved marketing materials without payment of any license or royalty fee. During the first twelve (12) months following the deinstallation of the Perfexion, GKF shall be solely responsible for up to [*****] of out-of-pocket marketing expenses paid to unrelated third parties that are included in the marketing plan budget. Any marketing efforts conducted independently by Hospital shall be at Hospital's expense, and subject to coordination with GKF. Hospital shall use its best efforts to market the Gamma Knife and to educate the

public and the medical community as to the benefits of the Gamma Knife. It is acknowledged by the parties that such expenses to be reimbursed by GKF as provided above have been included in GKF's calculation of Hospital's Per Procedure Payments so as to allow GKF to recover such GKF expenses during the Term of this Agreement; provided that the foregoing shall not be deemed to limit or otherwise affect Hospital's obligation to pay the Per Procedure Payments as set forth herein."

8.**Alterations and Upgrades to Equipment**.

8.1 Hospital shall not make any modifications, alterations or additions to the Equipment (other than normal operating accessories or controls) without the prior written consent of GKF. Hospital shall not, and shall not permit any person other than representatives of Elekta or any other person authorized by GKF to, effect any inspection, adjustment, preventative or remedial maintenance, or repair to the Equipment without the prior written consent of GKF. All modifications, alterations, additions, accessories or operating controls incorporated in or affixed to the Equipment (herein collectively called "additions" and included in the definition of "Equipment") shall become the property of the GKF upon termination of this Agreement.

9.**Option to Reload**.

9.1 The necessity and financial responsibility for modifications, additions or upgrades to the Equipment, including the reloading of the Cobalt-60 source, shall be mutually agreed upon in writing by GKF and Hospital. If GKF and Hospital agree to reload the Cobalt-60 source (i.e., on or around the 72nd month of the Term), then, notwithstanding any provisions to the contrary herein, (i) the Term shall be automatically extended for an additional two (2) years, plus the period of time that the Equipment is unavailable to perform procedures due to the reload, and (ii) commencing from the first day of the sixth (6th) anniversary the First Esprit Procedure Date (i.e., the first day of the seventy-third (73rd) month after the First Esprit Procedure Date, the "Sixth Anniversary Date") through the remainder of the Term as extended (the "Revised Per Procedure Payment Period"), the Per Procedure Payments shall be increased to [*****] per Procedure; provided that, if during the twelve (12) month period immediately preceding the Sixth Anniversary Date or each anniversary date thereafter, the number of Procedures performed on the Esprit or using any other equipment or devices equals or exceeds [*****] Procedures (the "Threshold"), then, the Per Procedure Payments shall not be increased to [*****] per Procedure, but instead, shall remain at [*****] per Procedure for the immediately succeeding twelve (12) month period only. In furtherance of the foregoing, (a) the number of annual Procedures performed on the Esprit or using any other equipment or devices shall be reset to zero (0) at the commencement of each anniversary of the Sixth Anniversary Date; (b) any patient treatment provided on a fractionated basis shall count as one (1) Procedure; (c) charity cases shall not be counted towards annual Procedures performed; and (d) during the Revised Per Procedure Payment Period, there shall be no retroactive adjustment of the Per Procedure Payments irrespective of whether the number of Procedures performed reaches the Threshold.

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9.2 For example, assuming:

(a) [*****] Procedures were performed during the 12 months immediately prior to the Sixth Anniversary Date, then, the Per Procedure Payments during the 12 months immediately following the Sixth Anniversary Date would be [*****] per Procedure;

(b) [*****] Procedures were performed during the 12 months immediately prior to the seventh (7th) anniversary the First Esprit Procedure Date (the "Seventh Anniversary Date"), then, the Per Procedure Payments during the 12 months immediately following the Seventh Anniversary Date would be [*****] per Procedure; and

(c) [*****] Procedures were performed during the 12 months immediately prior to the eighth (8th) anniversary the First Esprit Procedure Date (the "Eighth Anniversary Date"), then, the Per Procedure Payments during the 12 months immediately following the Eighth Anniversary Date would be [*****] per Procedure.

(d) The foregoing methodology would be applied to the entirety of the Revised Per Procedure Payment Period. There are no minimum volume requirements.

10.**Options to Extend Lease**. Section 17 of the Lease is hereby deleted in its entirety and replaced with the following:

"17. Options.

"(a) At the end of the Gamma Knife Service Term, Hospital shall have the option to either:

"(i) Extend the term of this Agreement for a specified period of time and upon such other terms and conditions as may be agreed upon by GKF and Hospital; or

"(ii) Terminate this Agreement as of the expiration of the Gamma Knife Service Term. Upon the expiration of the Gamma Knife Service Term and within a reasonable time thereafter, GKF, at its cost and expense, may enter upon the Site under Hospital supervision and remove the Equipment.

"(b) Hospital shall exercise one (1) of the two (2) options referred to above by giving an irrevocable written notice thereof to GKF at least one (1) year prior to the expiration of the Term. Any such notice shall be sufficient if it states in substance that Hospital elects to exercise its option and states which of the two (2) options referred to above Hospital is exercising. If Hospital fails to exercise the option granted herein at least one (1) year prior to the expiration of the Term, the option shall lapse and this Agreement shall expire as of the end of the Term. Further, if Hospital exercises the option specified in Section 17(a)(i) above and the parties are unable to mutually agree upon the length of the extension of the Term or any other terms or conditions applicable to such extension prior to the expiration of the Term, this Agreement shall expire as of the end of the Term."

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11.**Termination for Economic Justification**. Notwithstanding anything to the contrary contained in the Lease or herein, if, at any time after the initial twelve (12) months following the First Esprit Procedure Date, based upon the utilization of the Esprit and other factors considered relevant by GKF in the exercise of its reasonable discretion, within a reasonable period of time after GKF's written request, Hospital does not provide GKF with a reasonable economic justification to continue the Agreement and the utilization of the Esprit at the Hospital, then and in that event, but without waiving any or all of GKF's rights or remedies under the Agreement, GKF shall have the option to terminate the Agreement

by giving a written notice thereof to Hospital not less than ninety (90) days prior to the effective date of the termination designated in GKF's written notice. Without limiting the generality of the foregoing, for purposes of this Section, "reasonable economic justification to continue the Agreement" shall not be deemed to exist (and GKF shall have the option to terminate the Agreement) if, during the twelve (12) month period immediately preceding the issuance of GKF's written notice of termination, the "Net Cash Flow" is negative. As used herein, "Net Cash Flow" shall mean, for the applicable period, (a) the aggregate Per Procedure Payments actually received by GKF during such period, minus (b) the sum of the aggregate (i) debt service on the Esprit, (ii) maintenance expenses, and (iii) Esprit-related personal property taxes and insurance during such period.

12.**Supplier and Owner of Esprit**. The parties hereto agree that, notwithstanding anything to the contrary set forth herein, the Lease and this Fourth Amendment is and shall be treated and interpreted as a "finance lease," as such term is defined in Article 2A of the Uniform Commercial Code and Section 2A.103(a)(7) of the Business and Commerce Code (Vernon's Texas Statutes and Codes), that GKF shall be treated as a finance lessor who is entitled to the benefits and releases from liability accorded to a finance lessor under Article 2A of the Uniform Commercial Code and Section 2A.103(a)(7) of the Business and Commerce Code (Vernon's Texas Statutes and Codes). In furtherance of the foregoing, Hospital acknowledges that, before signing this Fourth Amendment, GKF has informed Hospital in writing (a) that Elekta is the entity supplying the Esprit to GKF, (b) that Hospital is entitled (under Section 2A of the Uniform Commercial Code and Section 2A.103(a)(7) of the Business and Commerce Code (Vernon's Texas Statutes and Codes)) to the promises and warranties, including those of any third party, provided to GKF by Elekta which is the entity supplying the goods in connection with or as part of the contract by which GKF acquired the Esprit or the right to possession and use of the Esprit, and (c) that Hospital may communicate with Elekta and receive an accurate and complete statement of those promises and warranties, including any disclaimers and limitations of them or of remedies. Hospital also acknowledges that Hospital has selected Elekta to supply the Esprit and has directed GKF to acquire the Esprit or the right to possession and use of the Esprit from Elekta.

13.**Miscellaneous**. This Fourth Amendment (a) shall be governed by and construed under the laws of the State of Texas, without reference to its principles of conflicts of law; and (b) may be executed in separate counterparts, each of which when so executed and delivered shall be an original, but all of which counterparts shall together constitute the same instrument. The captions and paragraph headings used herein are for convenience only and shall not be used in construing or interpreting this Fourth Amendment. This Fourth Amendment together with the Exhibits attached hereto constitutes the full and complete agreement and understanding between the parties hereto concerning the subject matter hereof and shall supersede any and all prior written and oral agreements with regard to such subject matter.

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14.**Full Force and Effect**. Except as amended by this Fourth Amendment, all of the terms and provisions of the Lease shall remain unchanged and in full force and effect and, together with this Fourth Amendment, represent the entire agreement of the parties with respect to the Esprit and its use by Hospital. Unless the context requires otherwise, with respect to the Esprit, all references in the Lease to (i) the "Agreement" shall be deemed to refer to the Lease, as amended by this Fourth Amendment; (ii) the "Equipment" shall be deemed to mean the Esprit; (iii) "Installation" shall be deemed to refer to the Esprit Upgrade; (iv) the "Agreement" shall be deemed to refer to the Lease as amended by this Fourth Amendment; (v) the "Site" shall be deemed to refer to the Site; and (vi) the "Gamma Knife Service Term" or "Term" shall be deemed to refer to the Term, as extended pursuant to this Fourth Amendment. To the extent any of the terms of the Lease conflict with the terms of this Fourth Amendment, the terms and provisions of this Fourth Amendment shall prevail and control. Where not different or in conflict with the terms and provisions of this Fourth Amendment, all applicable terms and provisions set forth in the Lease are incorporated within this Fourth Amendment as is if set forth herein and shall apply with equal force and effect to the Esprit. Nothing set forth in this Fourth Amendment shall relieve either party from any or all of its obligations under the Lease with respect to the Perfexion, including, without limitation, the obligation to pay per procedure payments and the service, insurance and property tax expenses associated with the Perfexion.

[Signatures continued on next page]

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IN WITNESS WHEREOF, the undersigned have executed this Fourth Amendment as of the day first written above.

GKF:	**Hospital:**
GK FINANCING, LLC	METHODIST HEALTHCARE SYSTEM OF SAN ANTONIO, LTD., L.L.P. d/b/a Southwest Texas Methodist Hospital
By: /s/ Craig K. Tagawa	By: /s/ John Armour
Name: Craig K. Tagawa	Name: John Armour
Title: CEO	Title: CFO
Dated: 7/28/2023	Dated: 7/26/ 2023

[*****] Text Omitted for Confidential Treatment. The redacted information has been excluded because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

Exhibit "A"

PER PROCEDURE PAYMENTS

The Per Procedure Payment shall be [*****] [*****]) per Procedure, commencing from the First Esprit Procedure Date and continuing through the duration of the Term (as extended hereby).

Exhibit 10.13d

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AMENDMENT THREE TO EQUIPMENT LEASE AGREEMENT

This AMENDMENT THREE TO EQUIPMENT LEASE AGREEMENT (this "**Amendment Three**") is dated effective as of _____, 2023 (the "**Effective Date**"), and is entered into by and between (i) GK FINANCING, LLC, a California limited liability company ("**GKF**"), whose address is 601 Montgomery Street, Suite 1112, San Francisco, CA 94111, and (ii) LOVELACE HEALTH SYSTEM, LLC d/b/a Lovelace Medical Center, a New Mexico limited liability company ("**Hospital**") whose address is 4101 Indian School Road NE, Albuquerque, NM 87110.

Recitals:

A. GKF and AHS Albuquerque Medical Center, LLC ("**AHS**") entered into a certain Equipment Lease Agreement dated February 13, 2003 (the "**Lease Agreement**"), pursuant to which GKF agreed to lease to AHS a Leksell Stereotactic Gamma Knife unit, Model C with Automatic Positioning System (the "**Model C**").

B. AHS (also known as CNT-AHS Albuquerque Medical Center, LLC) was merged into Hospital, effective October 1, 2003, pursuant to which Hospital assumed all of AHS's rights and obligations under the Lease Agreement by operation of law.

C. Hospital and GKF amended the Lease Agreement to provide for the replacement and upgrade of the Model C that was being leased by GKF to Hospital pursuant to the Lease Agreement, effective April 8, 2011 (the "**First Amendment**"), as amended by that certain First Amendment to Consent to Sublease Agreement effective February 19, 2018, with a Leksell Gamma Knife Perfexion unit including the LOP Software (such Perfexion unit leased hereunder is referred to as the "**Perfexion**"), which was installed at the existing Site (as defined in the Lease) at which the Model C was installed, and contemporaneously with the de-installation of the Model C (the "**Perfexion Upgrade**").

D. Hospital and GKF further amended the Lease Agreement to upgrade the Perfexion that was being leased by GKF to Hospital pursuant to the Lease Agreement, effective October 15, 2019 (the "**Second Amendment**," and together with the Lease Agreement and First Amendment, the "**Lease**") to a Leksell Gamma Knife Icon.

E. GKF and Hospital desire to further amend the Lease to provide for the Cobalt-60 reload and lightning software upgrade of the Leksell Gamma Knife Icon unit ("**Icon**") currently being provided by GKF to Hospital pursuant to the Lease, which will be performed on the existing Icon at the existing Site.

Agreement:

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Defined Terms. Unless otherwise defined herein, the capitalized terms used herein shall have the same meanings set forth in the Lease.

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2. Cobalt-60 Reload and Lightning Software Upgrade.

a. Scheduling and Process for the Reload Lightning Software Upgrade. Subject to the terms and conditions set forth herein, GKF shall reload the existing Icon with new Cobalt-60 that meets the manufacturer's radioactivity level specifications (the "**Reload**") and upgrade the software to include lightning software ("**Upgrade**"). GKF shall use best efforts to perform the Reload and Upgrade in the first calendar quarter of 2024, subject to execution of this amendment no later than November 10, 2023, or such other time as mutually agreed to in writing by authorized representatives of Hospital and GKF, subject to issuance of all regulatory approvals, permits, licenses, consents, authorizations, and/or waivers in a timely manner (collectively, "**Permits**"), and completion of construction, if any, of the Site. GKF warrants that all such installations and services provided by GKF shall meet all specifications and other criteria required by applicable law or other documentation as necessary in order to support the Hospital's ability to perform Procedures using the Equipment. The parties acknowledge that Hospital may not be able to perform Procedures for approximately three (3) weeks during the Reload and Upgrade. Notwithstanding anything to the contrary contained in this Amendment Three, GKF shall have no obligation or liability to pay any damages to Hospital directly resulting from the Hospital's inability to perform Procedures during the time required for the Reload and Upgrade, provided the time required for such Reload and Upgrade does not exceed three (3) weeks, including, without limitation, any lost revenues or profits during the period of time that the Equipment is unavailable to perform Procedures during the Reload and Upgrade.

b. Site Preparation and Rigging. Without limiting GKF's obligation or Hospital's rights under Section 6 of the Lease Agreement, GKF, at its sole cost and expense, shall be solely responsible for the preparation of the Site and the rigging and installation required for the Reload. GKF shall, and shall require its personnel to, comply with all relevant policies, rules, and guidelines of Hospital while onsite or accessing Hospital's systems or network. GKF takes full responsibility for the acts and omissions of its personnel while at the Site or accessing Hospital's systems or network.

c. Hospital Personnel and Services. Upon reasonable request and as reasonably required by GKF solely to perform its obligations under this Amendment Three, Hospital shall provide GKF with Hospital personnel (including Hospital's physicists) and services, including security, in connection with Reload, among other things, to oversee, supervise, and assist with compliance with local, state, and federal regulatory requirements and with nuclear regulatory compliance issues and the calibration of the Icon. Hospital shall not be entitled to reimbursement for its personnel costs, internal costs, or overhead in connection with the Reload and Upgrade. Notwithstanding anything to the contrary set forth herein, the Reload shall be performed by GKF only after all necessary and appropriate Site modifications (if any) and Permits concerning the proper handling of the Cobalt-60 for use in Procedures by Hospital, have been obtained by Hospital at Hospital's sole cost and expense. Subject to Sections 2.a and 2.b above and this Section 2.c, the actual costs of the Reload and Upgrade paid or payable to third parties shall be the responsibility of GKF.

d. Lender Documentation. Upon reasonable request by GKF and at GKF's reasonable expense, Hospital shall execute and deliver a commercially reasonable form of subordination, attornment, and non-disturbance or other documentation if such a document is reasonably requested by the third party financing company which holds a security interest in the Icon.

e. Acceptance Tests. Upon receipt of Elekta's report on the results of the Acceptance Tests (as defined in the Leksell Gamma Knife End User Agreement dated March 7, 2011 ("**LGK Agreement**"), by and between Hospital and Elekta, Inc. ("**Elekta**")), Hospital shall have five (5) business days to review and validate the results of the

Acceptance Tests to confirm that the Icon meets the manufacturer's specifications and documentation. If Hospital fails to respond within such five (5) business day period, Hospital shall be granted a one-time five (5) business day extension to validate and confirm the results of the Acceptance Tests. If Hospital fails to respond within such review period, as extended, Hospital shall be deemed to have validated and confirmed the results of the Acceptance Tests.

3. No Ownership Interests. Notwithstanding anything to the contrary set forth in the Lease or this Amendment Three, GKF shall retain all ownership rights and title to the Icon, and Hospital shall have no ownership interest therein.

4. Extension of Lease Term. The Term of the Lease is hereby extended for a period of sixty-six (66) months following the termination date contemplated in the Second Amendment, unless earlier terminated, and shall continue through November 22, 2029. All references in the Lease to the "Term" shall refer to the term as extended hereby,

5. Lease Payments.

a. It is understood and agreed that Section 8 of the Lease (Per Procedure Payments) shall remain in full force and effect with respect to all Procedures performed prior to January 1, 2024, and that all rent or lease payments pertaining to Procedures performed prior to January 1, 2024 shall continue to be calculated in accordance with the current Section 8 of the Lease in place prior to this Amendment Three and shall be paid by Hospital to, and retained solely by, GKF. Effective as of and after January 1, 2024, the first paragraph only of Section 8 of the Lease shall be deleted in its entirety and replaced with the following:

"8. Per Procedure Payments. As rent for the lease of the Equipment to Hospital pursuant to this Lease, commencing from and after January 1, 2024, Hospital shall pay to GKF pursuant to Exhibit A attached for each Procedure (as defined below) that is performed by Hospital or its representatives or affiliates at the Site or within the State of New Mexico at the direction of Hospital or any of its affiliates, whether on an inpatient or outpatient basis, or "under arrangement" (as used in the Medicare billing context), and irrespective of whether the Procedure is performed on the Equipment or using any other equipment or devices; provided that the Icon was available and fully operational at the time the Procedure was performed. As used herein, a "**Procedure**" means any treatment that involves stereotactic, external, single or up to and including five (5) fraction(s), conformal radiation, commonly called radiosurgery, that may include one or more isocenters during the patient treatment session, delivered to any site(s) superior to the foramen magnum. "Procedure" shall expressly exclude any procedures which the Equipment is unable to perform or which, in the opinion of Elekta, the Equipment is not designed or reasonably suitable to perform."

[*****] Text Omitted for Confidential Treatment. The redacted information has been excluded because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

6. Notices. As of the Effective Date, Hospital's notice address as set forth in Section 24.14 of the Lease shall be deleted in its entirety and replaced with the following:

"To Hospital: Lovelace Medical Center
Attention: Chief Executive Officer
4101 Indian School Road NE
Albuquerque, NM 87110

With a copy to: Lovelace Medical Center
Attention: General Counsel
340 Seven Springs Way, Suite 100
Brentwood, TN 37027"

7. Full Force and Effect. Except as amended by this Amendment Three, all of the terms and provisions of the Lease shall remain unchanged and in full force and effect and, together with this Amendment Three, represent the entire agreement of the parties with respect to the Reload and Upgrade and its use by Hospital. Unless the context requires otherwise, with respect to the Cobalt reload and Lightning software upgrade, all references in the Lease to (i) the "Agreement" shall be deemed to mean the Lease as amended; (ii) the "Equipment" shall be deemed to mean the Icon; (iii) the "LGK Agreement" shall be deemed to refer to the LGK Agreement executed by Hospital relating to the Perfexion; and (iv) the "Term" shall be deemed to refer to the Term, as extended pursuant to this Amendment Three. To the extent any of the terms of the Lease as amended conflict with the terms of this Amendment Three as it pertains to the Reload and Upgrade, the terms and provisions of this Amendment Three shall prevail and control. Where not different or in conflict with the terms and provisions of this Amendment Three, all applicable terms and provisions set forth in the Lease as amended are incorporated within this Amendment Three as is if set forth herein and shall apply with equal force and effect to the Reload and Upgrade. Notwithstanding anything to the contrary set forth herein, no term or condition of this Amendment Three shall be effective to the extent it causes Hospital to breach the LGK Agreement or otherwise violate or infringe upon the rights of Elekta. Nothing set forth in this Amendment Three shall relieve either party from any or all of its obligations under the Lease as amended. Hospital shall have no further obligations with respect thereto other than making payments for Procedures performed.

[The remainder of this page intentionally left blank; signature page(s) follow.]

[*****] Text Omitted for Confidential Treatment. The redacted information has been excluded because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

IN WITNESS WHEREOF, the parties have executed this Amendment Three effective as of the Effective Date.

GKF:		**Hospital:**	
GK FINANCING, LLC		LOVELACE HEALTH SYSTEM, LLC, d/b/a Lovelace Medical Center	
By:	/s/ Craig K. Tagawa	By:	/s/ Brian Miller
Name:	Craig K. Tagawa	Name:	Brian Miller
Title:	Chief Executive Officer	Title:	Chief Operating Officer
Date:	11/6/23	Date:	11/9/23

Internal Review Only:

By: /s/ Richard Hann
Name: Richard Hann
Title: Div VIP/CFO
Date: 11/9/23

[*****] Text Omitted for Confidential Treatment. The redacted information has been excluded because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

Exhibit A

PER PROCEDURE PAYMENTS

Annual Paid Procedures Performed	Fee Per Use
1-100	$ [*****] per Procedure
101+	$[*****] per Procedure

Notwithstanding anything to the contrary set forth herein, for purposes of determining the Per Procedure Payments, the number of annual Procedures performed on the Icon or using any other equipment or devices shall be reset to zero (0) at the commencement of each annual anniversary after January 1, 2024.

For Per Procedure count purposes any patient treatment provided on a fractionated basis shall count as one (1) Procedure.

5

Exhibit 10.20b

AMENDMENT TWO TO LEKSELL GAMMA KNIFE PERFEXION

PURCHASED SERVICES AGREEMENT

This AMENDMENT TWO TO LEKSELL GAMMA KNIFE PERFEXION PURCHASED SERVICES AGREEMENT (this "Amendment") is made and entered into as of the date of the last party to sign below, by and between GK FINANCING, LLC, a California limited liability company ("GKF"), and PEACEHEALTH, a Washington non-profit corporation, doing business through its operating division PEACEHEALTH SACRED HEART MEDICAL CENTER AT RIVERBEND ("Medical Center"), with reference to the following recitals:

RECI TA LS

WHEREAS, GKF and Medical Center entered into that Purchased Services Agreement dated March 27, 2014, pursuant to which GKF agreed to provide Medical Center with a Leksell Gamma Knife Perfexion ("Equipment") and on January 20, 2021, as amended GKF and Medical Center agreed to a Cobalt-60 reload and software upgrade of the Equipment.

WHEREAS, GKF and Medical Center desire to further amend the Purchased Services Agreement on the terms set forth herein to provide for the upgrade of the existing Perfexion with an Esprit upgrade package and for the Cobalt-60 reload of the Esprit (Exhibit A) being provided by GKF to Medical Center pursuant to the PSA.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

1.**Defined Terms.** Unless otherwise defined herein, the capitalized terms used herein shall have the same meanings set forth in the Agreement.

2.**Upgrade of the Perfexion to the Esprit and Cobalt-60 Reload**. In accordance with Section 9.2 of the Purchased Service Agreement ("PSA") and subject to the terms and conditions set forth herein, GKF shall acquire and hold title to the Esprit.

2.1 User License**.** Medical Center shall apply for and obtain in a timely manner a User License from the Nuclear Regulatory Commission and, if necessary, from the applicable state agency authorizing it to install and operate the Esprit and to take possession of and maintain the Cobalt supply required in connection with the use of the Esprit during the term of the PSA. Medical Center also shall apply for and obtain in a timely manner all other licenses, permits, approvals, consents and authorizations which may be required by state or local governmental or other regulatory agencies for the development, construction and preparation of the Site, the charging of the Equipment with its Cobalt supply, the conduct of acceptance tests with respect to the Equipment, and the use of the Equipment during the Term. Upon request, Medical Center shall provide GKF with true and correct copies of any and all such licenses, permits, approvals, consents and authorizations.

2.2 Delivery of Equipment; Site. GKF shall coordinate with Elekta and Medical Center to have the Esprit upgrade package and Cobalt-60 delivered to (the "Site") on a delivery date agreed upon in writing by GKF, Medical Center and Elekta. The location of the Site shall be the current Perfexion suite. Subject to availability of the Esprit and Cobalt-60 from the equipment manufacturer, issuance of all regulatory approvals, permits and/or waivers in a timely manner, and completion of construction of the Site, the estimated delivery date is on or around March 2024, subject to execution of this Amendment Two on/or before January 8, 2024 GKF makes no representations or warranties concerning delivery of the Equipment. The parties acknowledge that Medical Center may not be able to perform Procedures for approximately 6-7 weeks during the Esprit Upgrade and Cobalt-60 reload. GKF and Medical Center agree that the cost of the Esprit Upgrade and Cobalt-60 reload shall be the sole responsibility of GKF.

2.3 Site Preparation and Installation of Equipment

(a) GKF in coordination with Elekta, shall prepare all plans, specifications and site planning criteria (collectively the "Site Planning Criteria") required to prepare, construct and improve the Site for the installation, use and operation of the Equipment during the Term. The plans and specifications (i) shall be approved by Medical Center, which approval shall not be unreasonably withheld or delayed; (ii) shall comply in all respects with the Site Planning Criteria; and (iii) to the extent required by applicable law, shall be submitted to all state and federal agencies for their review and approval. Medical Center, shall obtain all permits, certifications, approvals or authorizations required by applicable federal, state or local laws, rules or regulations necessary to prepare, construct and improve the Site as provided above.

(b) GKF shall prepare, construct and improve the Site as necessary for the installation, use and operation of the Esprit during the Term (as extended herein), including, without limitation, aligning the Site for the Equipment, and installing all electrical systems and other wiring required for the Equipment. In connection with the construction

of the Site, Medical Center, shall select, purchase and install all radiation monitoring equipment, devices, safety circuits and radiation warning signs required at the Site in connection with the use and operation of the Equipment.

(c) In addition to construction and improvement of the Site, GKF, shall be responsible for the installation of the Esprit upgrade package, in compliance with the Site Planning Criteria.

(d) All costs incurred to fulfill the obligation enumerated in Section 2.3 (a), (b) and (c), shall be the sole responsibility of GKF, except for those Medical Center responsibilities enumerated in Section 2.3 (a) and (b). For the avoidance of doubt, GKF shall bear the cost of all drawings as well as rigging, unloading and loading of Cobalt-60. Medical Center shall be responsible for permit applicable costs and GKF Esprit fees.

(e) During the Term (as extended herein), Medical Center, at its cost and expense, shall maintain the Site in a good working order, condition and repair, reasonable wear and tear expected.

(f) Lender Documentation. GKF, in its sole discretion, may finance its portion of the Esprit Upgrade and Cobalt-60 Reload costs in which event, the terms and provisions set forth in Section 14 of the Agreement (Financing of Equipment by GKF) shall apply to the Esprit Upgrade and Cobalt-60 Reload. In furtherance of the foregoing, and upon request by GKF, Medical Center shall execute and deliver a commercially reasonable form of subordination, attornment and non-disturbance or other documentation if such a document is reasonably requested by the third party financing company which holds a security interest in the Equipment.

2.4 Medical Center Personnel and Services. Upon request and as required by GKF, Medical Center, at Medical Center's cost and expense, shall provide GKF with Medical Center personnel (including Medical Center's physicists) and services, including security, in connection with the Esprit installation and Cobalt-60 reload, among other things, to oversee, supervise and assist with construction and compliance with local, state and federal regulatory requirements and with nuclear regulatory compliance issues and the calibration of the Esprit. Medical Center shall not be entitled to reimbursement for its personnel costs, internal costs or overhead in connection with the Esprit Upgrade and Cobalt-60 reload. Notwithstanding anything to the contrary set forth herein, the Esprit Upgrade and Cobalt-60 reload shall be performed by GKF only after all necessary and appropriate licenses, permits, approvals, waivers, and consents and authorizations, (collectively, the "Permits"), have been obtained by Medical Center at Medical Center's sole cost and expense.

2.5 Training. GKF, at its cost and expense, shall cover the Esprit training tuition costs for those Medical Center-credentialed physicians and physicists who will be using the Esprit as stated in Attachment A. Any travel and entertainment associated with training shall not be the responsibility of GKF.

2.6 Acceptance Tests. Upon receipt of Elekta's report on the results of the Acceptance Tests (as defined in the LGK Agreement), Medical Center shall have seven (7) business days to review and validate the results of the Acceptance Tests to confirm that the Equipment meets the manufacturer's specifications and documentation. If Medical Center fails to respond within such seven (7) business day period, Medical Center may request in writing a one-time seven (7) business days extension from GKF. If Medical Center fails to respond within such seven (7) business day period (as may be so extended), Medical Center shall be deemed to have validated and confirmed the results of the Acceptance Tests.

2.7 Warranty. Upon completion of the Esprit package upgrade and Cobalt-60 reload, a full twelve (12) month warranty for the complete system at the Site will follow.

2.8 New LGK End User License Agreement. Concurrently with the execution of this Amendment Two, Medical Center shall enter into a new LGK End User License Agreement with Elekta, Inc., a Georgia corporation ("Elekta"), which shall supersede and replace the previous LGK End User Agreement attached as Exhibit 1 to the PSA (such new LGK End User License Agreement shall hereinafter be referred to as the "LGK EULA ," and shall be deemed attached as Exhibit 1 to the PSA). Use of the Esprit shall be made available to all neurosurgeons and radiation oncologists with Medical Center privileges.

3. **Extension of Term of the Agreement**. The Term of the Agreement is hereby extended for a period of ten (10) years from the first Esprit clinical procedure. All references in the Agreement Two to the "Term" or "Initial Term" shall be deemed to refer to the Term, as extended hereby. Any subsequent reload of the Cobalt-60 source prior to the expiration of the Term as extended hereby shall be on such terms as specified in Section 13.2 of the PSA. End of Life and End of Guaranteed Support shall be November 1, 2034, for the field upgraded Gamma Knife Esprit.

4. **Miscellaneous.** This Amendment Two may be executed in separate counterparts, each of which when so executed and delivered shall be an original, but all of which counterparts shall together constitute the same instrument. The captions and paragraph headings used herein are for convenience only and shall not be used in construing or interpreting this Amendment Two. This Amendment Two constitutes the full and complete agreement and understanding between the parties hereto concerning the subject matter hereof and shall supersede any and all prior written and oral agreements with regard to such subject matter.

5. **Full Force and Effect**. Except as amended by this Amendment Two, all of the terms and provisions of the PSA shall remain unchanged and in full force and effect and, together with this Amendment Two, represent the entire agreement of the parties with respect to the Esprit and its use by Medical Center. Unless the context requires otherwise, with respect to the Esprit, all references in the PSA to (i) the "Agreement" shall be deemed to refer to the PSA, as amended by this Amendment Two; (ii) the "Equipment" shall be deemed to mean the Esprit and where appropriate, Perfexion; (iii) "Installation" shall be deemed to refer to the Esprit Upgrade and Cobalt-60 reload; (iv) the "Agreement" shall be deemed to refer to the PSA as amended by this Amendment Two; (v) the "Site" shall be deemed to refer to the Site; and (vi) the "Term" shall be deemed to refer to the Term, as extended pursuant to this Amendment Two. To the extent any of the terms of the PSA conflict with the terms of this Amendment Two, the terms and provisions of this Amendment Two shall prevail and control. Where not different or in conflict with the terms and provisions of this Amendment Two, all applicable terms and provisions set forth in the PSA are incorporated within this Amendment Two as if set forth herein and shall apply with equal force and effect to the Esprit. Nothing set forth in this Amendment Two shall relieve either party from any or all of its obligations under the PSA with respect to the Perfexion, including, without limitation, the obligation to pay Purchased Services Payments and the service, insurance and property tax expenses associated with the Perfexion.

[Signatures continued on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date of the last party to sign below:

"GKF" GK FINANCING, LLC

By: /s/ Craig K. Tagawa

Title: CEO

Date: 12/29/23

"MEDICAL CENTER" PEACEHEALTH, dba
PEACEHEALTH SACRED HEART
MEDICAL CENTER AT RIVERBEND
By: /s/ Darrin Montalvo
Title: EVP Chief Financial Growth Officer
Date: 1/19/24_

Exhibit "A"

ESPRIT UPGRADE PACKAGE AND COBALT-60 RELOAD

See Attached PDF's

Exhibit "1"

LGK END USER LICENSE AGREEMENT

To be provided by Elekta

Exhibit 10.23b

FIRST AMENDMENT TO
LEASE AGREEMENT FOR A GAMMA KNIFE UNIT
(Perfexion on site upgrade to ELEKTA ESPRIT)

This FIRST AMENDMENT TO LEASE AGREEMENT FOR A GAMMA KNIFE UNIT (this "First Amendment") is dated effective as of April 18, 2023 (the "Effective Date") and is entered into by and between GK FINANCING, LLC, a California limited liability company ("GKF"), and THE METHODIST HOSPITALS, INC, an Indiana non-profit corporation ("Hospital") at 600 Grant Street, Gary, Indiana 46402.

Recitals:

A. On May 8, 2018, GKF and Hospital entered into a certain equipment Lease Agreement for A Gamma Knife PERFEXION ("Lease").

B. Hospital, and Elekta, Inc. entered into a Leksell Gamma Knife End User Agreement last executed on May 8, 2018 ("End User Agreement"), as attached in Exhibit B.

C. Hospital and GKF desire to amend the Lease to provide for the upgrade of the existing Leksell Gamma Knife Perfexion unit (the "Perfexion") that is currently being leased by GKF to Hospital pursuant to the Lease, with a Leksell Gamma Knife – Esprit upgrade package (Exhibit A), (such Esprit unit leased hereunder is referred to herein as the "Esprit" or the "Equipment"), which will be upgraded at the existing Site at which the Perfexion is currently installed.

Agreement:

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Defined Terms**. Unless otherwise defined herein, the capitalized terms used herein shall have the same meanings set forth in the Lease.

2. **Upgrade of the Perfexion to the Esprit**. Elekta, Inc. has agreed to sell the Esprit onsite upgrade package as defined on Exhibit A to GKF to be leased to Hospital pursuant to the Lease, as amended. In accordance with Section 9 of the Lease and subject to the terms and conditions set forth herein, GKF shall acquire and hold title to the Esprit, which shall be used by Hospital at the Site.

2.1 The existing End User Agreement shall remain in full force, provided however, the End User Agreement shall be modified as follows: (a) the definition of LGK is modified so that Exhibit A shall be the same as Exhibit A attached to this First Amendment; (b) LGP Software shall mean the dose planning software described in the Specifications for the Esprit, with a copy of such Specifications provided to Hospital prior to installation of the Esprit; (c) the term provided in Section 8.5 shall match the Lease, as extended by this First Amendment; and (d) the Software License described in Exhibit D shall be applicable to the Esprit upgrade software requirements. The current Elekta End User Agreement is attached for the Hospital to suggest changes directly with Elekta.

2.1 User License. The following shall replace subparagraph 4.1 of the Lease: Hospital shall apply for and obtain in a timely manner a User License from the Nuclear Regulatory Commission and, if necessary, from the applicable state agency authorizing it to install and operate the Esprit and to take possession of and maintain the Cobalt supply required in connection with the use of the Esprit during the term of the Lease. It is anticipated by Hospital that no additional fee shall be assessed against Hospital for the User License, Cobalt or Cobalt source as a result of the Esprit upgrade. Hospital also shall apply for and obtain in a timely manner all other licenses, permits, approvals, consents, and authorizations which may be required by state or local governmental or other regulatory agencies for the development, construction and preparation of the Site, the charging of the Equipment with its Cobalt supply, the conduct of acceptance tests with respect to the Equipment, and the use of the Equipment during the Term. Upon request, the Hospital shall provide GKF with true and correct copies of any and all such licenses, permits, approvals, consents and authorizations.

2.2 Delivery of Equipment; Site. The following shall replace subparagraph 5.1 of the Lease: GKF shall coordinate with Elekta and Hospital to have the Esprit upgrade package delivered to Methodist Merrillville South Lake Campus, 8701 Broadway, Merrillville, IN 46410 (the "Site") on a delivery date agreed upon in writing by GKF, Hospital and Elekta. The location of the Site shall be the current Perfexion suite. Subject to availability of the Esprit from the equipment manufacturer, issuance of all regulatory approvals, permits and/or waivers in a timely manner, and completion of construction of the Site, the estimated delivery date is on or around September/October 2023, subject to execution of this Amendment on/or before April 15, 2023. GKF makes no representations or warranties concerning delivery of the Equipment to the Site or the actual date thereof. The parties acknowledge that the Hospital may not be able to perform Procedures for approximately 3 - 4 weeks during the Esprit Upgrade.

2.3 Site Preparation and Installation of Equipment. The following shall replace Paragraph 6 of the Lease:

(a) GKF, in coordination with Elekta and/or its turnkey solutions provider, H&H Design Build, and at its cost and expense, shall prepare all plans, specifications and site planning criteria (collectively the "Site Planning Criteria") required to prepare, construct, and improve the Site for the installation, use and operation of the Equipment during the Term. The plans and specifications (i) shall be approved by Hospital, which approval shall not be unreasonably withheld or delayed; (ii) shall comply in all respects with the Site Planning Criteria; and (iii) to the extent required by applicable law, shall be submitted to all state and federal agencies for their review and approval. GKF, at its

cost and expense, shall obtain all permits, certifications, approvals, or authorizations required by applicable federal, state or local laws, rules or regulations necessary to prepare, construct and improve the Site as provided above.

(b) GKF, at its cost and expense, prepare, construct, and improve the Site as necessary for the installation, use and operation of the Esprit during the Term (as extended herein), including, without limitation, aligning the Site for the Equipment, and installing all electrical systems and other wiring required for the Equipment. In connection with the construction of the Site, Hospital, at its cost and expense, shall select, purchase and install all radiation monitoring equipment, devices, safety circuits and radiation warning signs required at the Site in connection with the use and operation of the Equipment.

(c) In addition to construction and improvement of the Site, GKF, at its cost and expense, shall be responsible for the installation of the Esprit upgrade package, in compliance with the Site Planning Criteria.

(d) During the Term (as extended herein), the Hospital, at its cost and expense, shall maintain the Site in a good working order, condition and repair, reasonable wear and tear expected.

(e) Upon request by GKF and at GKF's reasonable expense, Hospital shall execute and deliver a commercially reasonable form of subordination, attornment and non-disturbance or other documentation if such a document is reasonably requested by the third-party financing company which holds a security interest in the Esprit.

2.4 Hospital Personnel and Services. Upon request and as required by GKF, Hospital, at Hospital's cost and expense, shall provide GKF with Hospital personnel (including Hospital's physicists) and services, including security, in connection with the Esprit installation, among other things, to oversee, supervise and assist with construction and compliance with local, state, and federal regulatory requirements and with nuclear regulatory compliance issues and the calibration of the Esprit. The hospital shall not be entitled to reimbursement for its personnel costs, internal costs or overhead in connection with the Esprit Upgrade. Notwithstanding anything to the contrary set forth herein, the Esprit Upgrade shall be performed by GKF only after all necessary and appropriate licenses, permits, approvals, waivers, and consents and authorizations, (collectively, the "Permits"), have been obtained by Hospital at Hospital's sole cost and expense. The actual purchase of the Esprit from third parties shall be the responsibility of GKF.

2.5 Training. GKF, at its cost and expense, shall cover the Esprit training tuition costs for those Hospital-credentialed physicians and physicists who will be using the Esprit. Any travel and entertainment associated with training shall not be the responsibility of GKF.

2.6 Acceptance Tests. Upon receipt of Elekta's report on the results of the Acceptance Tests, Hospital shall have five (5) business days to review and validate the results of the Acceptance Tests to confirm that the Esprit meets the manufacturer's specifications and documentation. If the Hospital fails to respond within such five (5) business day period, Hospital may request a five (5) business day extension to validate and confirm the results of the Acceptance Tests. At the expiration of the five (5) business day period, plus any extension, if applicable, the Hospital's failure to respond shall constitute Hospital's validation and confirmation of the Acceptance Tests.

2.7 Warranty. Upon completion of the Esprit package upgrade, a full twelve (12) month warranty, starting from signed acceptance test or first clinical use, whichever occurs first, for the complete Esprit system at the Site. This shall include all parts and labor but not include any new function or feature not included as part of this Esprit on upgrade as describes in attached A.

3. **No Ownership Interests**. Hospital shall have no ownership interest (or option to purchase any ownership interest) in the Esprit, and Hospital hereby waives any ownership interest (or option to purchase any ownership interest) in the Esprit.

4. **Extension of Lease Term**. In consideration of GKF's agreement to perform the Esprit Upgrade, the Gamma Knife Service Term (or "Term") is hereby extended five (5) years to end on January 15, 2034.

5. **Compensation**.

5.1 The parties acknowledge that the compensation payable to GKF for the Esprit shall remain as set forth in Paragraph 8 of the Lease. Such compensation as incorporated into this First Amendment has been negotiated by the parties at arm's length based upon reasonable and jointly derived assumptions regarding the capacity for clinical services available from the Esprit, Hospital's capabilities in providing high quality radiation oncology services, market dynamics, GKF's risk in providing the Esprit, and the provision to GKF of a reasonable rate of return on its investment in support of the Esprit. Based thereon, the parties believe that the Lease Payments represent fair market value for the use of the Esprit, the Esprit Upgrade, maintenance and service, personal property taxes, cost of insurance coverage for the Esprit, and the other additional services and costs to be provided or paid for by GKF pursuant to this First Amendment and taking into account the Hospital's payment pursuant to Section 8 in the Lease. Hospital undertakes no obligation to perform any minimum number of procedures on the Esprit, and the use of the Esprit for the performance of procedures is wholly based upon the independent judgment of physicians who order such procedures to meet the medical needs of their patients.

5.2 As part of the cost reporting process or otherwise, Hospital may be obligated to report and provide information concerning any discounts, rebates, or other price reductions provided under this Agreement pursuant to 42 U.S.C. § 1320a-7b(b)(3)(A) (the discount exception to the Anti-Kickback Law) and/or 42 C.F.R. § 1001.952(h)(the discount safe harbor to the Anti- kickback Law), or other federal or state laws. Hospital hereby acknowledges its legal obligations to fully and accurately report the discounts, rebates and/or other price reductions it receives under this Agreement per these authorities. GKF agrees to fully and accurately report any discounts on the relevant invoice, coupon or statement submitted to Customer, as applicable. Each party shall retain this Agreement and any other documentation of discounts, rebates, or other price reductions and shall make such information available to federal or state health care programs as required by law.

6. **Full Force and Effect**. Except as amended by this First Amendment, all of the terms and provisions of the Lease shall remain unchanged and in full force and effect and, together with this First Amendment, represent the entire agreement of the parties with respect to the Esprit and its use by Hospital. Unless the context requires otherwise, with respect to the Esprit, all references in the Lease to (i) the "Agreement" shall be deemed to refer to the Lease, as amended by this First Amendment; (ii) the "Equipment" shall be deemed to mean the Esprit and where appropriate, Perfexion; (iii) "Installation" shall be deemed to refer to the Esprit Upgrade; (iv) the "Agreement" shall be deemed to refer to the Lease as amended by this First Amendment; (v) the "Site" shall be deemed to refer to the Site; and (vi) the "Term" shall be deemed to refer to the Term, as extended pursuant to this First Amendment. To the extent any of the terms of the Lease conflict with the terms of this First Amendment, the terms and provisions of this First Amendment shall prevail and control. Where not different or in conflict with the terms and provisions of this First Amendment, all applicable terms and provisions set forth in the Lease are incorporated within this First Amendment as is if set forth herein and shall apply with equal force and effect to the Esprit. Nothing set forth in this First Amendment shall relieve either party from any or all of

its obligations under the Lease and incurred prior to the start of installation of the Esprit with respect to the Perfexion, including, without limitation, the obligation to pay Lease Payments and the service, insurance and property tax expenses associated with the Perfexion.

[Signatures continued on next page]

IN WITNESS WHEREOF, the undersigned have executed this Fourth Amendment as of the day first written above.

GKF:	**Hospital:**
GK FINANCING, LLC	THE METHODIST HOSPITALS, INC
	By: /s/ Matthew Doyle
By: /s/Craig K. Tagawa	Name: Matthew Doyle
Name: Craig K. Tagawa	Title: President and CEO
Title: CEO	Dated: April 18, 2023
Dated: April 18, 2023	

Exhibit "A"

ESPRIT UPGRADE PACKAGE

See attachment

Attachment B

Elekta Perfexion End User Agreement currently in place

Exhibit 10.23c

SECOND AMENDMENT TO

LEASE AGREEMENT FOR A GAMMA KNIFE UNIT

(COBALT-60 RELOAD)

This SECOND AMENDMENT TO LEASE AGREEMENT FOR A GAMMA KNIFE UNIT (this "Second Amendment") is dated effective as of the last date signed by the parties (the "Effective Date") and is entered into by and between GK FINANCING, LLC, a California limited liability company ("GKF"), and THE METHODIST HOSPITALS, INC, and Indiana non-profit corporation ("Hospital") at 600 Grant Street, Gary, Indiana 46402.

Recitals:

A. On May 8, 2018, GKF and Hospital entered into a certain equipment Lease Agreement for A Gamma Knife PERFEXION ("Lease").

B. Hospital and GKF entered into a First Amendment to the Lease, effective April 18, 2023, to provide for the upgrade of the existing Leksell Gamma Knife unit (the "Perfexion") that is currently being leased by GKF to Hospital pursuant to the Lease, with a Leksell Gamma Knife – Esprit upgrade package (such Esprit unit leased hereunder is referred to herein as the "Esprit" or the "Equipment"), which will be upgraded at the existing Site at which the Perfexion is currently installed.

C. Hospital, GKF and Elekta, Inc. entered into a Leksell Gamma Knife End User Agreement contemporaneously with this Lease Agreement ("End User Agreement").

D. GKF and Hospital desire to further amend the Lease to provide for the Cobalt-60 reload of the Equipment.

Agreement:

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Defined Terms**. Unless otherwise defined herein, the capitalized terms used herein shall have the same meanings set forth in the Lease.

2. **Cobalt-60 Reload**.

a. Scheduling and Process for the Reload. Subject to the terms and conditions set forth herein, GKF shall reload the existing Equipment with new Cobalt-60 that meets the manufacturer's radioactivity level specifications (the "Reload"). GKF shall use its commercially reasonable best efforts to perform the Reload on or about September 2023, or such other time as mutually agreed to in writing by Hospital and GKF, subject to availability of the Cobalt-60, issuance of all regulatory approvals, permits and/or waivers in a timely manner, and completion of construction, if any, of the Site. The parties acknowledge that Hospital may not be able to perform Procedures for approximately three weeks during the Reload. Notwithstanding anything to the contrary contained in this Second Amendment, GKF makes no representation or warranty to Hospital concerning the Reload and GKF shall have no obligation or liability to pay any damages to Hospital resulting from the Hospital's inability to perform Procedures during the time required for the Reload. In the event the Cobalt-60 for Reload is not shipped prior to December 31, 2024, then either party may terminate this Second Amendment, which shall then become null and void.

b. Site Preparation and Rigging. GKF, at its sole cost and expense, shall be solely responsible for the preparation of the Site and the rigging and installation required for the Reload.

c. Hospital Personnel and Services. Upon request and as required by GKF, Hospital, at Hospital's cost and expense, shall provide GKF with Hospital personnel (including Hospital's physicists) and services, including security, in connection with Reload, among other things, to oversee, supervise and assist with compliance with local, state and federal regulatory requirements and with nuclear regulatory compliance issues and the calibration of the Equipment. Hospital shall not be entitled to reimbursement for its personnel costs, internal costs or overhead in connection with the Reload. Notwithstanding anything to the contrary set forth herein, the Reload shall be performed by GKF only after all necessary and appropriate Site modifications (if any), licenses, permits, approvals, waivers, consents and authorizations, and the proper handling of the Cobalt-60 (collectively, the "Permits"), have been obtained by Hospital at Hospital's sole cost and expense. Subject to Sections 2.a and 2.b above and this Section 2.c, the actual costs of the Reload paid or payable to third parties shall be the responsibility of GKF.

d. Lender Documentation. Upon request by GKF and at GKF's reasonable expense, Hospital shall execute and deliver a commercially reasonable form of subordination, attornment and non-disturbance or other documentation if such a document is reasonably requested by the third party financing company which holds a security interest in the Equipment.

e. Acceptance Tests. Upon receipt of Elekta's report on the results of the Acceptance Tests (as defined in the Leksell Gamma Knife End User Agreement ("LGK Agreement"), Hospital shall have five (5) business days to review and validate the results of the Acceptance Tests to confirm that the Icon meets the manufacturer's specifications and documentation. If Hospital fails to respond within such five (5) business day period, Hospital shall be granted a one-time five (5) business day extension to validate and confirm the results of the Acceptance Tests. If Hospital fails to respond within such review period, as extended, Hospital shall be deemed to have validated and confirmed the results of the Acceptance Tests.

f. Future Reload. Section 13.2 of the Agreement is amended so that any future reloading of the Cobalt-60 shall only be by mutual Agreement of the parties and no longer in the sole discretion of GKF.

3. **Insurance.** For clarification purposes, the insurance provisions of Section 23.1 and 23.3 of the Lease shall be applicable to GKF for all purposes of the Reload.

4. **Extension of Lease Term.** The Term of the Lease as amended is hereby extended for a period of three (3) years to January 15, 2037. All references in the Lease to the "Term" shall refer to the term as extended hereby,

5. **Compensation**.

a. The parties acknowledge that the compensation payable to GKF for the Esprit shall remain as set forth in Paragraph 8 of the Lease. Such compensation as incorporated into this Second Amendment has been negotiated by the parties at arm's length based upon reasonable and jointly derived assumptions regarding the capacity for clinical services available from the Esprit, Hospital's capabilities in providing high quality radiation oncology services, market dynamics, GKF's risk in providing the Esprit, and the provision to GKF of a reasonable rate of return on its investment in support of the Cobalt-60 reload of the Esprit. Based thereon, the parties believe that the Lease Payments represent fair market value for the Use of the Esprit, the Esprit Cobalt-60 reload, maintenance and service, personal property taxes, cost of insurance coverage for the Esprit, and the other additional services and costs to be provided or paid for by GKF pursuant to this Second Amendment and taking into account the Hospital's payment pursuant to Section 8 in the Lease. Hospital undertakes no obligation to perform any minimum number of procedures on the Esprit, and the use of the Esprit for the performance of procedures is wholly based upon to independent judgement of physicians who order such procedures to meet the medical needs of their patients.

b. As part of the cost reporting process or otherwise, Hospital may be obligated to report and provide information concerning any discounts, rebates, or other price reductions provided under this Agreement pursuant to 42 U.S.C. § 1320a-7b(b)(3)(A) (the discount exception to the Anti-Kickback Law) and/or 42 C.F.R. § 1001.952(h)(the discount safe harbor to the Anti- kickback Law), or other federal or state laws. Hospital hereby acknowledges its legal obligations to fully and accurately report the discounts, rebates and/or other price reductions it receives under this Agreement per these authorities. GKF agrees to fully and accurately report any discounts on the relevant invoice, coupon or statement submitted to Customer, as applicable. Each party shall retain this Agreement and any other documentation of discounts, rebates, or other price reductions and shall make such information available to federal or state health care programs as required by law.

6. **Full Force and Effect**. Except as amended by this Second Amendment, all of the terms and provisions of the Lease as amended shall remain unchanged and in full force and effect and, together with this Second Amendment, represent the entire agreement of the parties with respect to the Esprit and its use by Hospital. Unless the context requires otherwise, with respect to the Esprit, all references in the Lease to (i) the "Agreement" shall be deemed to refer to the Lease, as amended by this Second Amendment; (ii) the "Equipment" shall be deemed to mean the Esprit; (iii) "Installation" shall be deemed to refer to the Esprit Upgrade; (iv) the "Agreement" shall be deemed to refer to the Lease as amended by this Second Amendment; (v) the "Site" shall be deemed to refer to the Site; and (vi) the "Gamma Knife Service Term" or "Term" shall be deemed to refer to the Term, as extended pursuant to this Second Amendment. To the extent any of the terms of the Lease conflict with the terms of this Second Amendment, the terms and provisions of this Second Amendment shall prevail and control. Where not different or in conflict with the terms and provisions of this Second Amendment, all applicable terms and provisions set forth in the Lease are incorporated within this Second Amendment as is if set forth herein and shall apply with equal force and effect to the Esprit. Nothing set forth in this Second Amendment shall relieve either party from any or all of its obligations under the Lease with respect to the Perfexion, including, without limitation, the obligation to pay Lease Payments and the service, insurance and property tax expenses associated with the Perfexion.

[Signatures continued next page]

IN WITNESS WHEREOF, the undersigned have executed this Second Amendment as of the date last written below.

GKF:	**Hospital:**
GK FINANCING, LLC	THE METHODIST HOSPITALS, INC
	By: /s/Matthew Doyle
By: /s/Craig K. Tagawa	Name: Matthew Doyle
Name: Craig K. Tagawa	Title: President and CEO
Title: CEO	Dated: 6/13/2023
Dated: 6/13/2023	

Exhibit 10.33b

FIRST AMENDMENT TO INVESTMENT AGREEMENT

This First Amendment to Investment Agreement dated as of March 1, 2024 (this "Amendment"), is made by and among (a) American Shared Hospital Services, a California corporation ("Purchaser"), (b) GenesisCare USA, Inc., a Florida corporation (as in existence on the date hereof, as a debtor-in-possession and a reorganized debtor, as applicable, "Seller"), and (c) GenesisCare USA Holdings, Inc., a Delaware corporation (as in existence on the date hereof, as a debtor-in-possession and a reorganized debtor, as applicable, "Topco"). Purchaser, Seller, and Topco are referred to herein individually as a "Party" and collectively as the "Parties." Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Investment Agreement (as defined below).

RECITALS:

WHEREAS, the Parties are parties to that certain Investment Agreement dated as of November 10, 2023 (the "Investment Agreement");

WHEREAS, the Parties desire to amend the Investment Agreement pursuant to Section 9.5 of the Investment Agreement.

NOW THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth in this Amendment and the Investment Agreement, as applicable, the Parties hereby agree as follows:

AGREEMENT:

1. Section 8.1(c) of the Investment Agreement is hereby amended by replacing "(i) March 10, 2024", with "(i) April 30, 2024", in the second and third lines of that section.

2. Except as expressly modified by this Amendment, all other terms of the Investment Agreement shall remain unchanged and in full force and effect.

[Remainder of Page Intentionally Left Blank. Signature Pages Follow.]

IN WITNESS WHEREOF, this First Amendment to Investment Agreement has been duly executed as of the date set forth above.

PURCHASER:

AMERICAN SHARED HOSPITAL SERVICES

By: /s/ Ray Stachowiak

Name: Ray Stachowiak

Title: Executive Chairman

4857-8346-9994, V. 3

SELLER:

GENESISCARE USA, INC.

By: Name: Shaden Marzouk, MD, MBA

Title: Director and Authorized Signatory

TOPCO:

GENESISCARE USA HOLDINGS, INC.

By: Name: Shaden Marzouk, MD, MBA

Title: Director and Authorized Signatory

4857-8346-9994, v. 3

Exhibit 21.1

The subsidiaries of American Shared Hospital Services are:

MedLeader.com, Inc.
A California corporation

OR21, Inc.
A California corporation

OR21, LLC
A Washington limited liability company

Long Beach Equipment, LLC
A Delaware limited liability company

American Shared Radiosurgery Services
A California corporation

PBRT Orlando LLC
A Delaware limited liability company
ASHS-Rhode Island Proton Beam Radiation Therapy, LLC
A Rhode Island limited liability company
ASHS-Bristol Radiation Therapy, LLC
A Rhode Island limited liability company

ASHS-Mexico, S.A. de C.V.
A Mexican company

Subsidiaries of ASHS-Mexico, S.A. de C.V.

AB Radiocirugia Y Radioterapia de Puebla, S.A.P.I. de C.V.

A Mexican company

Subsidiaries of American Shared Radiosurgery Services

GK Financing, LLC
A California limited liability company

Subsidiaries of GK Financing, LLC

Albuquerque GK Equipment, LLC
A Delaware limited liability company

Jacksonville GK Equipment, LLC
A Delaware limited liability company

Instituto de Gamma Knife del Pacifico S.A.C.
A Peruvian company

HoldCo GKC S.A.
A Ecuadorian company

Subsidiaries of HoldCo GKC S. A.

Gamma Knife Center Ecuador S.A.
A Ecuadorian company

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-204593) and Form S-8 (No. 333-276440, No. 333-170650, No. 333-139446, No. 333-81138, No. 333-73172, No. 333-12879, and No. 333-08009) of American Shared Hospital Services (the "Company"), of our report dated March 31, 2023 April 1, 2024, relating to the consolidated financial statements of the Company appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2022 December 31, 2023.

/s/ Moss Adams LLP

San Francisco, California
March 31, 2023 April 1, 2024

Exhibit 31.1

CERTIFICATION

I, Raymond C. Stachowiak., as executive chairman of the board of American Shared Hospital Services, certify that:

1. I have reviewed this annual report on Form 10-K for the period ended December 31, 2022 2023 of American Shared Hospital Services;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 31, 2023 April 1, 2024

/s/ Raymond C. Stachowiak

Raymond C. Stachowiak
Executive Chairman of the Board

Exhibit 31.2

CERTIFICATION

I, Craig K. Tagawa, Robert L. Hiatt, as president and chief financial officer of American Shared Hospital Services, certify that:

1. I have reviewed this annual report on Form 10-K for the period ended December 31, 2022 2023 of American Shared Hospital Services;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

March 31, 2023 April 1, 2024

/s/ Craig K. Tagawa Robert L. Hiatt

Craig K. Tagawa Robert L. Hiatt
President and Chief Financial Officer

Exhibit 32.1

March 31, 2023 April 1, 2024

Securities and Exchange Commission
450 Fifth Street, N.W N.W.
Washington, D.C. 20549

Ladies and Gentlemen:

The certification set forth below is being submitted to the Securities and Exchange Commission solely for the purpose of complying with Rule 13a-14(b) and Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code. This certification is not to be deemed filed pursuant to the Exchange Act and does not constitute a part of the Annual Report on Form 10-K (the "Report") accompanying this letter.

Raymond C. Stachowiak., the Executive Chairman of the Board and Craig K. Tagawa, Robert L. Hiatt, the President and Chief Financial Officer of American Shared Hospital Services, each certifies that, to the best of his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of American Shared Hospital Services.

/s/ Raymond C. Stachowiak

Raymond C. Stachowiak
Executive Chairman of the Board

/s/ Craig K. Tagawa Robert L. Hiatt

Craig K. Tagawa Robert L. Hiatt
President and Chief Financial Officer

Exhibit 97

American Shared Hospital Services

COMPENSATION RECOUPMENT POLICY

November 2023

This Compensation Recoupment Policy (this "***Policy***") is the compensation-recovery policy of American Shared Hospital Services (the "***Company***"), adopted by the Company in accordance with the provisions of Rule 10D-1 promulgated by the Securities and Exchange Commission (the "***SEC***") under the Securities Exchange Act of 1934, as amended (the "***Exchange Act***"), and Section 811 of the Company Guide of NYSE American LLC (the "***NYSEAMER Exchange***"; such section, "***NYSEAMER Section811***"). This Policy shall be effective as of October 2, 2023, the effective date of NYSEAMER Section 811 (the "***Effective Date***").

Recoverable Compensation Upon an Accounting Restatement. If the Company is required to prepare an accounting restatement of all or any portion of its financial statements due to the Company's material noncompliance with any financial-reporting requirement under applicable U.S. federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if either corrected or left uncorrected in the current period (such restatement, an "***Accounting Restatement***"), the Compensation Committee of the Company's board of directors (the "***Board***"; such committee, the "***Compensation Committee***") will review any incentive-based compensation received by an executive officer of the Company: (i) during the three completed fiscal years immediately preceding the date that the Company is required to prepare an Accounting Restatement, which is the earlier to occur of: (1) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; and (2) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement (such date, the "***Restatement Trigger Date***"), and (ii) during any transition period within or immediately following that three-year period preceding the Restatement Trigger Date that results from a change in the Company's fiscal year (such period of three fiscal years and any transition period, the "***Recoverability Period***").

Scope of Policy. This Policy applies to all incentive-based compensation received on or after the Effective Date of this Policy by a person: (i) after becoming an executive officer of the Company; (ii) who served as an executive officer at any time during the performance period for the incentive-based compensation under review; (iii) while the Company had a class of securities listed on a national securities exchange or association; and (iv) during the Recoverability Period immediately preceding the Restatement Trigger Date (such incentive-based compensation, "***Recoverable Incentive-Based Compensation***").

Calculating Erroneously Awarded Compensation. If the Compensation Committee determines, in its sole and absolute discretion, that an executive officer of the Company received any Recoverable Incentive-Based Compensation in excess of the amount of Recoverable Incentive-Based Compensation that would have been received had it been calculated based on the restated financial amounts in an Accounting Restatement, disregarding any taxes paid (such excess incentive-based compensation, "***Erroneously Awarded Compensation***"), the Company must recover such Erroneously Awarded Compensation. If the Company awarded Recoverable Incentive-Based Compensation based on stock price or total shareholder return, the amount of Erroneously Awarded Compensation will not be subject to mathematical recalculation from the information in an Accounting Restatement, so the Compensation Committee must: (i) determine the amount of Erroneously Awarded Compensation based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return, as applicable, upon which the Recoverable Incentive-Based Compensation was received; (ii) maintain documentation of the determination of that reasonable estimate; and (iii) provide such documentation to the NYSEAMER Exchange. For purposes of this Policy, Recoverable Incentive-Based Compensation will be deemed to be received in the fiscal period during which the financial reporting measure specified in the applicable incentive-based compensation award is attained, even if the payment or grant of the award occurs after the end of that period.

Reimbursement of Overpayment Amount. Upon determining that an executive officer received Erroneously Awarded Compensation, the Compensation Committee shall, to the fullest extent permitted by governing law and as it deems appropriate, require such executive officer to reimburse the Company in the amount of the Erroneously Awarded Compensation (such amount to be reimbursed, the "***Overpayment Amount***"). Promptly after making the determination that an executive officer received Erroneously Awarded Compensation, the Compensation Committee shall send such executive officer a notice of recovery, specifying the Overpayment Amount to be paid to the Company and the terms for prompt repayment thereof.

No Indemnification. The Company is prohibited from indemnifying any executive officer or former executive officer against the loss of Erroneously Awarded Compensation and from paying or reimbursing any current or former executive officer for the premium of any third-party insurance policy purchased by such executive officer to fund potential recovery obligations. This Policy is in addition to (and not in lieu of) any right of repayment, forfeiture, or right of offset against any employee that is required pursuant to any statutory repayment requirements (regardless of whether such requirement was implemented prior to or following the adoption or amendment of this Policy), including Section 304 of the Sarbanes-Oxley Act of 2002. Any amounts paid to the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 shall be considered in calculating any amounts recovered under this Policy.

Exceptions to Recovery of Erroneously Awarded Compensation. Notwithstanding the foregoing, the Company will not be required to recover Erroneously Awarded Compensation in compliance with this Policy to the extent that the Compensation Committee determines that recovery would be impracticable, and the conditions of one of the following three recovery scenarios are met:

(1) The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable recovery attempt(s), and provide that documentation to the NYSEAMER Exchange.

(2) Recovery would violate home country law where that law was adopted prior to November 28, 2022 (the date the SEC published Rule 10D-1 under the Exchange Act). Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to the NYSEAMER Exchange, that recovery would result in such a violation, and must provide such opinion to the NYSEAMER Exchange.

(3) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to the Company's employees, to fail to meet the requirements of 26 U.S.C. § 401(a)(13) or 26 U.S.C. § 411(a) and regulations thereunder.

Additional Remedies and Means of Recoupment. The application and enforcement of this Policy does not preclude the Company from taking any other action to enforce an executive officer's obligations to the Company, including termination of employment or institution of legal proceedings. Nothing in this Policy restricts the Company from seeking recoupment under any other compensation recoupment Policy or any applicable provisions in plans, agreements, awards, or other arrangements that contemplate the recoupment

of compensation from an executive officer. If an executive officer fails to repay Erroneously Awarded Compensation that is owed to the Company under this Policy, the Company shall take all appropriate action to recover such Erroneously Awarded Compensation from the executive officer, and the executive officer shall be required to reimburse the Company for all expenses (including legal expenses) incurred by the Company in recovering such Erroneously Awarded Compensation.

Binding Policy; Enforceability. The terms of this Policy shall be binding and enforceable against all executive officers subject to this Policy and their beneficiaries, heirs, executors, administrators, or other legal representatives. If any provision of this Policy or the application of such provision to any executive officer shall be adjudicated to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Policy, and the invalid, illegal, or unenforceable provisions shall be deemed amended to the minimum extent necessary to render any such provision (or the application of such provision) valid, legal, or enforceable.

Interpretation. This Policy shall be interpreted in a manner that is consistent with Rule 10D-1 under the Exchange Act, NYSEAMER Section 811, and any related rules or regulations adopted by the SEC or the NYSEAMER Exchange (the "***Applicable Rules***") as well as any other applicable law. To the extent the Applicable Rules require recovery of incentive-based compensation in additional circumstances beyond those specified above, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover incentive-based compensation to the fullest extent required by the Applicable Rules.

Definitions. For purposes of this Policy:

(i) "***executive officer***" means the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a significant policy-making function, any other person who performs similar significant policy-making functions for the Company, any executive officer of the Company's parent(s) or subsidiaries that performs significant policy-making functions for the Company, and any other person identified by the Company as an executive officer for purposes of Item 401(b) of Regulation S-K (17 CFR § 229.401(b)), as designated from time to time by the Board;

(ii) "***financial reporting measures***" means (1) the measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, (2) any measures that are derived wholly or in part from such measures, and (3) stock price and total shareholder return, regardless of whether any of the financial reporting measures described in clauses (1) through (3) are presented with the Company's financial statements or included in a filing with the SEC; and

(iii) "***incentive-based compensation***" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure.

Acknowledgment. Each executive officer subject to this Policy shall sign and return to the Company, the Acknowledgement Form attached hereto as Exhibit A, pursuant to which the executive officer agrees to be bound by, and to comply with, the terms and conditions of this Policy (i) within 60 calendars days of the Effective Date of this Policy, or (ii) within 30 calendar days after the date the individual becomes an executive officer, whichever is later.

Reviewed: November 2023

Exhibit A

American Shared Hospital Services

Compensation Recoupment Policy

Acknowledgment Form

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the Compensation Recoupment Policy (the "***Policy***") of American Shared Hospital Services (the "***Company***").

The undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment with the Company. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation (as defined in the Policy) to the Company to the extent required by, and in a manner consistent with, the Policy.

Executive Officer:

Signature

Printed Name

Title or Position

Date

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

REFINITIV