REFINITIV

DELTA REPORT

10-Q

AMS - AMERICAN SHARED HOSPITAL

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1124
CHANGES	183
DELETIONS	460
ADDITIONS	481

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

 QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2023 September 30, 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 001-08789

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 Street	Suite 1112	San Francisco,	California	94111-2619
	(Address of principal executive offices)			(Zip code)

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

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

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

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

As of August 14, 2023 November 9, 2023, there were outstanding 6,244,000 6,300,000 shares of the registrant's common stock.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

AMERICAN SHARED HOSPITAL SERVICES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

ASSETS	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Current assets:				
Cash and cash equivalents	$ 13,676,000	$ 12,335,000	$ 14,537,000	$ 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 June 30, 2023 and at December 31, 2022	4,690,000	3,801,000		
Accounts receivable, net of allowance for doubtful accounts of $100,000 at September 30, 2023 and at December 31, 2022			3,986,000	3,801,000
Other receivables	636,000	327,000	651,000	327,000
Prepaid maintenance	350,000	1,245,000	832,000	1,245,000
Prepaid expenses and other current assets	613,000	897,000	247,000	897,000
Total current assets	20,083,000	18,723,000	20,371,000	18,723,000
Property and equipment, net	22,828,000	23,467,000	25,178,000	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 asset			78,000	78,000
Right of use assets, net	146,000	317,000	94,000	317,000
Intangible asset	78,000	78,000		
Other assets	38,000	87,000	353,000	87,000
Total assets	$ 44,457,000	$ 43,956,000	$ 47,358,000	$ 43,956,000
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ 297,000	$ 230,000	$ 346,000	$ 230,000
Employee compensation and benefits	752,000	735,000	805,000	735,000
Other accrued liabilities	1,396,000	1,544,000	1,921,000	1,544,000
Related party liabilities	1,153,000	497,000	2,788,000	497,000
Asset retirement obligations, related party	938,000	360,000	938,000	360,000
Income taxes payable	275,000	255,000	309,000	255,000
Current portion deferred revenue	554,000	-		

Current portion of lease liabilities	127,000	292,000	83,000	292,000
Line of credit			1,400,000	-
Current portion of long-term debt, net	1,264,000	1,262,000	1,459,000	1,262,000
Total current liabilities	6,756,000	5,175,000	10,049,000	5,175,000
Long-term lease liabilities, less current portion	23,000	59,000	11,000	59,000
Long-term debt, net, less current portion	11,080,000	12,205,000	10,454,000	12,205,000
Deferred revenue, less current portion	35,000	70,000	18,000	70,000
Deferred income taxes	822,000	822,000	822,000	822,000
Total liabilities	18,716,000	18,331,000	21,354,000	18,331,000
Commitments (see Note 9)				
Shareholders' equity:				
Common stock, no par value (10,000,000 authorized; Issued and outstanding shares - 6,214,000 at June 30, 2023 and 6,184,000 at December 31, 2022)	10,763,000	10,763,000		
Common stock, no par value (10,000,000 authorized; Issued and outstanding shares - 6,270,000 at September 30, 2023 and 6,184,000 at December 31, 2022)			10,763,000	10,763,000
Additional paid-in capital	8,036,000	7,843,000	8,134,000	7,843,000
Retained earnings	3,096,000	3,019,000	3,214,000	3,019,000
Total equity-American Shared Hospital Services	21,895,000	21,625,000	22,111,000	21,625,000
Non-controlling interests in subsidiaries	3,846,000	4,000,000	3,893,000	4,000,000
Total shareholders' equity	25,741,000	25,625,000	26,004,000	25,625,000
Total liabilities and shareholders' equity	$ 44,457,000	$ 43,956,000	$ 47,358,000	$ 43,956,000

See accompanying notes

AMERICAN SHARED HOSPITAL SERVICES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenues:								
Rental income from medical services	$ 4,812,000	$ 4,140,000	$ 9,041,000	$ 8,281,000	$ 3,946,000	$ 4,101,000	$ 12,987,000	$ 12,382,000
Patient income	756,000	894,000	1,452,000	1,600,000	988,000	727,000	2,440,000	2,327,000
Equipment sales, net					200,000	-	200,000	-
	5,568,000	5,034,000	10,493,000	9,881,000	5,134,000	4,828,000	15,627,000	14,709,000
Costs of revenue:								
Maintenance and supplies	505,000	462,000	991,000	902,000	518,000	472,000	1,509,000	1,374,000
Depreciation and amortization	1,227,000	1,156,000	2,584,000	2,343,000	1,228,000	1,171,000	3,812,000	3,514,000
Other direct operating costs	1,023,000	1,049,000	1,902,000	1,933,000	1,095,000	956,000	2,997,000	2,889,000
Other direct operating costs, related party	295,000	279,000	590,000	548,000	191,000	272,000	781,000	820,000
	3,050,000	2,946,000	6,067,000	5,726,000	3,032,000	2,871,000	9,099,000	8,597,000

Gross margin	2,518,000	2,088,000	4,426,000	4,155,000	2,102,000	1,957,000	6,528,000	6,112,000
Selling and administrative expense	1,988,000	1,146,000	3,527,000	2,465,000	1,735,000	1,260,000	5,262,000	3,725,000
Interest expense	277,000	149,000	548,000	297,000	277,000	249,000	825,000	546,000
Loss on write down of impaired assets and associated removal costs	578,000	-	578,000	-	-	-	578,000	-
Operating (loss) income	(325,000)	793,000	(227,000)	1,393,000				
Operating income (loss)					90,000	448,000	(137,000)	1,841,000
Interest and other income (loss)	113,000	(5,000)	183,000	(5,000)				
(Loss) income before income taxes	(212,000)	788,000	(44,000)	1,388,000				
Interest and other income					135,000	36,000	318,000	31,000
Income before income taxes					225,000	484,000	181,000	1,872,000
Income tax (benefit) expense	(35,000)	248,000	33,000	454,000				
Income tax expense					60,000	176,000	93,000	630,000
Net (loss) income	(177,000)	540,000	(77,000)	934,000				
Less: Net loss (income) attributable to non-controlling interests	66,000	(43,000)	154,000	(168,000)				
Net income					165,000	308,000	88,000	1,242,000
Plus (less): Net (income) loss attributable to non-controlling interests					(47,000)	8,000	107,000	(160,000)
Net (loss) income attributable to American Shared Hospital Services	$ (111,000)	$ 497,000	$ 77,000	$ 766,000				
Net income attributable to American Shared Hospital Services					$ 118,000	$ 316,000	$ 195,000	$ 1,082,000
Net (loss) income per share:								
(Loss) income per common share - basic	$ (0.02)	$ 0.08	$ 0.01	$ 0.12				
(Loss) income per common share - diluted	$ (0.02)	$ 0.08	$ 0.01	$ 0.12				
Net income per share:								
Income per common share - basic					$ 0.02	$ 0.05	$ 0.03	$ 0.17
Income per common share - diluted					$ 0.02	$ 0.05	$ 0.03	$ 0.17
Weighted average common shares for basic earnings per share	6,336,000	6,203,000	6,336,000	6,187,000	6,366,000	6,234,000	6,336,000	6,223,000
Weighted average common shares for diluted earnings per share	6,336,000	6,281,000	6,465,000	6,266,000	6,432,000	6,273,000	6,406,000	6,261,000

See accompanying notes

AMERICAN SHARED HOSPITAL SERVICES

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(Unaudited)

FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022	FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2

	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	Sub-Total ASHS	co In Su
Balances at January 1, 2022	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	$ 19,893,000	$
Stock-based compensation expense	-	-	87,000	-	87,000	-	87,000	-	-	87,000	-	87,000	
Vested restricted stock awards	30,000	-	-	-	-	-	-	30,000	-	-	-	-	
Net income	-	-	-	269,000	269,000	125,000	394,000	-	-	-	269,000	269,000	
Balances at March 31, 2022	6,079,000	10,758,000	7,531,000	1,960,000	20,249,000	4,471,000	24,720,000	6,079,000	10,758,000	7,531,000	1,960,000	20,249,000	
Stock-based compensation expense	-	-	72,000	-	72,000	-	72,000	-	-	72,000	-	72,000	
Vested restricted stock awards	31,000	-	-	-	-	-	-	31,000	-	-	-	-	
Options exercised	2,000	5,000	-	-	5,000	-	5,000	2,000	5,000	-	-	5,000	
Net income	-	-	-	497,000	497,000	43,000	540,000	-	-	-	497,000	497,000	
Balances at June 30, 2022	6,112,000	$ 10,763,000	$ 7,603,000	$ 2,457,000	$ 20,823,000	$ 4,514,000	$ 25,337,000	6,112,000	10,763,000	7,603,000	2,457,000	20,823,000	
Stock-based compensation expense								-	-	76,000	-	76,000	
Vested restricted stock awards								41,000	-	-	-	-	
Cash distributions to non-controlling interests								-	-	-	-	-	
Net income (loss)								-	-	-	316,000	316,000	
Balances at September 30, 2022								6,153,000	$ 10,763,000	$ 7,679,000	$ 2,773,000	$ 21,215,000	$
Balances at January 1, 2023	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	$ 21,625,000	$
Stock-based compensation expense	-	-	96,000	-	96,000	-	96,000	-	-	96,000	-	96,000	
Net income (loss)	-	-	-	188,000	188,000	(88,000)	100,000	-	-	-	188,000	188,000	
Balances at March 31, 2023	6,184,000	10,763,000	7,939,000	3,207,000	21,909,000	3,912,000	25,821,000	6,184,000	10,763,000	7,939,000	3,207,000	21,909,000	

Stock-based compensation expense	-	-	97,000	-	97,000	-	97,000	-	-	97,000	-	97,000	
Vested restricted stock awards	30,000	-	-	-	-	-	-	30,000	-	-	-	-	
Net loss	-	-	-	(111,000)	(111,000)	(66,000)	(177,000)	-	-	-	(111,000)	(111,000)	
Balances at June 30, 2023	6,214,000	$ 10,763,000	$ 8,036,000	$ 3,096,000	$ 21,895,000	$ 3,846,000	$ 25,741,000	6,214,000	10,763,000	8,036,000	3,096,000	21,895,000	
Stock-based compensation expense								-	-	98,000	-	98,000	
Vested restricted stock awards								56,000	-	-	-	-	
Net income								-	-	-	118,000	118,000	
Balances at September 30, 2023								6,270,000	$ 10,763,000	$ 8,134,000	$ 3,214,000	$ 22,111,000	$

See accompanying notes

AMERICAN SHARED HOSPITAL SERVICES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended June 30,		**Nine Months Ended September 30,**	
	2023	**2022**	**2023**	**2022**
Operating activities:				
Net (loss) income	$ (77,000)	$ 934,000		
Adjustments to reconcile net (loss) income to net cash from operating activities:				
Net income			$ 88,000	$ 1,242,000
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation, amortization, and other	2,609,000	2,375,000	3,874,000	3,557,000
Loss on write down of impaired assets and associated removal costs	578,000	-	578,000	-
Accretion of debt issuance costs	37,000	37,000	44,000	65,000
Non cash lease expense	171,000	168,000	223,000	252,000
Deferred income taxes	-	319,000	-	443,000
Stock-based compensation expense	193,000	159,000	291,000	235,000
Interest expense associated with lease liabilities	5,000	18,000	8,000	23,000
Changes in operating assets and liabilities:				
Receivables	(1,187,000)	718,000	(498,000)	692,000
Prepaid expenses and other assets	1,230,000	1,261,000	799,000	998,000
Asset retirement obligations, related party	578,000	(457,000)	578,000	(427,000)
Related party liabilities	656,000	(792,000)	2,291,000	(924,000)
Accounts payable, accrued liabilities, and deferred revenue	627,000	(446,000)	713,000	(220,000)
Income taxes payable			54,000	-
Lease liabilities	(206,000)	(202,000)	(265,000)	(303,000)
Net cash provided by operating activities	5,214,000	4,092,000	8,778,000	5,633,000

Investing activities:				
Payment for purchase of property and equipment	(2,561,000)	(96,000)		
Payment for purchases of property and equipment			(6,176,000)	(332,000)
Net cash used in investing activities	(2,561,000)	(96,000)	(6,176,000)	(332,000)
Financing activities:				
Principal payments on long-term debt	(1,160,000)	(297,000)	(1,589,000)	(1,602,000)
Advances on line of credit			1,400,000	-
Principal payments on short-term financing	(152,000)	-	(202,000)	-
Distributions to non-controlling interests			-	(294,000)
Debt issuance costs long-term debt			(9,000)	(9,000)
Proceeds from options exercised	-	5,000	-	5,000
Net cash used in financing activities	(1,312,000)	(292,000)	(400,000)	(1,900,000)
Net change in cash, cash equivalents, and restricted cash	1,341,000	3,704,000	2,202,000	3,401,000
Cash, cash equivalents, and restricted cash at beginning of period	12,453,000	8,263,000	12,453,000	8,263,000
Cash, cash equivalents, and restricted cash at end of period	$ 13,794,000	$ 11,967,000	$ 14,655,000	$ 11,664,000
Supplemental cash flow disclosure				
Cash paid during the period for:				
Interest	$ 507,000	$ 260,000	$ 781,000	$ 481,000
Income taxes	$ 229,000	$ 156,000	$ 277,000	$ 174,000
Detail of cash, cash equivalents and restricted cash at end of period				
Cash and cash equivalents	$ 13,676,000	$ 11,849,000	$ 14,537,000	$ 11,546,000
Restricted cash	118,000	118,000	118,000	118,000
Cash, cash equivalents, and restricted cash at end of period	$ 13,794,000	$ 11,967,000	$ 14,655,000	$ 11,664,000

See accompanying notes

AMERICAN SHARED HOSPITAL SERVICES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1. Basis of Presentation

In the opinion of the management of American Shared Hospital Services ("ASHS"), the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary for the fair presentation of ASHS consolidated financial position as of June September 30, 2023, the results of its operations for the three and six nine-month periods ended June September 30, 2023 and 2022, and the cash flows for the six nine-month periods ended June September 30, 2023 and 2022. The results of operations for the three and six nine-months -month periods ended June September 30, 2023 are not necessarily indicative of results on an annualized basis. Consolidated balance sheet amounts as of December 31, 2022 have been derived from the audited consolidated financial statements.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022 included in the ASHS Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 31, 2023.

These condensed consolidated financial statements include the accounts of ASHS and its subsidiaries (the "Company") including 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"), 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").

The Company (through ASRS) and Elekta AB ("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. As of June September 30, 2023, GKF provides Gamma Knife units to twelveeleven 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 subsidiaries 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. 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 Guadalupe Amor Y Bien S.A. de C.V. ("Guadalupe") tc 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. patients and provide radiation therapy anc radiosurgery services locally in Mexico. The Company and Guadalupe will hold 85% and 15% ownership interests, respectively, in Puebla. Under the Agreement, the Company wil 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 Decembe 15, 2022. and the Company expects Puebla to begin treating patients in January 2024. Operating costs incurred during the three-month period ended September 30, 2023 by Puebla are included in the condensed consolidated statement of operations.

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

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

5

Accounting pronouncements issued and not yet adopted - In January 2021, March 2020, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") (2021 2020-01 04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2021 2020-01" 04"), as amended, which provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in ASU 2021 2020-01 04 apply only to contracts, hedging relationships, and other transactions that reference LIBOR the London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued because of reference rate reform. In January 2021, the FASB issued ASU 2021-01, is*Reference Rate Reform (Topic 848): Scope* ("ASU 2021-01"), which clarified that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. In December 2022, the FASB issued ASU 2022-06,*Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848* ("ASU 2022-06"; together with ASU-2020-04 and ASU 2021-01, the "Topic 848 ASUs"), which deferred the sunset date of Topic 848 from December 31,2022 to December 31,2024. The Topic 848 ASUs are effective any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or on a prospective basis to new modifications. modifications through December 31,2024, provided that the expedients and exceptions provided by the Topic 848 ASUs do not apply to contract modifications or new hedging relationships made after December 31,2024 or to existing hedging relationships evaluated for effectiveness in periods after December 31,2024, except for hedging relationships existing as of December 31, 2024 that apply certain optional expedients in which the accounting effects are recorded through the end of the hedging relationship (including periods after December 31, 2024). The Company is currently evaluating ASU 2021-01 to determine the impact it that the Topic 848 ASUs may have on its the Company's consolidated financial statements. See Note 3 - Long-term debt Debt Financing for additional discussion on transition transitioning from LIBOR.

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").

Rental income from medical equipment services – The Company recognizes revenues 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 Company's contracts with hospitals do not contain any guaranteed minimum payments. The Company's contracts are typically for a ten-year term and are classified priced as either fee per use or retail. Retail arrangements are further classified as either turn-key or revenue sharing. Revenues from fee Fee per use contracts are determined by each hospital's contracted rate. Revenues 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. hospital after considering certain operating costs of the center. The amount the Company expects to receive is recorded as revenue and estimated based on historical experience. experience and patient mix. Revenue estimates are reviewed periodically and adjusted as necessary. Under turn-key arrangements, 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 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 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 condensed consolidated statements of operations. For the three and six nine-month periods ended June September 30, 2023, the Company recognized revenues of approximately $4,812,000 $3,946,000 and $9,041,000, $12,987,000, respectively, compared to $4,140,000 $4,101,000 and $8,281,000 $12,382,000 for the same periods in the prior year, respectively, under ASC 842. Of the ASC 842 revenue, for the three and six nine-month periods ended June September 30, 2023 approximately $2,545,000 $2,219,000 and $4,859,000 $7,078,000 were for PBRT services, respectively, compared to $2,308,000 $2,358,000 and $4,347,000 $6,705,000 for the same periods in the prior year, respectively.

Patient income – The Company has stand-alone facilities in Lima, Peru and Guayaquil, Ecuador, where contracts exist between the Company's facilities and the individual patients treated at the facility. Under ASC 606, the Company acts as the principal in these transactions 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 patient population is primarily covered by a government payor and payments are paid between three and six months. The Company did not capitalize any incremental costs related to the fulfillment of its customer contracts. Accounts receivable balances under ASC 606at GKPeru were not significant as ofJune September 30, 2023, July 1, 2023 and December 31, January 1, 2023 were $1,416,000, $980,000 and $1,119,000, respectively. Accounts receivable balances under ASC 606 at September 30, 2022. GKCE's accounts receivable , July 1, 2022, and January 1, 2022 were $652,000 as of June 30, 2023$1,248,000, $1,145,000 and $862,000 as of December 31, 2022. $668,000, respectively. For the three and six nine-month periods ended June September 30, 2023, the Company recognized revenues of approximately $756,000 $988,000 and $1,452,000, $2,440,000, respectively, under ASC 606 compared to $894,000 $727,000 and $1,600,000 $2,327,000 for the same periods in the prior year, respectively.

During the three-month period ended September 30, 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 system ("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 three and nine-month periods ended September 30, 2023.

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 radiosurgery and radiation therapy equipment to healthcare providers, and concluded there are fifteen fourteen locations that meet the definition of an operating segment and these fifteen fourteen locations are aggregated into two reportable segments, domestic and foreign. international. Equipment in the domestic segment is leased by the Company to healthcare providers. The Company owns and operates the facilities in the international segment. The Company provides Gamma Knife and PBRT equipment to thirteentwelve hospitals in the United States and owns and operates two single-unit facilities in Lima, Peru and Guayaquil, Ecuador as of June September 30, 2023. The Company also sold an Icon and Cobalt-60 reload to a new customer during the three-month period ended September 30, 2023 and concluded this transaction met the definition of an operating segment. The revenue from this sale is included in the Company's domestic segment below. An operating segment is defined by ASC 280 as a component of a reporting entity that has the following three characteristics: (1) it engages in business activities from which it may recognize revenues and incur expense, (2) its operating results are regularly reviewed by the Company's Chief Operating Decision Maker ("CODM"), and (3) its discrete financial information is available. The Company determined two reportable segments existed due to similarities in economics of business operations and geographic location. The operating results of the two reportable segments are reviewed by the Company's Executive Chairman of the Board, who is also the CODM.

For the three and six nine-month periods ended June September 30, 2023, the Company's PBRT operations represented a significant majority of the domestic profit, disclosed below. The revenues and profit or loss allocations for the Company's two reportable segments as of June September 30, 2023 and 2022 consists of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues				
Domestic	$ 4,812,000	$ 4,140,000	$ 9,041,000	$ 8,281,000
Foreign	756,000	894,000	1,452,000	1,600,000
Total	$ 5,568,000	$ 5,034,000	$ 10,493,000	$ 9,881,000
Net (loss) income attributable to American Shared Hospital Services				
Domestic	$ (26,000)	$ 450,000	$ 229,000	$ 705,000
Foreign	(85,000)	47,000	(152,000)	61,000
Total	$ (111,000)	$ 497,000	$ 77,000	$ 766,000

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Revenues				
Domestic	$ 4,146,000	$ 4,101,000	$ 13,187,000	$ 12,382,000
International	988,000	727,000	2,440,000	2,327,000
Total	$ 5,134,000	$ 4,828,000	$ 15,627,000	$ 14,709,000
Net income (loss) attributable to American Shared Hospital Services				
Domestic	$ 67,000	$ 287,000	$ 296,000	$ 992,000
International	51,000	29,000	(101,000)	90,000
Total	$ 118,000	$ 316,000	$ 195,000	$ 1,082,000

Reclassification - Certain comparative balances as of and for the three and six nine-month periods ended June September 30, 2022 have been reclassified to make them consistent with the current period year presentation.

7

Note 2. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation for Gamma Knife units 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 between three and ten years, and after accounting for salvage value on the equipment where indicated. Depreciation expense for the three and six nine-month periods ended June September 30, 2023 was $1,242,000 $1,265,000 and $2,609,000 $3,874,000 compared to $1,163,000 $1,182,000 and $2,375,000 $3,557,000 for the same periods in the prior year, respectively. During the three and six-month periods period ended June 30, 2023,, the Company increased its asset retirement obligation accrual and recorded a write-down of the related assets of $578,000. Accordingly, the Company's loss on write down of impaired assets and associated removal costs during the three and nine-month periods ended September 30, 2023 was $0 and $578,000, respectively. There were no similar write downs in the same periods in the prior year.

The Company determines salvage value based on the estimated fair value of the equipment at the end of its useful life. As of January 1, 2023, the Company reduced its estimated useful life and assigned salvage value for one of its international Gamma Knife units. The net effect of the change in estimate made January 1, 2023, for the three and six nine-month periods ended June September 30, 2023, was a decrease in net income of approximately $50,000 or $0.01 per diluted share and $101,000 $151,000 or $0.02 per diluted share, respectively. This change in estimate will also impact future periods.

Depreciation for PBRT 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 following table summarizes property and equipment as of June September 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Medical equipment and facilities	$ 73,917,000	$ 73,709,000	$ 73,884,000	$ 73,709,000
Office equipment	421,000	422,000	300,000	422,000
Construction in progress	1,857,000	106,000	5,436,000	106,000
	76,195,000	74,237,000	79,620,000	74,237,000
Accumulated depreciation	(53,367,000)	(50,770,000)	(54,442,000)	(50,770,000)
Net property and equipment	$ 22,828,000	$ 23,467,000	$ 25,178,000	$ 23,467,000
Net property and equipment held outside of the United States	$ 2,115,000	$ 2,201,000	$ 4,038,000	$ 2,201,000

Note 3. Long-Term Debt Financing

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") which was used to refinance the domestic Gamma Knife debt and finance leases, and associated closing costs. The second loan facility of $5,500,000 is a delayed draw term loan (the "DDTL") which 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 $1,400,000 on the Revolving Line as of September 30, 2023, which was paid off in October 2023. The facilities have a five-year maturity and 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 long-term debt on the condensed consolidated balance sheets related to the Term Loan and DDTL was $11,575,000 $11,200,000 and $12,624,000 as of June September 30, 2023 and December 31, 2022, respectively.

As of December 31, 2021, LIBOR will no longer be used to price new loans, but 1-month, 3-month, and 6-month maturities will continue to be published using a synthetic methodology until September 30, 2024. The Company is working with Fifth Third Bank, N.A. to transition its loan pricing to be based on the Secured Overnight Financing Rate (SOFR) ("SOFR") rather than LIBOR. Any credit extended by Fifth Third Bank, N. A. after July 1, 2023 will be a SOFR based loan. 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 June September 30, 2023.

The loan entered into with United States International Development Finance Corporation ("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 amount outstanding under the DFC Loan is payable in 17 quarterly installments with a fixed interest rate of 3.67%. The DFC Loan also contains customary covenants and representations, which the Company is in compliance with as of June September 30, 2023. The long-term debt on the condensed consolidated balance sheets related to the DFC loan Loan was $931,000 $876,000 and $1,041,000 as of June September 30, 2023 and December 31, 2022, respectively. The Company capitalized debt issuance costs of $9,000 and $9,000 as ofSeptember 30, 2023 and December 31, 2022, respectively, related to maintenance and administrative fees on the DFC Loan. There were no costs capitalized related to the DFC Loan in the six-month period ended June 30, 2023.

The accretion of debt issuance costs for the three and six nine-month periods ended June September 30, 2023and 2022 was $19,000 $44,000 and $37,000, $65,000, respectively. As of June September 30, 2023 and December 31, 2022, the unamortized deferred issuance costs on the consolidated balance sheets were $162,000 $163,000 and $198,000, respectively.

As of June September 30, 2023, long-term debt on the condensed consolidated balance sheets was $12,344,000. $11,913,000. The following are contractual maturities of long-term debt as of June September 30, 2023, excluding deferred issuance costs of $162,000: $163,000:

Year ending December 31,	Principal	Principal
2023 (excluding the six-months ended June 30, 2023)	$ 485,000	
2023 (excluding the nine-months ended September 30, 2023)		$ 55,000
2024	2,094,000	2,094,000
2025	2,469,000	2,469,000
2026	7,294,000	7,294,000
2027	164,000	164,000
	$ 12,506,000	$ 12,076,000

8

Note 4. Other Accrued Liabilities

Other accrued liabilities consist of the following as of June September 30, 2023 and December 31, 2022:

June 30,	December 31,	September 30,	December 31,

	2023	2022	2023	2022
Insurance	$ 135,000	$ 591,000	$ -	$ 591,000
Professional services	323,000	92,000	291,000	92,000
Operating costs	624,000	539,000	782,000	539,000
Other	314,000	322,000	848,000	322,000
Total other accrued liabilities	$ 1,396,000	$ 1,544,000	$ 1,921,000	$ 1,544,000

Note 5. 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 the 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 or modified 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'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 condensed consolidated balance sheets. 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 and 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 agreement (the "Lease") 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's lessee operating leases are accounted for as right of use (ROU) ("ROU") assets, other current liabilities, and lease liabilities on the condensed consolidated balance sheets. 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. 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 include any lease payments made and there were no lease incentives or 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 1 and 2 years, of approximately 14 months, some of which include options to renew or extend the lease. As of June September 30, 2023, operating ROU assets net of impairment were $146,000, and lease liabilities were $150,000. $94,000.

The following table summarizes the maturities of the Company's lessee operating lease liabilities as of June September 30, 2023:

Year ending December 31,	Operating Leases	Operating Leases
2023 (excluding the six-months ended June 30, 2023)	$ 95,000	
2023 (excluding the nine-months ended September 30, 2023)		$ 38,000
2024	59,000	59,000
Total lease payments	154,000	97,000
Less imputed interest	(4,000)	(3,000)
Total	$ 150,000	$ 94,000

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Lease cost								
Operating lease cost	$ 103,000	$ 101,000	$ 206,000	$ 202,000	$ 59,000	$ 102,000	$ 265,000	$ 303,000
Sublease income	(49,000)	(43,000)	(99,000)	(86,000)	(30,000)	(43,000)	(129,000)	(129,000)
Total lease cost	$ 54,000	$ 58,000	$ 107,000	$ 116,000	$ 29,000	$ 59,000	$ 136,000	$ 174,000

REFINITIV

Other information								
Cash paid for amounts included in the measurement of lease liabilities - Operating leases	$ 103,000	$ 101,000	$ 206,000	$ 202,000	$ 59,000	$ 102,000	$ 265,000	$ 303,000
Weighted-average remaining lease term - Operating leases in years	0.92	1.52	0.92	1.52	0.89	1.30	0.89	1.30
Weighted-average discount rate - Operating leases	5.28%	5.75%	5.28%	5.75%	4.99%	5.71%	4.99%	5.71%

Note 6. Per Share Amounts

Per share information has been computed based on the weighted average number of common shares and dilutive common share equivalents outstanding. Based on the guidance provided in accordance with ASC 260*Earnings Per Share* ("ASC 260"), potentially dilutive common stock equivalents, such as diluted stock options, are not considered when their inclusion in reporting earnings per share would be dilutive to reported losses incurred per share. Because the Company reported a loss for the three-month period ended June 30, 2023, the potentially dilutive effects of approximately 82,000 of the Company's stock options and 121,000 of the Company's unvested restricted stock awards were not considered for the reporting periods.

The computation for the three and six nine-month periods ended June September 30, 2023 and 2022 excluded approximately 64,000 118,000 and 41,000, 91,000, 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 basic earnings per share for the three and six nine-month periods ended June September 30, 2023 and 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 sets forth the computation of basic and diluted earnings per share for the three and six nine-month periods ended June September 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,		**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
	2023	2022	2023	2022	**2023**	**2022**	**2023**	**2022**
Net (loss) income attributable to American Shared Hospital Services	$ (111,000)	$ 497,000	$ 77,000	$ 766,000				
Net income attributable to American Shared Hospital Services					$ 118,000	$ 316,000	$ 195,000	$ 1,082,000
Weighted average common shares for basic earnings per share	6,336,000	6,203,000	6,336,000	6,187,000	6,366,000	6,234,000	6,336,000	6,223,000
Dilutive effect of stock options and restricted stock awards	-	78,000	129,000	79,000	66,000	39,000	70,000	38,000
Weighted average common shares for diluted earnings per share	6,336,000	6,281,000	6,465,000	6,266,000	6,432,000	6,273,000	6,406,000	6,261,000
Basic (loss) earnings per share	$ (0.02)	$ 0.08	$ 0.01	$ 0.12				
Diluted (loss) earnings per share	$ (0.02)	$ 0.08	$ 0.01	$ 0.12				
Basic earnings per share					$ 0.02	$ 0.05	$ 0.03	$ 0.17
Diluted earnings per share					$ 0.02	$ 0.05	$ 0.03	$ 0.17

Note 7. Stock-based Compensation

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, increased the number of shares of the Company's common stock reserved for issuance under the Plan to 2,580,000 and extended 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.

Stock-based compensation expense associated with the Company's stock options to employees is calculated using the Black-Scholes valuation model. The Company's stock awards have characteristics significantly different from those of traded options, and changes in the subjective input assumptions can materially affect the fair value estimates. The estimated fair value of the Company's option grants is estimated using assumptions for expected life, volatility, dividend yield, and risk-free interest rate which are specific to each award. The estimated fair value of the Company's options is expensed over the period during which an employee is required to provide service in exchange for the award (requisite service period), usually the vesting period. Accordingly, stock-based compensation cost before income tax effect for the Company's options and restricted stock awards in the amount of $97,000 $98,000 and $193,000 $291,000 for the three and six nine-month periods ended June September 30, 2023, respectively, and $72,000 $76,000 and $159,000 $235,000 in the same periods of the prior year, respectively, is reflected in selling and administrative expense in the condensed consolidated statements of operations. For the six nine-month period ended June September 30, 2023, there was approximately $174,000 $164,000 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 five four years. The weighted-average fair value of options granted during the six nine-month period ended June September 30, 2023 was $1.57.

The following table summarizes stock option activity for the six nine-month periods ended June September 30, 2023 and 2022:

	Stock Options	Grant Date Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in Years)	Intrinsic Value	Stock Options	Grant Date Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in Years)	Intrinsic Value
Outstanding at January 1, 2023	95,000	$ 2.76	4.83	$ 25,000	95,000	$ 2.76	4.83	$ 25,000
Granted	70,000	$ 2.82	7.00	$ -	70,000	$ 2.82	7.00	$ -
Forfeited	(19,000)	$ 2.69	-	$ -	(19,000)	$ 2.69	-	$ -
Outstanding at June 30, 2023	146,000	$ 2.80	5.76	$ -				
Exercisable at June 30, 2023	20,000	$ 2.92	2.67	$ -				
Outstanding at September 30, 2023					146,000	$ 2.80	5.51	$ -
Exercisable at September 30, 2023					38,000	$ 2.86	3.35	$ -
Outstanding at January 1, 2022	67,000	$ 2.72	3.33	$ -	67,000	$ 2.72	3.33	$ -
Granted					50,000	$ 2.72	5.00	$ -
Exercised	(2,000)	$ 2.70	-	$ -	(2,000)	$ 2.70	-	$ -
Forfeited	(7,000)	$ 2.58	-	$ -	(7,000)	$ 2.58	-	$ -
Outstanding at June 30, 2022	58,000	$ 2.74	3.29	$ 3,000				
Exercisable at June 30, 2022	50,000	$ 2.74	2.99	$ -				
Outstanding at September 30, 2022					108,000	$ 2.73	4.85	$ 9,000
Exercisable at September 30, 2022					50,000	$ 2.74	2.74	$ -

Note 8. Income Taxes

The Company generally calculates its effective income tax rate at the end of an interim period using an estimate of the annualized effective income tax rate expected to be applicable for the full fiscal year. However, when a reliable estimate of the annualized effective income tax rate cannot be made, the Company computes its provision for income taxes using the actual effective income tax rate for the results of operations reported within the year-to-date periods. The Company's effective income tax rate is highly influenced by relative income or losses reported and the amount of the nondeductible stock-based compensation associated with grants of its common stock options and from the results of foreign international operations. A small change in estimated annual pretax income can produce a significant variance in the annualized effective income tax rate given the expected amount of these items. As a result, the Company has computed its provision for income taxes for the three and six nine-month periods ended June September 30, 2023 and 2022 by applying the actual effective tax rates to income or reported within the condensed consolidated financial statements through those periods.

Note 9. Commitments

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 and Mevion Medical Systems Inc. ("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 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 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. During the year-ended December 31, 2020, the Company impaired these deposits and wrote-off the deposits and related capitalized interest. As of June September 30, 2023, the Company had commitments, after deposits, to purchase two MEVION S250i PBRT systems for $34,000,000.

As of June September 30, 2023, the Company had commitments to upgrade install four one Leksell Gamma Knife systems from Perfexion to Icon, Systems ("Icon"), with software, at an existing site, one Gamma Plan workstations, workstation, three two Esprit Gamma Knife systems, two of which are both at existing customer sites, two Linear Accelerator ("LINAC") systems, two one Cobalt- 60 reloads reload, with software upgrade, and one Magnetic Resonance imaging guided LINAC (MR LINAC) ("MR LINAC") system at a future customer site. The Company also has two commitments to de-install Gamma Knife units at existing customer sites. One LINAC system will be placed at a future customer site and one LINAC system will be placed at the Company's new site in Puebla, Mexico. This The Puebla installation is in process and the site is expected to begin operations treating patients in January 2024. The Company has made significant progress payments towards this installation as of September 30, 2023, and has a commitment to finance the project. The Company is also in the second half process of 2023 now that it has received regulatory approval. The upgrading its existing Gamma Knife units at its stand-alone facility in Ecuador will use a commitments to upgrade to an Icon System. The Company expects to upgrade and install the equipment in Ecuador late and expects to begin treating patients on the new system in the third November 2023. quarter of 2023.The Company has a commitment from DFC to finance the majority completed financing of this upgrade. upgrade in October 2023. See Note 11 - Subsequent Events for additional discussion . The remaining Icon Esprit, software upgrades and LINAC purchases are expected to occur in 2024. Total Gamma Knife and LINAC commitments as of June September 30, 2023 were $21,722,000 and include $950,000 for potential removal costs related to leased equipment. A portion of that removal cost is included in $15,921,000. There are no deposits on the condensed consolidated balance sheets related to these commitments as part of the asset removal obligation.September 30, 2023. It is the Company's intent to finance substantially all of these commitments. 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 $13,794,000 14,655,000 and a line of credit of $7,000,000 and is actively engaged with financing resources to fund these projects.

On February 15, 2023, the Company executed an equipment sales agreement with a new customer for the sale of a Gamma Knife upgrade and Cobalt-60 reload. The Company expects to complete borrowed $1,400,000 on the sale during the third quarter Revolving Line as of September 30, 2023,. The Company will fulfill this order by exercising its purchase commitments.

which was paid off in October 2023.

On September 4, 2022, the Company entered into a Maintenance and Support Agreement, (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 is being amortized over the one-year service period.

As of June September 30, 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 June September 30, 2023were $14,962,000. $12,645,000. 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.

11

Note 10. Related Party Transactions and Balances

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 maintain the equipment.

The following table summarizes related party activity for the three and six nine-month periods ended June September 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,		**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
	2023	2022	2023	2022	**2023**	**2022**	**2023**	**2022**
Equipment purchases and de-install costs	$ 1,217,000	$ 131,000	$ 1,418,000	$ 1,363,000	$ 2,147,000	$ 231,000	$ 3,565,000	$ 1,594,000
Costs incurred to maintain equipment	295,000	279,000	590,000	548,000	191,000	272,000	781,000	820,000
Total related party transactions	$ 1,512,000	$ 410,000	$ 2,008,000	$ 1,911,000	$ 2,338,000	$ 503,000	$ 4,346,000	$ 2,414,000

The Company also had commitments to purchase or upgrade gamma knife Gamma Knife units, purchase a LINAC system and service the related equipment of $25,511,000 $16,311,000 as of June September 30, 2023.

Related party liabilities on the condensed consolidated balance sheets consist of the following as of June September 30, 2023 and December 31, 2022

	June 30, 2023	December 31, 2022
Accounts payable, asset retirement obligation and other accrued liabilities	$ 2,091,000	$ 857,000

	September 30, 2023	December 31, 2022
Accounts payable, asset retirement obligation and other accrued liabilities	$ 3,726,000	$ 857,000

Note 11.Subsequent Events

On October 23, 2023, the Company completed the financing for the Icon upgrade at its stand-alone facility in Ecuador. The financing is with DFC and is the second and final disbursement from the DFC Loan. The second disbursement was for $1,750,000 payable in 16 quarterly installments with a fixed interest rate of 7.49%. The covenants and representations are consistent with the initial borrowing under the DFC Loan, see Note 3 - Long-Term Debt Financing.

On November 10, 2023, the Company entered into an Investment Purchase Agreement (the "IPA") to purchase 60% of the equity interests in each of Southern New England Regional Cancer Center, LLC and Roger Williams Radiation Therapy, LLC, both Rhode Island limited liability companies (collectively, the "Target Companies") from GenesisCare USA, Inc., a Florida corporation (the "Seller"), for a purchase price of $2.85 million. The Target Companies operate three fully functional, turn-key radiation therapy cancer centers in Rhode Island. The closing of the transaction contemplated by the IPA is subject to certain events and conditions being met, including (i) bankruptcy court approval, (ii) the Seller and the Company entering into a consent agreement with the Rhode Island Department of Health and (iii) other customary closing conditions. The Company anticipates that conditions will be met in the next 60 days. The transaction, if and when finalized, will allow the Company to expand its footprint of owned and operated radiation oncology centers.

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 are not material to date.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This quarterly report to the SEC may be deemed to contain certain forward-looking statements with respect to the financial condition, results of operations and future plans of American Shared Hospital Services, (including including, statements regarding the expected continued treatment growth of the Company's MEVION S250 system, the expansion of the Company's PBRT business, the timing and expansion of treatments by new Gamma Knife systems, the Company's expansion into new markets and the Company's acquisitions and potential market segments for its services, which involve risks and uncertainties including, but not limited to, the risks of economic and market conditions, the risks of variability of financial results between quarters, the risks of the Gamma Knife and radiation therapy businesses, the risks of developing The Operating Room for the 21st Century program, the risks of changes to The Centers for Medicare and Medicaid ("CMS") reimbursement rates or reimbursement methodology, the risks of the timing, financing, and operations of the Company's PBRT business, the risk of expanding within or into new markets, and the risk that the integration or continued operation of acquired businesses could adversely affect financial results and the risk that current and future acquisitions may negatively affect the Company's financial position. Further information on potential factors that could affect the financial condition, results of operations and future plans of American Shared Hospital Services is included in the filings of the Company with the SEC, including the Annual Report on Form 10-K for the year ended December 31, 2022 and the definitive Proxy Statement for the Annual Meeting of Shareholders to be held on June 20, 2023.

Overview

American Shared Hospital Services is a leading provider of turnkey technology solutions for stereotactic radiosurgery and advanced radiation therapy equipment and services. The Company's domestic Gamma Knife business operates by fee-per-use contracts or retail contracts, where the Company shares in the revenue and operating costs of the 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 to the Company's turn-key retail arrangements. The Company's PBRT system at Orlando Health Cancer Institute ("Orlando Health"), is also considered a retail arrangement. The main drivers of the Company's revenue are numbers of sites, procedure volume and reimbursement.

Based on the guidance provided in accordance with ASC 280, the Company determined it has two reportable segments, domestic and international. See Note 1 - Basis of Presentation to the condensed consolidated financial statements for additional information. The Company's Management's Discussion and Analysis of Financial Condition and Results of Operations reflects activity for both segments and specifically addresses a segment when appropriate to the discussion.

Reimbursement

CMS has established a 2023 delivery code reimbursement rate of approximately $7,691 ($7,943 in 2022) for a Medicare Gamma Knife treatment. The approximate CMS reimbursement rates for delivery of PBRT for a simple treatment without compensation for 2023 is $572 ($554 in 2022) and $1,323 ($1,321 in 2022) 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 As discussed below, the RO APM, which was to be in effect for a five year period, has been was delayed indefinitely. indefinitely by CMS in August 2022. 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.

Application of Critical Accounting Policies and Estimates

The Company's condensed 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 condensed consolidated financial statements and accompanying notes. These estimates, assumptions and judgments are based on information available as of the date of the condensed consolidated financial statements; accordingly, as this information changes, the condensed consolidated 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 to the consolidated financial statements in the Company's annual report on Form 10-K for the year ended December 31, 2022. These policies along with the disclosures presented in the other condensed consolidated financial statement notes and, in this discussion, and analysis, provide information on how significant assets and liabilities are valued in the condensed consolidated financial statements and how those values are determined. Based on the valuation techniques used and the sensitivity of 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, and the carrying value of property and equipment and useful lives, 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 condensed consolidated financial statements:

Revenue Recognition

The Company recognizes revenues under ASC 842 and ASC 606. The Company had eleven domestic Gamma Knife units, two international Gamma Knife units, and one PBRT system in operation in the United States as of September 30, 2023 and twelve domestic Gamma Knife units, two international Gamma Knife units, and one PBRT system in operation in the United States as of June 30, 2023 and 2022. Six September 30, 2022. Five of the Company's twelve eleven domestic Gamma Knife customers are under fee-per-use contracts, and six customers are under retail arrangements. The Company, through GKF, also owns and operates two single-unit, international Gamma Knife facilities in Lima, Peru and Guayaquil, Ecuador. These two units economically function similarly to the Company's turn-key retail arrangements. The Company's PBRT system at Orlando Health is also considered a retail arrangement.

Rental income from medical equipment services – The Company recognizes revenues 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 Company's contracts with hospitals do not contain any guaranteed minimum payments. The Company's contracts are typically for a ten-year term and are classified priced as either fee per use or retail. Retail arrangements are further classified as either turn-key or revenue sharing. Revenues from fee Fee per use contracts are determined by each hospital's contracted rate. Revenues 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. hospital after considering certain operating costs of the center. The amount the Company expects to receive is recorded as revenue and estimated based on historical experience. experience and patient mix. Revenue estimates are reviewed periodically and adjusted as necessary. Under turn-key arrangements, 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 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 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 condensed consolidated statements of operations. For the three and six-month nine-month periods ended June 30, 2023 September 30, 2023, the Company recognized revenues of approximately $4,812,000 $3,946,000 and $9,041,000, $12,987,000, respectively, compared to $4,140,000 $4,101,000 and $8,281,000 $12,382,000 for the same periods in the prior year, respectively, under ASC 842. Of the ASC 842 revenue, for the three and six-month nine-month periods ended June 30, 2023 September 30, 2023, approximately $2,545,000 $2,219,000 and $4,859,000 $7,078,000 were for PBRT services, respectively, compared to $2,308,000 $2,358,000 and $4,347,000 $6,705,000 for the same periods in the prior year, respectively.

Patient income – The Company has stand-alone facilities in Lima, Peru and Guayaquil, Ecuador, where contracts exist between the Company's facilities and the individual patients treated at the facility. Under ASC 606, the Company acts as the principal in these transactions 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 patient population is primarily covered by a government payor and payments are paid between three and six months. The Company did not capitalize any incremental costs related to the fulfillment of its customer contracts. Accounts receivable balances under ASC 606 at GKPeru September 30, 2023, July 1, 2023 and January 1, 2023 were not significant as ofJune 30, 2023 $1,416,000, $980,000 and December 31, 2022. GKCE's accounts $1,119,000, respectively. Accounts receivable balances under ASC 606 at September 30, 2022, July 1, 2022, and January 1, 2022 were $652,000 as of June 30, 2023 $1,248,000, $1,145,000 and $862,000 as of December 31, 2022. $668,000, respectively. For the three and six-month nine-month periods ended June 30, 2023 September 30, 2023, the Company recognized revenues of approximately $756,000 $988,000 and $1,452,000, $2,440,000, respectively, under ASC 606 compared to $894,000 $727,000 and $1,600,000 $2,327,000 for the same periods in the prior year, respectively.

During the three-month period ended September 30, 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 three and nine-month periods ended September 30, 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. As of January 1, 2023, the Company changed its estimate for salvage value for one of its international units. There is no salvage value assigned to the second international Gamma Knife unit. The Company has not assigned salvage value to its PBRT equipment. See Note 3 - Property and Equipment to the condensed consolidated financial statements for further discussion on salvage value and the discussion of depreciation expense in the Second Quarter 2023 Results. value.

Second Third Quarter 2023 Results

Revenues increased by $534,000 306,000 and $612,000 $918,000 to $5,568,000 5,134,000 and $10,493,000 $15,627,000 for the three and six-month nine-month periods ended June 30, 2023 September 30, 2023 compared to $5,034,000 4,828,000 and $9,881,000 $14,709,000 for the same periods in the prior year, respectively. Revenues from the Company's domestic segment increased by $672,000 $45,000 and $760,000 $805,000 to $4,812,000 $4,146,000 and $9,041,000 $13,187,000 for the three and six-month nine-month periods ended June 30, 2023 September 30, 2023 compared to $4,140,000 4,101,000 and $8,281,000 $12,382,000 for the same periods in the prior year, respectively. Revenues from the Company's international segment decreased increased by $138,000 $261,000 and $148,000 $113,000 to $756,000 988,000 and $1,452,000 $2,440,000 for the three and six-month nine-month periods ended June 30, 2023 September 30, 2023 compared to $894,000 727,000 and $1,600,000 $2,327,000 for the same periods in the prior year, respectively.

Revenues generated from the Company's PBRT system decreased by $139,000 and increased by $237,000 $373,000 to $2,219,000 and $512,000 to $2,545,000 and $4,859,000 $7,078,000 for the three and six-month nine-month periods ended June 30, 2023 September 30, 2023 compared to $2,308,000 $2,358,000 and $4,347,000 $6,705,000 for the same periods in the prior year, respectively. The decrease for the three-month period ended September 30, 2023 was due to lower volumes. The increase for the nine-month period ended September 30, 2023 was due to an increase in average reimbursement.

The number of PBRT fractions decreased by 175 and 221 to 1,188 and to 4,094 for the three and nine-month periods ended September 30, 2023 compared to 1,363 and 4,315 for the same periods in the prior year, respectively. The decrease in PBRT volumes for the three and nine-month periods ended September 30, 2023 was due to normal, cyclical fluctuations.

Gamma Knife revenue increased by $245,000 and $345,000 to $2,715,000 and $8,349,000 for the three and nine-month periods ended September 30, 2023 compared to $2,470,000 and $8,004,000 in the same periods in the prior year, respectively. The increase in Gamma Knife revenues for the three-month period was due to higher procedure volume and average reimbursement. The increase in Gamma Knife revenues for the nine-month period ended September 30, 2023 was due to higher average reimbursement, offset by lower procedure volume. The overall increase in average reimbursement was driven by a shift in payor mix to more commercial payors.

The number of Gamma Knife procedures increased by 23 and decreased by 39 to 316 and 918 for the three and nine-month periods ended September 30, 2023 compared to 293 and 957 for the same periods in the prior year, respectively. The increase in PBRT revenues for the three and six-month periods ended June 30, 2023 was due to higher average reimbursement for the period.

The number of PBRT fractions increased by 46 to 1,370 Gamma Knife procedures for the three-month period ended June 30, 2023 compared to 1,324 for the same period in the prior year. The number of PBRT fractions decreased by 46 to 2,906 for the six-month period ended June 30, 2023 compared to 2,952 for the same period in the prior year. The changes in PBRT volume for the three and six-month periods ended June 30, 2023 were primarily September 30, 2023 was due to normal, cyclical fluctuations.

Gamma Knife revenue increased by $297,000 and $100,000 to $3,023,000 and $5,634,000 for the three and six-month periods ended June 30, 2023 compared to $2,726,000 and $5,534,000 in the same periods in the prior year, respectively. The overall increase in Gamma Knife revenues for the three and six-months ended June 30, 2023 was due to an increase in average reimbursement driven by a shift in the payor mix to more commercial payors.

The number of Gamma Knife procedures decreased by 26 and 62 to 309 and 602 for the three and six-month periods ended June 30, 2023 compared to 335 and 664 for the same periods in the prior year, respectively. The decrease in Gamma Knife procedures for the three and six-month periodsnine-month period ended June 30, 2023 September 30, 2023 was due to normal, cyclical fluctuations. the expiration of one existing customer contract, offset by increased volumes at other customer sites.

During the three and nine-month periods ended September 30, 2023 the Company sold equipment to a new customer for net revenue of $200,000. The revenue was recorded net of the Company's cost to purchase the equipment from Elekta. There were no similar transactions in the same periods in the prior year.

Total costs of revenue increased by $104,000 $161,000 and $341,000 $502,000 to $3,050,000 $3,032,000 and $6,067,000 $9,099,000 for the three and six-month nine-month periods ended June 30, 2023 September 30, 2023 compared to $2,946,000 $2,871,000 and $5,726,000 $8,597,000 for the same periods in the prior year, respectively, consistent with the growth in revenues.

Maintenance and supplies and other direct operating costs, related party, increased decreased by $59,000 $35,000 and $131,000 increased $96,000 to $800,000 $709,000 and $1,581,000 $2,290,000 for the three and six-months nine-month periods ended June 30, 2023 September 30, 2023, compared to $741,000 $744,000 and $1,450,000 $2,194,000, respectively, for the same periods in the prior year. year, respectively. The increase in maintenance and supplies and other direct operating costs, related party, was primarily due to the annual increase on the Company's PBRT maintenance agreement.

Depreciation and amortization increased by $71,000 $57,000 and $241,000 $298,000 to $1,227,000 $1,228,000 and $2,584,000 $3,812,000 for the three and six-month nine-month periods ended June 30, 2023 September 30, 2023 compared to $1,156,000 $1,171,000 and $2,343,000 $3,514,000 for the same periods in the prior year. year, respectively. The increase in depreciation and amortization for the six-month periodthree and nine-month periods ended June 30, 2023 September 30, 2023 was primarily due to the Company's change in estimate for salvage value and useful life, partially offset by a reduction to depreciation expense in the prior year due to expiration of a contract liability. life. As of January 1, 2023, the Company reduced its estimated useful life and assigned salvage value for one of its international Gamma Knife units. The net effect of the change in estimate made January 1, 2023, for the three and six-month nine-month periods ended June 30, 2023 September 30, 2023, was a decrease in net income of approximately $50,000 or $0.01 per diluted share and $101,000 $151,000 or $0.02 per diluted share, respectively. These changes in estimate will also impact future periods. Salvage value is based on the estimated fair value of the equipment at the end of its useful life.

Other direct operating costs decreased increased by $26,000 $139,000 and $31,000 $108,000 to $1,023,000 $1,095,000 and $1,902,000 $2,997,000 for the three and six-month nine-month periods ended June 30, 2023 September 30, 2023 compared to $1,049,000 $956,000 and $1,933,000 $2,889,000 for the same periods in the prior year. year, respectively. The decrease increase in other direct operating costs for the six-month periodthree and nine-month periods ended June 30, 2023 September 30, 2023 was primarily due to normal fluctuations higher volumes at individual operating one of the Company's international sites.

Selling and administrative expense increased by $842,000 $475,000 and $1,062,000 $1,537,000 to $1,988,000 $1,735,000 and $3,527,000 $5,262,000 for the three and six-month nine-month periods ended June 30, 2023 September 30, 2023 compared to $1,146,000 $1,260,000 and $2,465,000 $3,725,000 for the same periods in the prior year. year, respectively. The increase in selling and administrative expense for the six-month periodthree and nine-month periods ended June 30, 2023 September 30, 2023 was due to increased staffing in the sales, finance and customer retention areas and approximately $250,000 $319,000 and $570,000, respectively, in fees associated with new business opportunities.

Interest expense increased by $128,000 $28,000 and $251,000 $279,000 to $277,000 and $548,000 $825,000 for the three and six-month nine-month periods ended June 30, 2023 September 30, 2023 compared to $149,000 $249,000 and $297,000 $546,000 for the same periods in the prior year. year, respectively. On April 9, 2021, the Company refinanced predominantly all of its existing debt and finance lease portfolio. The Term Loan and DDTL carry a floating interest rate of LIBOR plus 3%. The increase for the six-month periodthree and nine-month periods ended June 30, 2023 September 30, 2023 was due to an increase in LIBOR compared to the same periods of the prior year. See Liquidity the

“Liquidity and Capital Resources Resources” section below for a discussion of the Company'sCompany’s long-term debt and expected changes to the index used to calculate interest.

During the three months three-month period ended June 30, 2023, the Company increased its asset retirement obligation accrual. The related increase to the underlying leased assets could not be supported by the cash flows of those particular units and as such the Company recorded a loss on the write down of those assets. The loss on write down of impaired assets and associated removal costs was $0 and $578,000 for the three and six-months nine-month periods ended June 30, 2023 September 30, 2023. The loss on write down of impaired assets and associated removal costs for the nine-month period ended September 30, 2023 was due to the non-renewal of two Gamma Knife contracts in the second quarter of 2023. There were no similar write downs in the same periods in the prior year.

Interest and other income increased by $118,000 $99,000 and $188,000 $287,000 to $113,000 $135,000 and $183,000 $318,000 for the three and six-month nine-month periods ended June 30, 2023 September 30, 2023 compared to losses income of $5,000 $36,000 and $5,000 $31,000 for the same periods in the prior year. year, respectively. The increases are consistent with the Company'sCompany’s increases in cash and cash equivalents and rising interest rates.

Income tax expense decreased by $283,000 $116,000 and $421,000 $537,000 to a tax benefit of $35,000 and expense of $33,000 $60,000 and $93,000 for the three and six-month nine-month periods ended June 30, 2023 September 30, 2023 compared to income tax expense of $248,000 $176,000 and $454,000 $630,000 for the same periods in the prior year. year, respectively. The decrease in income tax expense for the three and six-month nine-month periods ended June 30, 2023 September 30, 2023 was due primarily to lower earnings during the current periods.

Net income attributable to non-controlling interest increased by $55,000 and decreased by $109,000 $267,000 to income of $47,000 and $322,000 to a net loss of $66,000 and $154,000 $107,000 for the three and six-month nine-month periods ended June 30, 2023 September 30, 2023 compared to a loss of $8,000 and income of $43,000 and $168,000 $160,000 for the same periods in the prior year. year, respectively. Net income attributable to non-controlling interests represents net (income) loss (income) earned by the 19% non-controlling interest in GKF, and net income 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 which was significantly impacted by the write down of impaired assets in the three and six-months ended June 30, 2023. GKF.

Net income decreased by $608,000 $198,000 and $887,000 to a net loss income of $111,000, $118,000, or $0.02 per diluted share and net income of $77,000, $195,000, or $0.01 $0.03 per diluted share for the three and six-month nine-month periods ended June 30, 2023 September 30, 2023 compared to net income of $497,000, $316,000, or $0.08 $0.05 per diluted share and $766,000, $1,082,000, or $0.12 $0.17 per diluted share for the same periods in the prior year. year, respectively. Net income decreased for the six-month period three and nine-month periods ended June 30, 2023 primarily September 30, 2023 due to the write down of impaired assets and associated removal costs as well as higher interest expense and higher selling and administrative expense to support the Company’s pursuit of new business opportunities. The decrease for the nine-month period ended September 30, 2023 was also driven by the write down of impaired assets and associated removal costs.

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 the $7,000,000 revolving line of credit. Revolving Line. As of June 30, 2023 September 30, 2023, the Company has not drawn borrowed $1,400,000 on its line of credit. The Company had cash, cash equivalents and restricted cash of $13,794,000 $14,655,000 at June 30, 2023 September 30, 2023 compared to $12,453,000 at December 31, 2022. The Company’s cash position increased by $1,341,000 $2,202,000 during the first six nine months of 2023 due to cash from operating activities of $5,214,000, $8,778,000 and advances on the line of credit of $1,400,000. These increases were offset by payment for the purchase of property and equipment of $2,561,000, $6,176,000, payments on long-term debt of $1,160,000, $1,589,000, debt issuance costs of $9,000 and payments on short-term financing of $152,000. $202,000. The Company’s expected primary cash needs on both a short and long-term basis are for capital expenditures, business expansion, working capital, and other general corporate purposes. The Company has scheduled interest and principal payments under its debt obligations of approximately $2,324,000 $2,488,000 during the next 12 months.

Working Capital

The Company had working capital at June 30, 2023 September 30, 2023 of $13,327,000 $10,322,000 compared to $13,548,000 at December 31, 2022. The $221,000 $3,226,000 decrease in net working capital was primarily due to increases in other accrued liabilities, related party liabilities, and the increase in its asset retirement obligations. The Company believes that its cash on hand, cash flow from operations, and other cash resources are adequate to meet its scheduled debt obligations and working capital requirements during the next 12 months. See additional discussion below related to commitments. in the “Commitments” section below. 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

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 then 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 the $7,000,000 Revolving Line that of which the Company has not drawn $1,400,000 on as of June 30, 2023 September 30, 2023. 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 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 17 quarterly installments with a fixed interest rate of 3.67%.

The Company's Gamma Knife unit 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 17 quarterly installments with a fixed interest rate of 3.67%. On October 23, 2023, the Company completed the financing for the Icon upgrade at its stand-alone facility in Ecuador. The financing is with DFC and is the second and final disbursement from the DFC Loan. The second disbursement was for $1,750,000 payable in 16 quarterly installments with a fixed interest rate of 7.49%. The covenants and representations are consistent with the initial borrowing under the DFC Loan, see Note 3 - Long-Term Debt Financing.

As of December 31, 2021, LIBOR will no longer be used to price new loans, but 1-month, 3-month, and 6-month maturities will continue to be published using a synthetic methodology until September 30, 2024. The Company is working with Fifth Third Bank, N.A. to transition its loan pricing to be based on the Secured Overnight Financing Rate (SOFR) ("SOFR") rather than LIBOR. Any credit extended by Fifth Third Bank, N. A. after July 1, 2023 will be a SOFR based loan. 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.

See Note 3 - Long Term Debt Financing to the condensed consolidated financial statements for additional information. information regarding the Company's long-term debt.

Commitments

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 and Mevion Medical Systems Inc. ("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 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 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. During the year-ended December 31, 2020, the Company impaired these deposits and wrote-off the deposits and related capitalized interest. As of June 30, 2023 September 30, 2023, the Company had commitments, after deposits, to purchase two MEVION S250i PBRT systems for $34,000,000.

As of June 30, 2023 September 30, 2023, the Company had commitments to upgrade four Leksell Gamma Knife systems from Perfexion to install one Icon, Systems ("Icon"), with software, at an existing site, one Gamma Plan workstations, three workstation, two Esprit Gamma Knife systems, two of which are both at existing customer sites, two Linear Accelerator ("LINAC") systems, two one Cobalt-60 reloads reload, with software upgrade, and one Magnetic Resonance imaging guided LINAC (MR LINAC) ("MR LINAC") system at a future customer site. The Company also has two commitments to de-install Gamma Knife units at existing customer sites. One LINAC system will be placed at a future customer site and one LINAC system will be placed at the Company's new site in Puebla, Mexico. This The Puebla installation is in process and the site is expected to begin operations treating patients in January 2024. The Company has made significant progress payments towards this installation as of September 30, 2023 and has a commitment to finance the project. The Company is also in the second half process of 2023 now that it has received regulatory approval. The upgrading its existing Gamma Knife units at its stand-alone facility in Ecuador will use a commitments to upgrade to an Icon System. The Company expects to upgrade and install the equipment in Ecuador late and expects to begin treating patients on the new system in the third quarter of November 2023. The Company has a commitment from DFC to finance the majority completed financing of this upgrade. upgrade in October 2023. See Note 11 - Subsequent Events for additional discussion . The remaining Icon Esprit, software upgrades and LINAC purchases are expected to occur in 2024. Total Gamma Knife and LINAC commitments as of June September 30, 2023 were $21,722,000 and include $950,000 for potential removal costs related to leased equipment. A portion of that removal cost is included in $15,921,000. There are no deposits on the condensed consolidated balance sheets related to these commitments as part of the asset removal obligation. September 30, 2023 . It is the Company's intent to finance substantially all of these commitments. 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 $13,794,000 14,655,000 and a line of credit of $7,000,000 and is actively engaged with financing resources to fund these projects. The Company borrowed $1,400,000 on the Revolving Line as of September 30, 2023, which was paid off in October 2023.

On February 15, 2023 , the Company executed an equipment sales agreement with a new customer for the sale of a Gamma Knife upgrade and Cobalt-60 reload. The Company expects to complete the sale during the third quarter of 2023 . The Company will fulfill this order by exercising its purchase commitments.

On September 4, 2022, the Company entered into a Maintenance and Support Agreement, (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 is being amortized over the one-year service period.

As of June 30, 2023 September 30, 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 June 30, 2023 September 30, 2023 were $14,962,000. $12,645,000. 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.

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 maintain the equipment.

The following table summarizes related party activity for the three and six-month nine-month periods ended June 30, 2023 September 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Equipment purchases and de-install costs	$ 1,217,000	$ 131,000	$ 1,418,000	$ 1,363,000	$ 2,147,000	$ 231,000	$ 3,565,000	$ 1,594,000
Costs incurred to maintain equipment	295,000	279,000	590,000	548,000	191,000	272,000	781,000	820,000
Total related party transactions	$ 1,512,000	$ 410,000	$ 2,008,000	$ 1,911,000	$ 2,338,000	$ 503,000	$ 4,346,000	$ 2,414,000

The Company also had commitments to purchase or upgrade gamma knife Gamma Knife units, purchase a LINAC system and service the related equipment of $25,511,000 $16,311,000 as of June 30, 2023. September 30, 2023.

Related party liabilities on the condensed consolidated balance sheets consist of the following as of June 30, 2023 September 30, 2023 and December 31, 2022

	June 30, 2023	December 31, 2022
Accounts payable, asset retirement obligation and other accrued liabilities	$ 2,091,000	$ 857,000

	September 30, 2023	December 31, 2022
Accounts payable, asset retirement obligation and other accrued liabilities	$ 3,726,000	$ 857,000

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company does not hold or issue derivative instruments for trading purposes and is not a party to any instruments with leverage or prepayment features. The Company does not have affiliation with partnerships, trusts or other entities whose purpose is to facilitate off-balance sheet financial transactions or similar arrangements, and therefore has no exposure to the financing, liquidity, market or credit risks associated with such entities. At June September 30, 2023, the Company had no significant long-term, market-sensitive investments.

Item 4. Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934. These controls and procedures are designed to ensure that material information relating to the Company and its subsidiaries is communicated to the principal executive officer and our principal financial officer. Based on that evaluation, our principal executive officer and our principal financial officer concluded that, as of June September 30, 2023, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to the principal executive officer and our principal financial officer, and recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting during the six-month nine-month period ended June 30, 2023 September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors

There were no material changes during the period covered in this report to the risk factors previously disclosed in Part 1, Item 1A, of the Company’s Annual Report on Form 10-K for the year ended December 31, 2022, except as follows: .

Bank failures or other events effecting financial institutions could materially adversely affect our operations, liquidity and financial performance.

We maintain deposit accounts at multiple financial institutions one of which at times has amounts that exceed the limits insured by the U.S. Federal Deposit Insurance Corporation (the “FDIC”). If one or more of the institutions with which we maintain accounts were to fail or be taken over by the FDIC, there can be no assurance that the deposits we have in excess of the FDIC insurance limits will be recoverable. Even if such amounts are ultimately recoverable, the failure of a bank, or events involving limited liquidity, defaults, non-performance or other adverse conditions in the financial or credit markets impacting financial institutions at which we maintain deposits, or concerns or rumors about such events, may lead to disruptions in access to our bank deposits or otherwise adversely impact our operations, liquidity and financial performance. In addition, instability or other distress in the financial markets, including the effects of bank failures, defaults, non-performance or other adverse developments that effect financial institutions, could jeopardize our ability to borrow under our credit facilities, which could have a material adverse effect on our business if we were not able to replace those commitments or to locate other sources of liquidity on acceptable terms.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibit Index

			Incorporated by reference herein	
Exhibit Number	Description	Form	Exhibit	Date

10.1	*	Fourth Amendment to Purchased Services Agreement dated April 20, 2021 between GK Financing, LLC and Kettering Medical Center
10.2	# *	Fifth Amendment to Purchased Services Agreement dated May 1, 2023 between GK Financing, LLC and Kettering Medical Center
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
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.

\# Portions of this exhibit (indicated therein by asterisks) have been omitted for confidential treatment.

• Indicates management compensatory plan, contract, or arrangement.

SIGNATURES

Pursuant to the requirements 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

Date:	August November 14, 2023	/s/ Raymond C. Stachowiak
		Raymond C. Stachowiak
		Executive Chairman of the Board (principal executive officer)
Date:	August November 14, 2023	/s/ Robert L. Hiatt
		Robert L. Hiatt
		Chief Financial Officer (principal financial and principal accounting officer)

Exhibit 10.1

0001437749-23-023568h01.jpg

0001437749-23-023568h02.jpg

Exhibit 10.2

[*****] 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.

FIFTH AMENDMENT TO PURCHASED SERVICES AGREEMENT

This FIFTH AMENDMENT TO PURCHASED SERVICES AGREEMENT (this "Amendment") is dated as of the 1st day of May, 2023, and is entered into between GK FINANCING, LLC, a California limited liability company ("GKF") and KETTERING MEDICAL CENTER, an Ohio non-profit corporation, ("Medical Center").

Recitals:

WHEREAS, GKF and Medical Center are parties to a certain Purchased Services Agreement dated as of November 19, 2008 (but dated December 9, 2008 by Medical Center), as amended by (i) a First Amendment to Purchased Services Agreement dated June 11, 2009, (ii) a Second Amendment to Purchased Services Agreement dated February 27, 2014, (iii) a Third Amendment to Purchased Services Agreement dated March 28, 2019, and (iv) a Fourth Amendment to the Purchased Services Agreement dated April 20, 2021 (as amended, the "Agreement");

WHEREAS, GKF and Medical Center desire to further amend the Agreement to provide for the simplification of Purchased Services payments.

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 acknowledged, the parties hereby 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. **Definition of Procedure.** As of the date of this Fifth Amendment, Section 8(b)(i) of the Agreement, including as amended by the Third Amendment dated March 28, 2019, shall be deleted in its entirety and replaced by the following:

   i. "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 (1) 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. Additionally, "Procedure" shall not include the creation and/or sharing of a treatment plan with a patient when the patient does not receive any treatment utilizing the Equipment.

3. **Purchased Service Payments.** Effective May 1, 2023 Exhibit 8, of the Agreement shall be deleted in its entirety and be replaced by Exhibit 8 attached hereto.

4. **Captions**. The captions and paragraph headings used herein are for convenience only and shall not be sued in construing or interpreting this Amendment.

5. **Full Force and Effect**. Except as amended by this Fifth Amendment, all of the terms and provisions of the Agreement shall remain in full force and effect. In the event of any conflict or inconsistency between the terms and provisions of this Fifth Amendment and that of the Agreement, the terms and provisions of this Fifth Amendment shall prevail and control.

Exhibit 10.2

[*****] 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 Fifth Amendment effective as of the date first written above.

GKF:	**Medical Center:**
GK FINANCING, LLC	KETTERING MEDICAL CENTER
By: /s/ Craig K. Tagawa	By: /s/ Wendi Barber
Name: Craig K. Tagawa	Name: Wendi Barber
Title: Chief Executive Officer	Title: Chief Financial Officer

---

Exhibit 10.2

[*****] 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 8

PURCHASED SERVICES PAYMENTS

FOR THE PERIOD NOVEMBER 25, 2019 – APRIL 30, 2023

Annual Paid Procedures Performed	Percentage of Technical Component Collections Payable To GKF For Each Procedure
[*****]	[*****]
[*****]	[*****]

PURCHASED SERVICES PAYMENTS

FOR THE PERIOD MAY 1, 2023 – NOVEMBER 25, 2024

Annual Paid Procedures Performed	Payment Per Procedure
[*****]	[*****]
[*****]	[*****]

For all procedures performed on or after May 1, 2023, Kettering shall determine if the Payment Per Procedure is an accurate estimate of the collections Kettering Health receives. Beginning on July 25th, 2023 (this is the date that the first financial audit report is due) and every two months therafter, Kettering Health will conduct a financial audit to determine if the monies collected from the Gamma Knife procedures (technical component), multiplied by [*****] (for first [*****] procedures) and [*****] (for procedures in excess of [*****]) is within +/- [*****] of the [*****]or [*****]per procedure payment. The information from the audit will be shared with officials at GK Financing, subject to non-disclosure and confidentiality provisions of the Agreement. If the audit reveals that the collections are over or under [*****] of the [*****] or [*****], a true up payment or credit will be made. Any true-up payment owed from Kettering Health will be made within forty-five (45) days of completion of the financial audit, and sharing of the information with GK Financing. Any true-up credit will be applied to the next subsequent monthly payment.

The annual count of procedures will be done on an annual basis and the procedure count will be reset to zero (0) every May 1st.

For all procedures performed prior to May 1, 2023, Kettering Health will continue to pay a percentage of the collections on the accounts receivable as outlined above until the obligations are fulfilled. Kettering shall provide GK Financing with an update on the amounts owed as of April 30, 2023 and every month thereafter (within 25 days after month end). The first report shall be provided by May 25, 2023.

For Procedure count purposes, any patient treatment provided on a fractionated basis shall count as one (1) Procedure. Charity cases shall not be included in the annual Procedures performed count.

Exhibit 10.2

[*****] 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.

Charity Cases

As a means to support Medical Center's mission of providing charity care for persons who require Gamma Knife procedures who are not covered by Medicare, Medicaid, TriCare, Ohio's Hospital Care Assurance Program, or private insurance programs (whether indemnity, preferred provider, health maintenance organization, etc.) and who do not have the means to pay for such procedures based on Medical Center's adopted standards of indigency, GKF agrees that Medical Center may perform Procedures on a charity or unreimbursed basis so long as no such charity or unreimbursed Procedures are counted towards the number of annual paid Procedures performed for purposes of determining the Purchased Services Payments due hereunder. Medical Center shall be solely responsible (and GKF shall not in any manner be or become responsible) for determining whether any person meets the standards of indigency. Medical Center shall provide reasonable written documentation evidencing satisfaction of the conditions set forth herein to GKF at or prior to the expected time of treatment.

Payment of Procedures Performed Prior to May 1, 2023

GKF and Medical Center will use its best efforts to determine unpaid balance amounts as of June 30, 2023 for those procedures performed prior to May 1, 2023. Should GKF and Medical Center agree on the total unpaid balance amount, Medical Center shall reimburse GKF the agreed upon unpaid balance amount and Medical Center will have zero (0) balance owed to GKF for procedures performed prior to May 1, 2023. Should GKF and Medical Center not be able to agree on the unpaid balance amount as of April 30, 2023, the parties agree to again use its best efforts to come to an agreement on the unpaid balance amount by June 30, 2023 for those procedures performed prior to May 1, 2023.

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 quarterly report on Form 10-Q 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 officers 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 change in the registrant’s internal control over financial reporting that occurred during the 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 officers 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.

August November 14, 2023

/s/ Raymond C. Stachowiak
Raymond C. Stachowiak
Executive Chairman of the Board (principal executive officer)

Exhibit 31.2

CERTIFICATION

I, Robert L. Hiatt, as chief financial officer of American Shared Hospital Services, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 officers 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 change in the registrant's internal control over financial reporting that occurred during the 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 officers 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.

August November 14, 2023

/s/ Robert L. Hiatt

Robert L. Hiatt

Chief Financial Officer (principal financial officer and principal accounting officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The certification set forth below is being submitted in connection with the Quarterly Report on Form 10-Q of American Shared Hospital Services for the quarterly period ended June September 30, 2023 (the "Report") for the purpose of complying with Rule 13a-14(b) or 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.

Ray Stachowiak, the Executive Chairman of the Board and Robert L. Hiatt, the 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.

August November 14, 2023

/s/ Raymond C. Stachowiak

Raymond C. Stachowiak

Executive Chairman of the Board (principal executive officer)

/s/ Robert L. Hiatt

Robert L. Hiatt

Chief Financial Officer (principal financial officer)

DISCLAIMER

REFINITIV