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DELTA REPORT

10-Q

AMS - AMERICAN SHARED HOSPITAL

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1939
CHANGES	184
DELETIONS	713
ADDITIONS	1042

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 September 30, 2023 March 31, 2024 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 November 9, 2023 May 10, 2024, there were outstanding 6,300,000 6,330,000 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	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Current assets:				
Cash and cash equivalents	$ 14,537,000	$ 12,335,000	$ 12,792,000	$ 13,690,000
Restricted cash	118,000	118,000	250,000	118,000
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		
Accounts receivable, net of allowance for credit losses of $100,000 at March 31, 2024 and at December 31, 2023			6,429,000	4,343,000
Other receivables	651,000	327,000	556,000	504,000
Prepaid maintenance	832,000	1,245,000	821,000	1,275,000
Prepaid expenses and other current assets	247,000	897,000	517,000	526,000
Total current assets	20,371,000	18,723,000	21,365,000	20,456,000
Property and equipment, net	25,178,000	23,467,000	26,879,000	25,844,000
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	78,000	78,000
Right of use assets, net	94,000	317,000	36,000	57,000
Other assets	353,000	87,000	482,000	443,000
Total assets	$ 47,358,000	$ 43,956,000	$ 50,124,000	$ 48,162,000
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ 346,000	$ 230,000	$ 267,000	$ 315,000
Employee compensation and benefits	805,000	735,000	715,000	757,000
Other accrued liabilities	1,921,000	1,544,000	1,584,000	1,226,000
Related party liabilities	2,788,000	497,000	1,237,000	1,961,000
Asset retirement obligations, related party	938,000	360,000		
Asset retirement obligations, related party (includes $250,000 non-related party at March 31, 2024 and December 31, 2023)			650,000	650,000
Income taxes payable	309,000	255,000	1,180,000	1,229,000

Current portion of lease liabilities	83,000	292,000	36,000	57,000
Line of credit	1,400,000	-	2,400,000	2,500,000
Current portion of long-term debt, net	1,459,000	1,262,000	2,710,000	2,084,000
Total current liabilities	10,049,000	5,175,000	10,779,000	10,779,000
Long-term lease liabilities, less current portion	11,000	59,000		
Long-term debt, net, less current portion	10,454,000	12,205,000	12,892,000	11,041,000
Deferred revenue, less current portion	18,000	70,000		
Deferred income taxes	822,000	822,000	68,000	63,000
Total liabilities	21,354,000	18,331,000	23,739,000	21,883,000
Commitments (see Note 9)				
Shareholders' equity:				
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		
Common stock, no par value (10,000,000 authorized shares; Issued and outstanding shares - 6,330,000 at March 31, 2024 and 6,300,000 at December 31, 2023)			10,763,000	10,763,000
Additional paid-in capital	8,134,000	7,843,000	8,330,000	8,232,000
Retained earnings	3,214,000	3,019,000	3,748,000	3,629,000
Total equity-American Shared Hospital Services	22,111,000	21,625,000	22,841,000	22,624,000
Non-controlling interests in subsidiaries	3,893,000	4,000,000	3,544,000	3,655,000
Total shareholders' equity	26,004,000	25,625,000	26,385,000	26,279,000
Total liabilities and shareholders' equity	$ 47,358,000	$ 43,956,000	$ 50,124,000	$ 48,162,000

See accompanying notes

AMERICAN SHARED HOSPITAL SERVICES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	**2022**	**2023**	**2022**	**2024**	**2023**
Revenues:						
Rental income from medical services	$ 3,946,000	$ 4,101,000	$ 12,987,000	$ 12,382,000		
Patient income	988,000	727,000	2,440,000	2,327,000		
Equipment sales, net	200,000	-	200,000	-		
Rental revenue from medical equipment leasing					$ 4,253,000	$ 4,229,000
Direct patient services revenue					963,000	696,000
	5,134,000	4,828,000	15,627,000	14,709,000	5,216,000	4,925,000
Costs of revenue:						
Maintenance and supplies	518,000	472,000	1,509,000	1,374,000	513,000	486,000
Depreciation and amortization	1,228,000	1,171,000	3,812,000	3,514,000	1,297,000	1,357,000
Other direct operating costs	1,095,000	956,000	2,997,000	2,889,000	1,093,000	879,000

Other direct operating costs, related party	191,000	272,000	781,000	820,000	170,000	295,000
	3,032,000	2,871,000	9,099,000	8,597,000	3,073,000	3,017,000
Gross margin	2,102,000	1,957,000	6,528,000	6,112,000	2,143,000	1,908,000
Selling and administrative expense	1,735,000	1,260,000	5,262,000	3,725,000	1,879,000	1,539,000
Interest expense	277,000	249,000	825,000	546,000	349,000	271,000
Loss on write down of impaired assets and associated removal costs	-	-	578,000	-		
Operating income (loss)	90,000	448,000	(137,000)	1,841,000		
Operating (loss) income					(85,000)	98,000
Interest and other income	135,000	36,000	318,000	31,000		
Interest and other income, net					106,000	70,000
Income before income taxes	225,000	484,000	181,000	1,872,000	21,000	168,000
Income tax expense	60,000	176,000	93,000	630,000		
Income tax (benefit) expense					(44,000)	68,000
Net income	165,000	308,000	88,000	1,242,000	65,000	100,000
Plus (less): Net (income) loss attributable to non-controlling interests	(47,000)	8,000	107,000	(160,000)		
Plus: Net loss attributable to non-controlling interests					54,000	88,000
Net income attributable to American Shared Hospital Services	$ 118,000	$ 316,000	$ 195,000	$ 1,082,000	$ 119,000	$ 188,000
Net income per share:						
Income per common share - basic	$ 0.02	$ 0.05	$ 0.03	$ 0.17	$ 0.02	$ 0.03
Income per common share - diluted	$ 0.02	$ 0.05	$ 0.03	$ 0.17	$ 0.02	$ 0.03
Weighted average common shares for basic earnings per share	6,366,000	6,234,000	6,336,000	6,223,000	6,452,000	6,306,000
Weighted average common shares for diluted earnings per share	6,432,000	6,273,000	6,406,000	6,261,000	6,576,000	6,472,000

See accompanying notes

AMERICAN SHARED HOSPITAL SERVICES

CONDENSED CONSOLIDATED STATEMENT STATEMENTS OF SHAREHOLDERS' EQUITY

(Unaudited)

	FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022							FOR THE THREE-MONTH PERIODS ENDED				
	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**	**S**
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					
Stock-based compensation expense	-	-	87,000	-	87,000	-	87,000					

Vested restricted stock awards	30,000	-	-	-	-	-	-					
Net income	-	-	-	269,000	269,000	125,000	394,000					
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					
Stock-based compensation expense	-	-	72,000	-	72,000	-	72,000					
Vested restricted stock awards	31,000	-	-	-	-	-	-					
Options exercised	2,000	5,000	-	-	5,000	-	5,000					
Net income	-	-	-	497,000	497,000	43,000	540,000					
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					
Stock-based compensation expense	-	-	76,000	-	76,000	-	76,000					
Vested restricted stock awards	41,000	-	-	-	-	-	-					
Cash distributions to non-controlling interests	-	-	-	-	-	(294,000)	(294,000)					
Net income (loss)	-	-	-	316,000	316,000	(8,000)	308,000					
Balances at September 30, 2022	6,153,000	$ 10,763,000	$ 7,679,000	$ 2,773,000	$ 21,215,000	$ 4,212,000	$ 25,427,000					
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	$ 2
Stock-based compensation expense	-	-	96,000	-	96,000	-	96,000	-	-	96,000	-	
Net income (loss)	-	-	-	188,000	188,000	(88,000)	100,000	-	-	-	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	$ 2
Balances at January 1, 2024								6,300,000	$ 10,763,000	$ 8,232,000	$ 3,629,000	$ 2
Stock-based compensation expense	-	-	97,000	-	97,000	-	97,000	-	-	98,000	-	
Vested restricted stock awards	30,000	-	-	-	-	-	-	30,000	-	-	-	
Net loss	-	-	-	(111,000)	(111,000)	(66,000)	(177,000)					

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				
Stock-based compensation expense	-	-	98,000	-	98,000	-	98,000				
Vested restricted stock awards	56,000	-	-	-	-	-	-				
Net income	-	-	-	118,000	118,000	47,000	165,000				
Balances at September 30, 2023	6,270,000	$ 10,763,000	$ 8,134,000	$ 3,214,000	$ 22,111,000	$ 3,893,000	$ 26,004,000				
Capital contribution non-controlling interests								-	-	-	-
Cash distributions to non-controlling interests								-	-	-	-
Net income (loss)								-	-	-	119,000
Balances at March 31, 2024								6,330,000	$ 10,763,000	$ 8,330,000	$ 3,748,000	$ 2

See accompanying notes

AMERICAN SHARED HOSPITAL SERVICES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	**2022**	**2024**	**2023**
Operating activities:				
Net income	$ 88,000	$ 1,242,000	$ 65,000	$ 100,000
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation, amortization, and other	3,874,000	3,557,000	1,334,000	1,367,000
Loss on write down of impaired assets and associated removal costs	578,000	-		
Accretion of debt issuance costs	44,000	65,000	38,000	18,000
Non cash lease expense	223,000	252,000	21,000	88,000
Deferred income taxes	-	443,000	5,000	68,000
Stock-based compensation expense	291,000	235,000	98,000	96,000
Interest expense associated with lease liabilities	8,000	23,000		
Changes in operating assets and liabilities:				
Receivables	(498,000)	692,000	(2,138,000)	(634,000)
Prepaid expenses and other assets	799,000	998,000	412,000	548,000
Asset retirement obligations, related party	578,000	(427,000)		

Related party liabilities	2,291,000	(924,000)	(1,898,000)	(66,000)
Accounts payable, accrued liabilities, and deferred revenue	713,000	(220,000)	268,000	279,000
Income taxes payable	54,000	-	(49,000)	-
Lease liabilities	(265,000)	(303,000)	(21,000)	(103,000)
Net cash provided by operating activities	8,778,000	5,633,000		
Net cash (used in) provided by operating activities			(1,865,000)	1,761,000
Investing activities:				
Payment for purchases of property and equipment	(6,176,000)	(332,000)	(1,183,000)	(209,000)
Net cash used in investing activities	(6,176,000)	(332,000)	(1,183,000)	(209,000)
Financing activities:				
Principal payments on long-term debt	(1,589,000)	(1,602,000)	(164,000)	(730,000)
Payments on line of credit			(2,500,000)	-
Advances on line of credit	1,400,000	-	2,400,000	-
Long-term debt financing			2,700,000	-
Principal payments on short-term financing	(202,000)	-	-	(74,000)
Capital contribution non-controlling interests			38,000	-
Distributions to non-controlling interests	-	(294,000)	(95,000)	-
Debt issuance costs long-term debt	(9,000)	(9,000)	(97,000)	-
Proceeds from options exercised	-	5,000		
Net cash used in financing activities	(400,000)	(1,900,000)		
Net cash provided by (used in) financing activities			2,282,000	(804,000)
Net change in cash, cash equivalents, and restricted cash	2,202,000	3,401,000	(766,000)	748,000
Cash, cash equivalents, and restricted cash at beginning of period	12,453,000	8,263,000	13,808,000	12,453,000
Cash, cash equivalents, and restricted cash at end of period	$ 14,655,000	$ 11,664,000	$ 13,042,000	$ 13,201,000
Supplemental cash flow disclosure				
Cash paid during the period for:				
Interest	$ 781,000	$ 481,000	$ 311,000	$ 253,000
Income taxes	$ 277,000	$ 174,000	$ 17,000	$ 20,000
Schedule of noncash investing and financing activities				
Equipment included in accounts payable and accrued liabilities			$ 1,174,000	$ -
Detail of cash, cash equivalents and restricted cash at end of period				
Cash and cash equivalents	$ 14,537,000	$ 11,546,000	$ 12,792,000	$ 13,083,000
Restricted cash	118,000	118,000	250,000	118,000
Cash, cash equivalents, and restricted cash at end of period	$ 14,655,000	$ 11,664,000	$ 13,042,000	$ 13,201,000

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 September 30, 2023 March 31, 2024, the results of its operations for the three and nine-month periods ended September 30, 2023 March 31, 2024 and 2022 2023, and the cash flows for the nine three-month periods ended September 30, 2023 March 31, 2024 and 2022 2023. The results of operations for the three and nine-month periods ended September 30, 2023 March 31, 2024 are not necessarily indicative of results on an annualized basis. Consolidated balance sheet amounts as of December 31, 2022 2023 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 2023 included in the ASHS Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 31, 2023. April 1, 2024.

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

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 September 30, 2023 March 31, 2024, GKF provides Gamma Knife units to eleventen medical centers in the United States in the states of 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.

On April 27, 2022, the Company signed a Joint Venture Agreement with the principal owners of Guadalupe Amor y Bien S.A. de C.V. ("Guadalupe") to establish AB Radiocirugia y Radioterapia de Puebla, S.A.P.I. de C.V. of Puebla ("Puebla") to treat public- and private-paying cancer patients and provide radiation therapy and radiosurgery services locally in Mexico. The Company and Guadalupe hold 85% and 15% ownership interests, respectively, in Puebla. Under the agreement, the Company is responsible for providing a linear accelerator upgrade to an Elekta Versa HD, and Guadalupe will be accountable for all site modification costs. The Company formed ASHS-Mexico on October3,2022 to establish Puebla. Puebla was formed on December 15, 2022 and the Company expects Puebla to begin treating patients in June 2024. Operating costs incurred during the three-month period ended March 31, 2024 by Puebla, are included in the condensed consolidated statement of operations.

The Company formed the subsidiaries GKPeru and Puebla 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 with the principal owners of Guadalupe Amor Y Bien S.A. de C.V. ("Guadalupe") to establish AB Radiocirugia Y Radioterapia de Puebla, S.A.P.I. de C.V. of Puebla ("Puebla") to treat public- and private-paying cancer patients and provide radiation therapy and radiosurgery services locally in Mexico. The Company and Guadalupe hold 85% and 15% ownership interests, respectively, in Puebla. Under the Agreement, the Company is responsible for providing a linear accelerator upgrade to an Elekta Versa HD, and Guadalupe is accountable for all site modification costs. The Company formed ASHS-Mexico on October3,2022 to establish Puebla. Puebla was formed on December 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 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.

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

On November 10, 2023, the Company entered into an Investment Purchase Agreement (the "IPA") with GenesisCare USA, Inc. (the "GenesisCare") and GenesisCare USA Holdings, Inc. ("GC Holdings"), pursuant to which GenesisCare agreed to sell to the Company its entire equity interest in each of Southern New England Regional Cancer Center, LLC and Roger Williams Radiation Therapy, LLC, (collectively, the "RI Target Companies") and to assign certain payor contacts to the Company for a purchase price of $2,850,000 (such transaction, the "RI Acquisition"). The equity interests to be acquired by the Company under the IPA equates to a 60% interest in each RI Target Company. The RI Target Companies operate three functional radiation therapy cancer centers in Rhode Island. The RI Acquisition was contingent upon certain closing conditions, including GenesisCare and the Company entering into a consent agreement with the Rhode Island Department of Health and approval of all equity holders and managers of each RI Target Company. On March 1, 2024, the Company, GenesisCare and GC Holding entered into a First Amendment to the Investment Agreement pursuant to which the parties agreed to extend the date on which a party could terminate the IPA if the closing conditions had not been met (the "Permitted Termination Date") from March 10, 2024 to April 30, 2024. On April 18, 2024, the parties agreed to a Second Amendment to the Investment Agreement pursuant to which GenesisCare agreed to sell a Discovery RT OPEN OC Mid CTM to the Company for $175,000, payment for which is required 5 days following the close of the acquisition. On April 24 2024, the Company, GenesisCare and GC Holdings, entered into a Third Amendment to the Investment Agreement that further extended the Permitted Termination Date to May 31, 2024. On May 7, 2024, the parties entered into a Fourth Amendment to the Investment Purchase Agreement, pursuant to which GenesisCare agreed to transfer certain assets and payor contracts to the RI Target Companies, rather than transferring such assets and payor contracts to the Company. The parties completed the remaining closing conditions pursuant to the IPA and closed the RI Acquisition on May 7, 2024.

The RI acquisition 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 initial accounting. 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 the RI Acquisition recorded in selling and administrative expense in the condensed consolidated statement of operations were $322,000 for three-month period ended March 31, 2024.

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

Accounting pronouncements issued and not yet adopted - In MarchNovember 2023, 2020, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2020-04,*Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (“ASU 2020-04”), 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 2020-04 apply only to contracts, hedging relationships, and other transactions that reference 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 20212023-01,07 *Reference Rate ReformSegment Reporting (Topic 848280): ScopeImprovements to Reportable Segment Disclosures* (“(“ASU 20212023-01”07”), which clarified that certain optional expedients and exceptions in Topic 848enhances the disclosure requirements for contract modifications and hedge accounting apply to derivatives that are affectedsegment reporting, primarily disclosures around significant segment expenses. The key provisions of the amendments require disclosure of significant segment expense reviewed by the discounting transition. In December 2022,Chief Operating Decision Maker (the “CODM”), require disclosure of an “other” segment category, require disclosure of segment profit or loss and assets for interim periods, clarify and require disclosure of other measurements used by the FASB issuedCODM in assessing segment performance and allocating resources, and require disclosure of the CODM’s title and position and an explanation of how the CODM assesses segment performance. ASU 20222023-06,07 *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 areis effective any date from thefor annual periods beginning of an interim period that includes or is subsequent to March 12, 2020, or on a prospective basis to new 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 15, 2023 31,2024 or to existing hedging relationships evaluated for effectiveness inand interim periods within fiscal years beginning 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).15, 2024. The Company is currently evaluating ASU 2023-07 to determine the impact that the Topic 848 ASUsit may have on the Company’sits consolidated financial statements. See Note 3 - Long-term Debt Financing for additional discussion on transitioning from LIBOR.

In December 2023, the FASB issued ASU 2023-09*Income Taxes (Topic 740) Improvements to Income Tax Disclosures* (“ASU 2023-09”) which requires entities, on an annual basis, to disclose: specific categories in the rate reconciliation, additional information for reconciling items that meet a quantitative threshold, the amount of income taxes paid, net of refunds, disaggregated by jurisdiction, income or loss from continuing operations before income tax, income tax expense from continuing operations disaggregated between foreign and domestic, and income tax expense from continuing operations disaggregated by federal, state and foreign. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. The Company is currently evaluating ASU 2023-09 to determine the impact it may have on its consolidated financial statements.

Revenue recognition - The Company recognizes revenues under Accounting Standards Codification (“ASC”) 842 *Leases* (“ASC 842”) and ASC 606 *Revenue from Contracts with Customers* (“ASC 606”).

Rental incomerevenue from medical equipment servicesleasing (“leasing”) – 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 contracts do not contain any guaranteed minimum payments. The Company’s lease contracts are typically forhave a ten-year term and are pricedclassified as either fee per use or revenue sharing. Fee per use 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 after considering certain operating costs of the center.hospital. The amount the Company expects to receive is recorded as revenue and estimated based on historical experience and patient mix.experience. Revenue estimates are reviewed periodically and adjusted as necessary. Some of the Company’s revenue sharing arrangements also have a cost sharing component and net profit share for the operating costs of the center. The Company 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 and profit. 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 nine-month periods ended September 30, March 31, 2024 and 2023, the Company recognized revenuesleasing revenue of approximately $3,946,000$4,253,000 and $12,987,000, respectively, compared to $4,101,000$4,229,000 of which approximately $2,649,000 and $12,382,000 for the same periods in the prior year, respectively, under ASC 842. Of the ASC 842 revenue, for the three and nine-month periods ended September 30, 2023 approximately $2,219,000 and $7,078,000$2,314,000 were for PBRT services, respectively, compared to $2,358,000 and $6,705,000 for the same periods in the prior year, respectively.

PatientDirect patient services income ("retail") – 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. months following issuance of an invoice. The Company did not capitalize any incremental costs related to the fulfillment of its customer contracts. Accounts receivable balances under ASC 606 at September 30, 2023March 31, 2024, July 1, 2023 and January 1, 20232024 were $1,416,000, $980,000$1,882,000 and $1,119,000,$1,626,000, respectively. Accounts receivable balances under ASC 606 at September 30, 2022March 31, 2023, July 1, 2022, and January 1, 20222023 were $1,248,000, $1,145,000$1,058,000 and $668,000,$1,021,000, respectively. For the three and nine-month periods ended September 30, 2023March 31, 2024, the Company recognized revenues of approximately $988,000$963,000 and $2,440,000, respectively,$696,000 under ASC 606, compared to $727,000 and $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.

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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 leasingproviding radiosurgery and radiation therapy equipmentservices, either through leasing to healthcare providers or directly to patients, and concluded there are fourteen locations that meet the definition of an operating segment and these fourteen locations are aggregated into two reportable segments, domesticleasing and international. Equipment in the domestic segment is leased byretail. As of March 31, 2024, the Company to healthcare providers. The Company owns and operates the facilities in the international segment. The Company providesprovided Gamma Knife and PBRT equipment to twelveeleven hospitals in the United States and owns and operates two single-unit facilities in Lima, Peru and Guayaquil, Ecuador as of 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.Ecuador. 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 fromin which it may recognize revenues and incur expense, (2)expenses, 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.how the Company recognizes revenue for the patient treatment. The operating results of the two reportable segments are reviewed by the Company's Executive Chairman of the Board and Chief Executive Officer, who is also the CODM.

For the three and nine-month periodsperiod ended September 30, 2023March 31, 2024, the Company's PBRT operations represented a significant majority of the domestic profit, net income attributable to the Company, disclosed below. The revenues, depreciation, interest expense, interest income, tax expense and profit or loss allocationsnet income attributable to American Shared Hospital Services for the Company's two reportable segments as of September 30, 2023March 31, 2024 and 20222023 consistsconsist of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	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

	Three Months Ended March 31,	
	2024	2023
Revenues		

Leasing	$ 4,253,000	$ 4,229,000
Retail	963,000	696,000
Total	$ 5,216,000	$ 4,925,000

	2024	2023
Depreciation expense		
Leasing	$ 1,092,000	$ 1,189,000
Retail	242,000	178,000
Total	$ 1,334,000	$ 1,367,000

	2024	2023
Interest expense		
Leasing	$ 316,000	$ 271,000
Retail	33,000	-
Total	$ 349,000	$ 271,000

	2024	2023
Interest income		
Leasing	$ 111,000	$ 87,000
Retail	-	-
Total	$ 111,000	$ 87,000

	2024	2023
Income tax (benefit) expense		
Leasing	$ 42,000	$ 59,000
Retail	(86,000)	9,000
Total	$ (44,000)	$ 68,000

	2024	2023
Net income (loss) attributable to American Shared Hospital Services		
Leasing	$ 201,000	$ 255,000
Retail	(82,000)	(67,000)
Total	$ 119,000	$ 188,000

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

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 nine-month periods ended September 30, 2023 was $1,265,000 and $3,874,000 compared to $1,182,000 and $3,557,000 for the same periods in the prior year, respectively. During the three-month 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 nine-month periods ended September 30, 2023, was a decrease in net income of approximately $50,000 or $0.01 per diluted share and $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 September 30, 2023 March 31, 2024 and December 31, 2022 2023:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Medical equipment and facilities	$ 73,884,000	$ 73,709,000	$ 75,272,000	$ 77,150,000
Office equipment	300,000	422,000	314,000	306,000
Construction in progress	5,436,000	106,000	3,549,000	3,771,000
	79,620,000	74,237,000	79,135,000	81,227,000
Accumulated depreciation	(54,442,000)	(50,770,000)	(52,256,000)	(55,383,000)
Net property and equipment	$ 25,178,000	$ 23,467,000	$ 26,879,000	$ 25,844,000
Net property and equipment held outside of the United States	$ 4,038,000	$ 2,201,000	$ 5,984,000	$ 3,966,000

Depreciation expense in the condensed consolidated statements of operations for the three-month periods ended March 31, 2024 and 2023 is as follows:

	March 31, 2024	March 31, 2023
Depreciation expense	$ 1,334,000	$ 1,367,000

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 (the "Credit Agreement") with Fifth Third Bank, N.A. (the "Credit Agreement" ("Fifth Third"). 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 $2,400,000 on the Revolving Line as of September 30, 2023 March 31, 2024, which was paid off in October 2023. April 2024. The facilities have a five-year maturity and carry a floating interest of LIBOR SOFR plus 3.0% and are secured by a lien on substantially all of the assets of the Loan Parties and guaranteed by ASHS.

On January 25, 2024 (the "First Amendment Effective Date"), the Company and Fifth Third entered into a First Amendment to Credit Agreement (the "First Amendment"), which amended the Credit Agreement to add a new term loan in the aggregate principal amount of $2,700,000 (the "Supplemental Term Loan"). The proceeds of the Supplemental Term Loan were advanced in a single borrowing on January 25, 2024, and were used for capital expenditures related to the Company's operations in Puebla, Mexico and other related transaction costs. The Supplemental Term Loan will mature on January 25, 2030 (the "Maturity Date"). Interest on the Supplemental Term Loan is payable monthly during the initial twelve month period following the First Amendment Effective Date. Following such twelve month period, the Company is required to make equal monthly payments of principal and interest to fully amortize the amount outstanding under the Supplemental Term Loan by the Maturity Date. The Supplemental Term Loan is secured by a lien on substantially all of the assets of the Company and certain of its domestic subsidiaries. The First Amendment also replaces the LIBOR-based rates in the Credit Agreement with SOFR-based rates. Pursuant to the First Amendment, advances under the Credit Agreement bear interest at a floating rate per annum equal to SOFR plus 3.00%, subject to a SOFR floor of 0.00%. The long-term debt on the condensed consolidated balance sheets related to the Term Loan and DDTL was $11,200,000 $13,525,000 and $12,624,000 $10,825,000 as of September 30, 2023 March 31, 2024 and December 31, 2022 2023, 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. capitalized debt issuance costs of $97,000 as of March 31, 2024 related to transition its loan pricing to be based on the Secured Overnight Financing Rate ("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% issuance of the original principal loan commitments in years one through five and an end of term payment of the remaining principal balance. Supplemental Term Loan.

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 September 30, 2023 March 31, 2024.

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 first tranche of the DFC Loan was funded in June 2020. During the fourth quarter of 2023, the second tranche of the DFC loan was funded to finance the equipment upgrade in Ecuador. The amount outstanding under the first tranche of the DFC Loan is payable in 17 29 quarterly installments with a fixed interest rate of 3.67%. The amount outstanding under the second tranche of the DFC Loan also contains customary covenants and representations, which the Company is payable in compliance16 quarterly installments with as a fixed interest rate of September 30, 20237.49%. The long-term debt on the condensed consolidated balance sheets related to the DFC Loan was $876,000 $2,299,000 and $1,041,000 $2,464,000 as of September 30, 2023 March 31, 2024 and December 31, 2022 2023, respectively. The Company capitalized debt issuance costs of $9,000 $0 and $9,000 as of September 30, 2023 March 31, 2024 and December 31, 2022, 2023, respectively, related to maintenance and administrative fees on the DFC Loan.

The DFC Loan contains customary covenants including without limitation, requirements that HoldCo maintain certain financial ratios related to liquidity and cash flow as well as depository requirements. On March 28, 2024 the HoldCo received a waiver and amendment from DFC for certain covenants as of December 31, 2023 and through December 31, 2024 and amended other covenants and definitions permanently. HoldCo was in compliance with all debt covenants pursuant to the DFC Loan as amended and waived at March 31, 2024.

The accretion of debt issuance costs for the nine three-month periods ended September 30, 2023 March 31, 2024 and 2022 2023 was $44,000 $38,000 and $65,000, $18,000, respectively. As of September 30, 2023 March 31, 2024 and December 31, 2022 2023, the unamortized deferred issuance costs on the consolidated balance sheets were $163,000 sheet was $222,000 and $198,000, $164,000, respectively.

As of September 30, 2023 March 31, 2024, long-term debt on the condensed consolidated balance sheets was $11,913,000. $15,602,000. The following are contractual maturities of long-term debt as of September 30, 2023 March 31, 2024, excluding deferred issuance costs of $163,000: $222,000:

Year ending December 31,	Principal	Principal
2023 (excluding the nine-months ended September 30, 2023)	$ 55,000	
2024	2,094,000	
2024 (excluding the three-months ended March 31, 2024)		$ 1,992,000
2025	2,469,000	3,402,000
2026	7,294,000	8,272,000
2027	164,000	1,033,000
2028		540,000
Thereafter		585,000
	$ 12,076,000	$ 15,824,000

Note 4. Other Accrued Liabilities

Other accrued liabilities consist of the following as of September 30, 2023 March 31, 2024 and December 31, 2022 2023:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Insurance	$ -	$ 591,000		
Professional services	291,000	92,000	$ 769,000	$ 472,000
Operating costs	782,000	539,000	489,000	450,000
Other	848,000	322,000	326,000	304,000
Total other accrued liabilities	$ 1,921,000	$ 1,544,000	$ 1,584,000	$ 1,226,000

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 has elected not to recognize right-of-use ("ROU") assets and lease liabilities that arise from short-term (12 months or less) leases for any class of underlying asset.

The Company's Gamma Knife and PBRT contracts with hospitals are classified as operating leases under ASC 842. The related equipment is included in medical equipment and facilities on the Company's 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 leased approximately 3,253 square feet for $22,011 per month and the lease expired in August 2023. The Sublease was for $16,195 per month through the 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 ROU assets, current portion of use ("ROU") assets, other current lease liabilities, and lease liabilities on the condensed consolidated balance sheets. Operating lease ROU assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The Company's operating lease contracts do not provide an implicit rate for calculating the present value of future lease payments. The Company determined its incremental borrowing rate to be in the range of approximately 4.0% 4% and 6.0%, 6% 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 of approximately 148 months, some of which include options to renew or extend the lease. As of September 30, 2023 March 31, 2024, operating ROU assets and lease liabilities were $94,000. $36,000.

The following table summarizes the maturities of the Company's lessee operating lease liabilities as of September 30, 2023 March 31, 2024:

Year ending December 31,	Operating Leases	Operating Leases
2023 (excluding the nine-months ended September 30, 2023)	$ 38,000	
2024	59,000	
2024 (excluding the three-months ended March 31, 2024)		$ 37,000
Total lease payments	97,000	37,000
Less imputed interest	(3,000)	(1,000)
Total	$ 94,000	$ 36,000

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Lease cost						
Operating lease cost	$ 59,000	$ 102,000	$ 265,000	$ 303,000	$ 21,000	$ 103,000
Sublease income	(30,000)	(43,000)	(129,000)	(129,000)	-	(50,000)
Total lease cost	$ 29,000	$ 59,000	$ 136,000	$ 174,000	$ 21,000	$ 53,000
Other information						
Cash paid for amounts included in the measurement of lease liabilities - Operating leases	$ 59,000	$ 102,000	$ 265,000	$ 303,000	$ 21,000	$ 103,000
Weighted-average remaining lease term - Operating leases in years	0.89	1.30	0.89	1.30	0.67	0.95
Weighted-average discount rate - Operating leases	4.99%	5.71%	4.99%	5.71%	4.42%	5.54%

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. The Company calculates diluted shares using the treasury stock method. The computation for the three and nine-month periods ended September 30, 2023 March 31, 2024 and 2022 2023 excluded approximately 118,000 138,000 and6 91,000,,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 nine-month periods ended September 30, 2023 March 31, 2024 and 2022 2023 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 nine-month periods ended September 30, 2023 March 31, 2024 and 2022 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Net income attributable to American Shared Hospital Services	$ 118,000	$ 316,000	$ 195,000	$ 1,082,000	$ 119,000	$ 188,000
Weighted average common shares for basic earnings per share	6,366,000	6,234,000	6,336,000	6,223,000	6,452,000	6,306,000
Dilutive effect of stock options and restricted stock awards	66,000	39,000	70,000	38,000	124,000	166,000
Weighted average common shares for diluted earnings per share	6,432,000	6,273,000	6,406,000	6,261,000	6,576,000	6,472,000
Basic earnings per share	$ 0.02	$ 0.05	$ 0.03	$ 0.17	$ 0.02	$ 0.03
Diluted earnings per share	$ 0.02	$ 0.05	$ 0.03	$ 0.17	$ 0.02	$ 0.03

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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 $98,000 and $291,000 $96,000 for the three and nine-month periods ended September 30, March 31, 2024 and 2023, respectively, and $76,000 and $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 nine three-month period ended September 30, 2023 March 31, 2024, there was approximately $164,000 $146,000 of unrecognized compensation cost related to non-vested share-based stock-based compensation arrangements granted under the Plan. This cost is expected to be recognized over a period of approximately four years. The weighted-average fair value of options granted during the nine-month period ended September 30, 2023 was $1.57.

The following table summarizes stock option activity for the nine three-month periods ended September 30, 2023 March 31, 2024 and 2022 2023:

	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
Granted	70,000	$ 2.82	7.00	$ -
Forfeited	(19,000)	$ 2.69	-	$ -

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	$ -
Granted	50,000	$ 2.72	5.00	$ -
Exercised	(2,000)	$ 2.70	-	$ -
Forfeited	(7,000)	$ 2.58	-	$ -
Outstanding at September 30, 2022	108,000	$ 2.73	4.85	$ 9,000
Exercisable at September 30, 2022	50,000	$ 2.74	2.74	$ -

	Stock Options	Grant Date Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in Years)	Intrinsic Value
Outstanding at January 1, 2024	146,000	$ 2.83	5.44	$ -
Outstanding at March 31, 2024	146,000	$ 2.83	5.19	$ 5,000
Exercisable at March 31, 2024	42,000	$ 2.86	3.84	$ -
Outstanding at January 1, 2023	95,000	$ 2.76	4.83	$ 25,000
Granted	50,000	$ 2.93	7.00	$ -
Forfeited	(2,000)	$ 3.90	-	$ -
Outstanding at March 31, 2023	143,000	$ 2.80	4.76	$ 26,000
Exercisable at March 31, 2023	48,000	$ 2.73	2.51	$ -

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 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 nine-month periods ended September 30, 2023 March 31, 2024 and 2022 2023 by applying the actual effective tax rates to income or reported within the condensed consolidated financial statements through those periods. The provision for income taxes for the three-month period ended March 31, 2024 included a non-recurring adjustment for unrecognized tax benefits related to foreign taxes of $100,000 which offset income tax expense for the same period.

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 September 30, 2023, the Company had commitments, after deposits, to purchase two MEVION S250i PBRT systems for $34,000,000.

As of September 30, 2023 March 31, 2024, the Company had commitments to purchase and install one two Icon, with software, at an existing site, Leksell Gamma Knife Esprit Systems ("Esprit"), one Gamma Plan workstation, two Esprit Gamma Knife systems, both at existing customer sites, two one Linear Accelerator ("LINAC") systems, one Cobalt- 60 reload, with software upgrade, system, and one Magnetic Resonance imaging guided LINAC ("MR LINAC") system. The LINAC, MR LINAC and one Esprit will be placed at a future customer sites. The remaining Esprit upgrade is scheduled to occur during 2024 at an existing customer site. The Company also has two one commitments commitment to de-install a Gamma Knife units unit at an 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. The Puebla installation is in process and the site is expected to begin 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. site. The Company is also in the process of upgrading its existing Gamma Knife equipment in Ecuador and expects to begin treating patients on the new system in November 2023. The Company completed financing of this upgrade in October 2023. See Note 11 - Subsequent Events for additional discussion . The remaining Esprit, software upgrades and LINAC purchases are expected to occur in 2024.Total Gamma Knife and LINAC commitments as of September 30, 2023 March 31, 2024were $15,921,000. $13,752,000. There are no deposits on the condensed consolidated balance sheets related to these commitments as of September 30, 2023 March 31, 2024. 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 $14,655,000 13,042,000and 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 $2,400,000 on the Revolving Line as of September 30, 2023, March 31, 2024, which was paid off in October 2023. April 2024.

On September 4, 2022, the Company entered into a Maintenance and Support 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 $1,865,000 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 September 30, 2023 March 31, 2024, 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. 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 September 30, 2023 March 31, 2024 were $12,645,000. $14,120,000. 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.

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 nine-month periods ended September 30, 2023 March 31, 2024 and 2022 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	**2022**	**2023**	**2022**	**2024**	**2023**
Equipment purchases and de-install costs	$ 2,147,000	$ 231,000	$ 3,565,000	$ 1,594,000	$ 2,416,000	$ 201,000
Costs incurred to maintain equipment	191,000	272,000	781,000	820,000	170,000	295,000
Total related party transactions	$ 2,338,000	$ 503,000	$ 4,346,000	$ 2,414,000	$ 2,586,000	$ 496,000

The Company also had commitments to purchase or upgrade and install Gamma Knife units, purchase a LINAC and MR LINAC system and service the related equipment of $16,311,000 $16,625,000 as of September 30, 2023 March 31, 2024.

Related party liabilities on the condensed consolidated balance sheets consist of the following as of September 30, 2023 March 31, 2024 and December 31, 2022 2023

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

	March 31, 2024	December 31, 2023
Accounts payable, asset retirement obligation and other accrued liabilities	$ 1,637,000	$ 2,361,000

Note 11. Subsequent Events

On October 23, May 7, 2024, 2023,the Company completed the financing for the Icon upgrade at its stand-alone facility purchase of GenesisCare's 60% interest in Ecuador. The financing is with DFC and is the second two and final disbursement from the DFC Loan. The second disbursement was for $1,750,000 payable RI Target Companies in

16 quarterly installments with a fixed interest rate of 7.49%. The covenants and representations are consistent accordance with the initial borrowing under terms of the DFC Loan, see Note 3 - Long-Term Debt Financing.

On November 10, 2023, IPA. In exchange, 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 paid a purchase price of $2.85 million. The Target Companies operate $2,850,000. Pursuant to the Second Amendment executed on three April 18, 2024, 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 paid an additional $175,000 to GenesisCare for 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 Discovery RT OPEN OC Mid CTM on 60 May 14, 2024 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. The Private Securities Litigation Reform Act of 1995 has established that these statements with respect to the financial condition, results qualify for safe harbors from liability. Forward-looking statements may include words like we "believe", "anticipate", "target", "expect", "pro forma", "estimate", "intend", "will", "is designed to", "plan" and words of operations and similar meaning. Forward-looking statements describe our future plans, objectives, expectations or goals. Such statements address future events and conditions and include, but are not limited to, such things as capital expenditures, earnings, liquidity and capital resources, financing of American Shared Hospital Services, including, statements regarding our business, government programs and regulations, legislation affecting the expected continued treatment growth of the Company's MEVION S250 system, health care industry, the expansion of the Company's PBRT our proton beam radiation therapy business, the accounting matters, compliance with debt covenants, completed and pending acquisitions, competition, customer concentration, contractual obligations, timing of payments, technology and expansion of treatments by new Gamma Knife systems, the Company's expansion into new markets interest rates. These forward-looking statements involve known and the Company's acquisitions and potential market segments for its services, which involve unknown risks and uncertainties including, that may cause our actual results in future periods to differ materially from those expressed in any forward-looking statement. Factors that could cause or contribute to such differences include, but are not limited to, such things as our level of debt, the risks limited market for our capital-intensive services, the impact 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 changes to The Centers for Medicare and Medicaid ("CMS")lowered federal reimbursement rates, or reimbursement methodology, the risks impact of the timing, financing, U.S. health care reform legislation, competition and operations of the Company's PBRT business, alternatives to our services, technological advances and the risk of expanding within or into new markets, equipment obsolescence, our significant investment in the proton beam radiation therapy business, restrictions in our debt agreements that limit our flexibility to operate our business, our ability to repay our indebtedness, our ability to integrate the RI Target Companies with our existing business, breaches in security of our information technology, the small 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. illiquid market for our stock. These lists are not all-inclusive because it is not possible to predict all factors. 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 December 31, 2023 and the definitive Proxy Statement for the Annual Meeting of Shareholders to be held on June 20, 2023 June 25, 2024. Any forward-looking statement speaks only as of the date such statement was made, and we are not obligated to update any forward-looking statement to reflect events or circumstances after the date on which such statement was made, except as required by applicable laws or regulations.

Overview

American Shared Hospital Services is a leading provider of turnkey turn-key technology solutions for stereotactic radiosurgery and advanced radiation therapy equipment and services. The main drivers of the Company's domestic Gamma Knife business revenue are numbers of sites, procedure volume, and reimbursement. The Company delivers radiation therapy through medical equipment leasing and direct patient services, its two reportable segments. The medical equipment leasing segment, which we also refer to as the Company's leasing segment, operates by fee-per-use contracts or retail revenue sharing contracts where the Company shares in the revenue and operating costs of the equipment. The Company leases ten Gamma Knife systems and one PBRT system as of March 31, 2024, where a contract exists between the hospital and the Company. The Company, through GKF, also owns and operates two single-unit Gamma Knife facilities in Lima, Peru and Guayaquil, Ecuador. These units economically function similar The Company's facilities in Peru and Ecuador are considered direct patient services, which we also refer to as the Company's turn-key retail arrangements. The Company's PBRT system segment, where a contract exists between the Company's facilities and the individual treated at Orlando Health 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. facility.

Based on the guidance provided in accordance with ASC 280, the Company determined it has two reportable segments, domestic leasing and international. retail. 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

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

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

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

Rhode Island Acquisition

On November 10, 2023, the Company entered into an Investment Purchase Agreement (the “IPA”) with GenesisCare USA, Inc. (the “GenesisCare”) and GenesisCare USA Holdings, Inc. (“GC Holdings”), pursuant to which GenesisCare agreed to sell to the Company its entire equity interest in each of Southern New England Regional Cancer Center, LLC and Roger Williams Radiation Therapy, LLC, (collectively, the “RI Target Companies”) and to assign certain payor contacts to the Company for a purchase price of $2,850,000 (such transaction, the “RI Acquisition”). The equity interests to be acquired by the Company under the IPA equates to a 60% interest in each RI Target Company. The RI Target Companies operate three functional radiation therapy cancer centers in Rhode Island. The RI Acquisition was contingent upon certain closing conditions, including GenesisCare and the Company entering into a consent agreement with the Rhode Island Department of Health and approval of all equity holders and managers of each RI Target Company. On March 1, 2024, the Company, GenesisCare and GC Holding entered into a First Amendment to the Investment Agreement pursuant to which the parties agreed to extend the date on which a party could terminate the IPA if the closing conditions had not been met (the “Permitted Termination Date”) from March 10, 2024 to April 30, 2024. On April 18, 2024, the parties agreed to a Second Amendment to the Investment Agreement pursuant to which GenesisCare agreed to sell a Discovery RT OPEN OC Mid CTM to the Company for $175,000, payment for which is required 5 days following the close of the acquisition. On April 24 2024, the Company, GenesisCare and GC Holdings, entered into a Third Amendment to the Investment Agreement that further extended the Permitted Termination Date to May 31, 2024. On May 7, 2024, the parties entered into a Fourth Amendment to the Investment Purchase Agreement, pursuant to which GenesisCare agreed to transfer certain assets and payor contracts to the RI Target Companies, rather than transferring such assets and payor contracts to the Company. The parties completed the remaining closing conditions pursuant to the IPA and closed the RI Acquisition on May 7, 2024.

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 December 31, 2023. 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 ten domestic Gamma Knife units, two international Gamma Knife units, and one PBRT system in operation in the United States as of September 30, 2023 March 31, 2024 and twelve domestic Gamma Knife units, two international Gamma Knife units, and one PBRT system in operation in the United States as of September 30, 2022 March 31, 2023. Five of the Company's eleven ten domestic Gamma Knife customers are under fee-per-use contracts, and six five customers are under retail revenue sharing arrangements. The ten domestic Gamma Knife contracts operate under the Company's leasing segment. The Company's PBRT system at Orlando Health is considered a revenue share contract operating under the leasing segment. 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 operate under the Company's turn-key retail arrangements. The Company's PBRT system at Orlando Health is also considered a retail arrangement. segment.

Rental income revenue from medical equipment services leasing ("leasing") – 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 contracts do not contain any guaranteed minimum payments. The Company's lease contracts are typically for have a ten-year term and are priced classified as either fee per use or revenue sharing. Fee per use 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 after considering certain operating costs of the center. hospital. The amount the Company expects to receive is recorded as revenue and estimated based on historical experience and patient mix. experience. Revenue estimates are reviewed periodically and adjusted as necessary. Some of the Company's revenue sharing arrangements also have a cost sharing component and net profit share for the operating costs of the center. The Company 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 and profit. 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 nine-month three-month periods ended September 30, 2023, March 31, 2024 and 2023, the Company recognized revenues leasing revenue of approximately $3,946,000 $4,253,000 and $12,987,000, respectively, compared to $4,101,000 $4,229,000 of which approximately $2,649,000 and $12,382,000 for the same periods in the prior year, respectively, under ASC 842. Of the ASC 842 revenue, for the three and nine-month periods ended September 30, 2023, approximately $2,219,000 and $7,078,000 $2,314,000 were for PBRT services, respectively, compared to $2,358,000 and $6,705,000 for the same periods in the prior year, respectively.

Patient Direct patient services income ("retail") – 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. months following issuance of an invoice. The Company did not capitalize any incremental costs related to the fulfillment of its customer contracts. Accounts receivable balances under ASC 606 at September 30, 2023, July 1, 2023 March 31, 2024 and January 1, 2023 January 1, 2024 were $1,416,000, $980,000 $1,882,000 and $1,119,000, $1,626,000, respectively. Accounts receivable balances under ASC 606 at September 30, 2022, July 1, 2022, March 31, 2023 and January 1, 2022 January 1, 2023 were $1,248,000, $1,145,000 $1,058,000 and $668,000, $1,021,000, respectively. For the three and nine-month three-month periods ended September 30, 2023 March 31, 2024, the Company recognized revenues of approximately $988,000 $963,000 and $2,440,000, respectively, $696,000 under ASC 606, compared to $727,000 and $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 two international Gamma Knife unit. units as of March 31, 2024. The Company has not assigned salvage value to its PBRT equipment. See Note 3 - Property

Accounting Pronouncements Issued and Equipment Not Yet Adopted

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

In December 2023, the FASB issued ASU 2023-09 *Income Taxes (Topic 740) Improvements to Income Tax Disclosures* ("ASU 2023-09") which requires entities, on an annual basis, to disclose: specific categories in the rate reconciliation, additional information for further discussion reconciling items that meet a quantitative threshold, the amount of income taxes paid, net of refunds, disaggregated by jurisdiction, income or loss from continuing operations before income tax, income tax expense from continuing operations disaggregated between foreign and domestic, and income tax expense from continuing operations disaggregated by federal, state and foreign. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. The Company is currently evaluating ASU 2023-09 to determine the impact it may have on salvage value. its consolidated financial statements.

Third First Quarter 2023 2024 Results

Revenues increased by $306,000 291,000 and $918,000 to $5,134,000 5,216,000 and $15,627,000 for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 compared to $4,828,000 4,925,000 and $14,709,000 for the same periods period in the prior year, respectively. year. Revenues from the Company's domestic leasing segment increased by $45,000 and $805,000 $24,000 to $4,146,000 and $13,187,000 $4,253,000 for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 compared to $4,101,000 4,229,000 and $12,382,000 for the same periods period in the prior year, respectively. year. The increase in leasing revenue was driven by an increase PBRT average reimbursement, offset by lower Gamma Knife volumes. Revenues from the Company's international retail segment increased by $261,000 and $113,000 $267,000 to $988,000 and $2,440,000 963,000 for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 compared to $727,000 696,000 and $2,327,000 for the same periods period in the prior year, respectively. year. The increase in retail revenue was due to higher volumes at the Company's international locations.

Revenues generated from the Company's PBRT system decreased by $139,000 and increased by $373,000 $335,000 to $2,219,000 and $7,078,000 $2,649,000 for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 compared to $2,358,000 and $6,705,000 $2,314,000 for the same periods period in the prior year, respectively. year. The decrease increase 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 March 31, 2024 was due to an increase in average reimbursement. reimbursement due to a shift in payor mix from Medicare to commercial or other payors, which are reimbursed at a higher rate.

The number of PBRT fractions decreased by 175 and 221 260 to 1,188 and to 4,094 1,276 for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 compared to 1,363 and 4,315 1,536 for the same periods period in the prior year, respectively. year. The decrease in PBRT volumes for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 was due to normal, cyclical fluctuations.

Gamma Knife revenue increased decreased by $245,000 and $345,000 $44,000 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 $2,567,000 for the three-month period ended March 31, 2024 compared to $2,611,000 for the same period in the prior year. The decrease in Gamma Knife revenue for the three-month period ended March 31, 2024 was due to higher lower 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 an increase in average reimbursement was driven by a shift in payor mix to more commercial payors. at the Company's revenue sharing locations.

The number of Gamma Knife procedures increased decreased by 23 20 and decreased by 39 to 316 273 and 918 for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 compared to 293 and 957 for the same periods period in the prior year, respectively. year. The increase decrease in Gamma Knife procedures for the three-month period ended September 30, 2023 was due to normal, cyclical fluctuations. The decrease in Gamma Knife procedures for the nine-month period ended September 30, 2023March 31, 2024 was due to the expiration of one existing two customer contract, offset contracts in the second and third quarters of 2023. Excluding the two customer contracts that expired, Gamma Knife procedures increased by increased volumes at other customer sites. 10 or 4% for the three-month period ended March 31, 2024.

During Gamma Knife procedures for the three and nine-month periodsCompany's leasing segment decreased by 53 for the three-month period ended September 30, 2023 March 31, 2024 due to the Company sold equipment expiration of two customer contracts. Gamma Knife procedures for the Company's retail segment increased by 33 for the three-month period ended March 31, 2024 compared 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 period in the prior year. year, due to improved marketing and physician outreach at the Company's international locations. The Company also performed a Cobalt-60 reload and upgrade of the equipment at it's site in Ecuador in the fourth quarter of 2023. The replacement of the Cobalt-60 provides for faster treatment times.

Total costs of revenue increased by $161,000 and $502,000 $56,000 to $3,032,000 and $9,099,000 $3,073,000 for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 compared to $2,871,000 and $8,597,000 $3,017,000 for the same periods period in the prior year, respectively, consistent with the growth in revenues. year.

Maintenance and supplies and other direct operating costs, related party, decreased by $35,000 $98,000 and increased $96,000 to $709,000 $683,000 and $2,290,000 for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024, compared to $744,000 and $2,194,000 $781,000 for the same periods period in the prior year, respectively. year. The increase decrease in maintenance and supplies and other direct operating costs, related party, was primarily due to the annual increase on expiration of two service contracts that expired in the Company's PBRT maintenance agreement. second and third quarters of 2023, with the related customer contracts.

Depreciation and amortization increased decreased by $57,000 and $298,000 $60,000 to $1,228,000 and $3,812,000 $1,297,000 for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 compared to $1,171,000 and $3,514,000 $1,357,000 for the same periods period in the prior year, respectively. year. The increase decrease in depreciation and amortization for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 was primarily due to the Company's change contract that expired in estimate the third quarter of 2023, offset by higher depreciation for salvage value and 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 upgraded equipment at two of the change in estimate made January 1, 2023, for the three and nine-month periods ended September 30, 2023, was a decrease in net income of approximately $50,000 or $0.01 per diluted share and $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. Company's operating locations.

Other direct operating costs increased by $139,000 and $108,000 $214,000 to $1,095,000 and $2,997,000 $1,093,000 for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 compared to $956,000 and $2,889,000 $879,000 for the same periods period in the prior year, respectively. year. The increase in other direct operating costs for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 was primarily due to higher volumes at one of and therefore higher operating costs from the Company's international sites. retail segment.

Selling and administrative expense increased by $475,000 and $1,537,000 $340,000 to $1,735,000 and $5,262,000 $1,879,000 for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 compared to $1,260,000 and $3,725,000 $1,539,000 for the same periods period in the prior year, respectively. year. The increase in selling and administrative expense for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 was due to increased staffing in the sales, finance and customer retention areas and approximately $319,000 and $570,000, respectively, $377,000 in fees associated with new business opportunities. opportunities, including the Company's RI Acquisition.

Interest expense increased by $28,000 and $279,000 $78,000 to $277,000 and $825,000 $349,000 for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 compared to $249,000 and $546,000 $271,000 for the same periods period in the prior year, respectively. On April 9, 2021, year. The debt under the Company refinanced predominantly all of its existing debt and finance lease portfolio. The Term Loan and DDTL carry Credit Agreement carries a floating interest rate of LIBOR SOFR plus 3%. The increase for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 was due to an increase in LIBOR SOFR and borrowings compared to the same periods period of the prior year. See the "Liquidity and Capital Resources" section below for a discussion of the Company's long-term debt and expected changes to the index used to calculate interest.

During the 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 nine-month periods ended 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 $99,000 and $287,000 $36,000 to $135,000 and $318,000 $106,000 for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 compared to income of $36,000 and $31,000 $70,000 for the same periods period in the prior year, respectively. year. The increase for the three-month period ended March 31, 2024 is due to increases are consistent with in the interest received on the Company's increases cash compared to the same period in cash and cash equivalents and rising interest rates. the prior year.

Income tax expense decreased by $116,000 and $537,000 $112,000 to expense a benefit of $60,000 and $93,000 $44,000 for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 compared to income tax expense of $176,000 and $630,000 $68,000 for the same periods period in the prior year, respectively. year. The decrease in income tax expense benefit for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 was due primarily to lower earnings during the current periods. a non-recurring adjustment for unrecognized tax benefits related to foreign taxes.

Net income loss attributable to non-controlling interest increased by $55,000 and interests decreased by $267,000 $34,000 to income of $47,000 and a loss $107,000 $54,000 for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 compared to a loss of $8,000 and income of $160,000 $88,000 for the same periods period in the prior year, respectively. year. Net income or loss attributable to non-controlling interests represents net (income) income or loss earned by the 19% non-controlling interest in GKF, and net income or loss of the non-controlling interests in various subsidiaries controlled by GKF. The decrease or increase in net income or loss attributable to non-controlling interests reflects the relative profitability of GKF.

Net income decreased by $198,000 and $887,000 $69,000 to a net income of $118,000, $119,000, or $0.02 per diluted share and for the three-month period ended March 31, 2024 compared to net income of $195,000, $188,000, or $0.03 per diluted share for the three and nine-month periods ended September 30, 2023 compared to net income of $316,000, or $0.05 per diluted share and $1,082,000, or $0.17 per diluted share for the same periods period in the prior year, respectively. year. Net income decreased for the three and nine-month periods three-month period ended September 30, 2023 March 31, 2024 due to higher interest expense and higher selling and administrative expense to support the Company's pursuit of new business opportunities. The decrease for opportunities, including the nine-month period ended September 30, 2023 was also driven by the write down of impaired assets and associated removal costs. RI Acquisition.

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 the $7,000,000 Revolving Line. As of September 30, 2023 March 31, 2024, the Company borrowed $1,400,000 $2,400,000 on its line of credit. Revolving Line, which was repaid in April 2024. The Company had cash, cash equivalents and restricted cash of $14,655,000 $13,042,000 at September 30, 2023 March 31, 2024 compared to $12,453,000 $13,808,000 at December 31, 2022 December 31, 2023. The Company's cash position increased decreased by $2,202,000 $766,000 during the first nine three months of 2023 2024 due to cash from used in operating activities of $8,778,000 and advances on the line of credit of $1,400,000. These increases were offset by $1,865,000, payment for the purchase of property and equipment of $6,176,000, $1,183,000, payments on long-term debt of $1,589,000, $164,000, net payments on the line of credit of $100,000, debt issuance costs of $9,000 $97,000 and payments on short-term distributions to non-controlling interests of $95,000. These decreases were offset by capital contributions of $38,000 and long-term debt financing of $202,000. $2,700,000. 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 $2,488,000 during $3,997,000 during the next 12 months. months.

Working Capital

The Company had working capital at September 30, 2023 March 31, 2024 of $10,322,000 $10,586,000 compared to $13,548,000 $9,677,000 at December 31, 2022 December 31, 2023. The $3,226,000 decrease $909,000 increase in working capital was primarily due to increases in other accrued liabilities, related party liabilities, accounts receivable offset by decreases in cash and the increase in asset retirement obligations. prepaid maintenance. 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 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 three loan facilities: (1) a $9,500,000 term loan (the "Term Loan"), which was used to refinance the domestic Gamma Knife debt and finance leases and the associated closing costs; (2) a $5,500,000 delayed draw term loan (the "DDTL"), which was used to refinance the Company's PBRT finance leases and associated closing costs and to provide additional working capital for the Company; and (3) a $7,000,000 revolving line of credit (the "Revolving Line"), which is available for the Company's future projects and general corporate purposes. The Company borrowed $2,400,000 under the Revolving Line as of March 31, 2024, which the Company has drawn $1,400,000 on as of September 30, 2023. repaid in April 2024. The Credit Agreement is 48% amortized over a 58-month period with a balloon payment upon maturity and is secured by a lien on substantially all of the assets of the Company and certain of its domestic subsidiaries. The Company's Gamma Knife unit Revolving Loan, the Term Loan, and the DDTL will mature on April 9, 2026 unless accelerated due to the occurrence of certain events specified in Ecuador is financed with DFC. The DFC Loan is secured by a lien on GKCE's assets. The amount outstanding under the DFC Loan is payable in 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") rather than LIBOR. Any credit extended by Fifth Third Bank, N. A. after July 1, 2023 will be a SOFR based loan. Credit Agreement. The Revolving Line is charged an unused line fee of 0.25% per annum. The Term Loan and DDTL have interest and principal payments due quarterly. Principal amortization on an annual basis for the Term Loan and DDTL equates to 48% of the original principal loan commitments in years one through five and an end of term payment of the remaining principal balance.

On January 25, 2024, the, the Company entered into a First Amendment to Credit Agreement with Fifth Third which amended the Credit Agreement to add the Supplemental Term Loan, a new term loan in the aggregate principal amount of $2,700,000. The proceeds of the Supplemental Term Loan were advanced in a single borrowing on January 25, 2024, and were used to finance capital expenditures that the Company paid cash for during 2023 for its operations in Puebla, Mexico and other related transaction costs. The Supplemental Term Loan will mature on January 25, 2030, unless accelerated due to the occurrence of certain events specified in the Credit Agreement. Interest on the Supplemental Term Loan is payable monthly during the initial twelve month period following the First Amendment Effective Date. Following such twelve month period, the Company is required to make equal monthly payments of principal and interest to fully amortize the amount outstanding under the Supplemental Term Loan by the Maturity Date. The Supplemental Term Loan is secured by a lien on substantially all of the assets of the Company and certain of its domestic subsidiaries. The First Amendment also replaces the LIBOR-based rates in the Credit Agreement with SOFR-based rates. Pursuant to the First Amendment, advances under the Credit Agreement bear interest at a floating rate per annum equal to SOFR plus 3.00%, subject to a SOFR floor of 0.00%.

As of March 31, 2024, the Company was subject to customary covenants under the Credit Agreement which included, among other covenants and obligations, a minimum fixed charge coverage ratio of 1.25 to 1.0 and a total funded debt to EBITDA ratio of 3.0 to 1.0 (tested on a trailing twelve-month basis at the end of each fiscal quarter), along with an annual clean-up covenant that requires the Company to cause the outstanding principal balance under the Revolving Loan to be less than $3,500,000 for at least 30 consecutive days during each calendar year (the "Credit Agreement Covenants"). The Company was in compliance with the Credit Agreement Covenants as of March 31, 2024.

The Company's acquisition of GKCE and the Gamma Knife Esprit in Ecuador is financed with DFC. The loan entered into with DFC in June 2020 was obtained through the Company's wholly-owned subsidiary, HoldCo, and is guaranteed by GKF. The DFC Loan is secured by a lien on GKCE's assets. The first tranche of the DFC Loan was funded in June 2020. In October 2023, the second tranche of the DFC Loan was funded in the amount of $1,750,000 to finance its equipment upgrade in Ecuador. The amount outstanding under the first tranche of the DFC Loan is payable in 29 quarterly installments with a fixed interest rate of 3.67%. The amount outstanding under the second tranche of the DFC Loan is payable in 16 quarterly installments with a fixed interest rate of 7.49%.

The DFC Loan contains customary covenants including without limitation, requirements that HoldCo maintain certain financial ratios related to liquidity and cash flow as well as depository requirements. On March 28, 2024, HoldCo received a waiver and amendment from DFC for certain covenants as of December 31, 2023 and through December 31, 2024 and amended other covenants and definitions permanently. HoldCo was in compliance with all debt covenants pursuant to the DFC Loan as amended and waived at March 31, 2024.

The Company's combined long-term debt, net of deferred issuance costs, totaled $15,602,000 as of March 31, 2024. See Note 3 - Long Term Debt Financing to the condensed consolidated financial statements for additional information regarding the Company's long-term debt. information.

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 September 30, 2023, the Company had commitments, after deposits, to purchase two MEVION S250i PBRT systems for $34,000,000.

As of September 30, 2023 March 31, 2024, the Company had commitments to purchase and install one Icon, with software, at an existing site, two Leksell Gamma Knife Esprit Systems ("Esprit"), one Gamma Plan workstation, two Esprit Gamma Knife systems, both at existing customer sites, two one Linear Accelerator ("LINAC") systems, one Cobalt-60 reload, with software upgrade, system, and one Magnetic Resonance imaging guided LINAC ("MR LINAC") system. The LINAC, MR LINAC and one Esprit will be placed at a future customer sites. The remaining Esprit upgrade is scheduled to occur during 2024 at an existing customer site. The Company also has two commitments one commitment to de-install a Gamma Knife units unit at an 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. The Puebla installation is in process and the site is expected to begin 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. site. The Company is also in the process of upgrading its existing Gamma Knife equipment in Ecuador and expects to begin treating patients on the new system in November 2023. The Company completed financing of this upgrade in October 2023. See Note 11 - Subsequent Events for additional discussion . The remaining Esprit, software upgrades and LINAC purchases are expected to occur in 2024. Total Gamma Knife and LINAC commitments as of September 30, 2023 March 31, 2024were $15,921,000. $13,752,000. There are no deposits on the condensed consolidated balance sheets related to these commitments as of September 30, 2023 March 31, 2024. 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 $14,655,000 13,042,000and 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 $2,400,000 on the Revolving Line as of September 30, 2023 March 31, 2024, which was paid off in October 2023.
April 2024.

On September 4, 2022, the Company entered into a Maintenance and Support 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 $1,865,000 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 September 30, 2023 March 31, 2024, 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. 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 September 30, 2023 March 31, 2024 were $12,645,000. $14,120,000. 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 nine-month three-month periods ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	
Equipment purchases and de-install costs	$ 2,147,000	$ 231,000	$ 3,565,000	$
Costs incurred to maintain equipment	191,000	272,000	781,000	
Total related party transactions	$ 2,338,000	$ 503,000	$ 4,346,000	$

The Company also had commitments to purchase or upgrade and install Gamma Knife units, purchase a LINAC and MR LINAC system and service the related equipment of $16,311,000 $16,625,000 as of September 30, 2023. March 31, 2024.

Related party liabilities on the condensed consolidated balance sheets consist of the following as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023

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

	March 31, 2024	December 31, 2023
Accounts payable, asset retirement obligation and other accrued liabilities	$ 1,637,000	$ 2,361,000

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 September 30, 2023 March 31, 2024, 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 September 30, 2023 March 31, 2024, 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 nine-month three-month period ended September 30, 2023 March 31, 2024 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 Except as set forth below, 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 December 31, 2023.

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

The integration of any acquisitions, including the Company's RI Acquisition, which was completed on May 7, 2024, requires significant time and resources. A failure by the Company to successfully integrate the businesses, operations, and contractual obligations of the RI Target Companies with the Company's existing business in a timely manner could have a material adverse effect on the Company's business, financial condition, cash flows, or results of operations. Acquiring majority interests in the RI Target Companies, assuming obligations under the commercial payor contracts set forth in the IPA, and integrating the businesses of the three turn-key radiation therapy cancer centers that the RI Target Companies operate in Rhode Island involves several risks that could undermine the success and expected benefits of the RI Acquisition. Such risks include but are not limited to the following:

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

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

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

The Company conducted due diligence when evaluating the RI Acquisition prior to executing the IPA and continued due diligence during the interim period between signing the IPA and the closing of the RI Acquisition on May 7, 2024. The process of completing due diligence was expensive and time consuming due to the operations, accounting, finance, and legal professionals who were involved in the due-diligence process. The time and costs of the due-diligence process were amplified with respect to the Company's evaluation of the potential costs and benefits of the RI Acquisition due to the distressed state and bankruptcy of GenesisCare. Despite the thoroughness of the Company's review, diligence may not reveal all material issues that could affect the Company's interests in the RI Target Companies. In addition, factors outside of the Company's control could later arise. The Company's failure to identify material issues specific to the business and operations of the RI Target Companies and the liabilities and obligations the Company is assuming upon the assignment of the payor could negatively impact the Company's financial condition and results of operations after the closing of the RI Acquisition.

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. During the three-month period ended March 31, 2024, none of the Company's directors or officers adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as those terms are defined in Item 408(a) of Regulation S-K

Item 6. Exhibit Index

Exhibit Number		Description	Incorporated by reference herein Form	Exhibit	Date
10.1	*#	Amendment Three to Equipment Lease Agreement (Esprit Upgrade) dated as of April 24, 2024 between GK Financing, LLC and Northern Westchester Hospital Center.			
10.2	*	Second Amendment to Investment Agreement dated as of April 18, 2024 between the Company, GenesisCare USA Inc., and the Company.			
10.3	*	Third Amendment to Investment Agreement dated as of April 24, 2024 between the Company, GenesisCare USA Inc., and the Company.			
10.4	*	Fourth Amendment to Investment Agreement dated as of May 7, 2024 between the Company, GenesisCare USA Inc., and the Company.			
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	ǂ	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.
ǂ	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:	November 14, 2023 May 15, 2024	/s/ Raymond C. Stachowiak Raymond C. Stachowiak Executive Chairman of the Board and Chief Executive Officer (principal executive officer)
Date:	November 14, 2023 May 15, 2024	/s/ Robert L. Hiatt Robert L. Hiatt Chief Financial Officer (principal financial and principal accounting officer)

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Exhibit 10.1

[*****] 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.

AMENDMENT THREE TO EQUIPMENT LEASE AGREEMENT

(ESPRIT UPGRADE)

This AMENDMENT THREE TO EQUIPMENT LEASE AGREEMENT (ESPRIT UPGRADE) ("Amendment Three") is dated effective as of April 24, 2024 (the "Effective Date"), and is entered into by and between (i) GK FINANCING, LLC, a California limited liability company ("GKF"), whose address is 601 Montgomery Street, Suite 1112, San Francisco, CA 94111, and (ii) NORTHERN WESTCHESTER HOSPITAL ASSOCIATION, a New York not for profit corporation ("Hospital") (formerly referred to as "Northern Westchester Hospital Center"), whose address is 400 East Main Street, Mount Kisco, NY 10549.

Recitals:

WHEREAS, GKF and Hospital entered into (i) that certain Equipment Lease Agreement dated March 21, 2003 (the "Original Lease"), pursuant to which GKF agreed to lease to Hospital a Leksell Stereotactic Gamma Knife unit, Model C with Automatic Positioning System (the "Model C"), as amended by (ii) that certain Amendment To Equipment Lease Agreement (Perfexion Upgrade) dated effective June 8, 2012 ("Amendment One"), pursuant to which the Model C was upgraded and replaced with a Leksell Gamma Knife Perfexion unit (the "Perfexion"), which was installed at the existing Site and as further amended by (iii) that certain Amendment Two to Equipment Lease Agreement (Reload) dated effective October 7, 2020 ("Amendment Two") pursuant to wich the Perfexion was reloaded with Cobalt-60 (the Original Lease, as amended by Amendents One and Two is referred to herein as the "Lease").

WHEREAS, GKF and Hospital desire to further amend the Lease on the terms set forth herein to provide for the upgrade of the existing Perfexion with a new Elekta Esprit ("Esprit") (Exhibit A) being leased by GKF to Hospital pursuant to the Lease.

Agreement:

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

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

2.**Upgrade of the Perfexion to the Esprit.** In accordance with Section 9.2 of the Lease and subject to the terms and conditions set forth herein, GKF shall acquire and hold title to the Esprit.

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

[*****] 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.

2.2 Delivery of Equipment; Site. GKF shall coordinate with Elekta and Hospital to have the Esprit delivered to (the "Site") on a delivery date agreed upon in writing by GKF, Hospital and Elekta. The location of the Site shall be the current Perfexion suite. Subject to availability of the Esprit from the equipment manufacturer, issuance of all regulatory approvals, permits and/or waivers in a timely manner, and completion of construction of the Site, the estimated delivery date is on or around Q1, 2025 subject to execution of this Amendment on/or before April 24, 2024. GKF makes no representations or warranties concerning delivery of the Equipment. The parties acknowledge that Hospital may not be able to perform Procedures for approximately five to six weeks during the installation of the Esprit. GKF and Hospital agree that the cost of the Esprit shall be the sole responsibility of GKF.

2.3 Site Preparation and Installation of Equipment

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

(b) GKF shall prepare, construct and improve the Site as necessary for the installation, use and operation of the Esprit during the Term (as extended herein), including, without limitation, aligning the Site for the Equipment, and installing all electrical systems and other wiring required for the Equipment. GKF and/or its subcontractors, at their sole cost and expense, shall obtain all proper insurance, licenses, permits, approvals, consents and authorizations, which may be required by GKF, and/or its subcontractors, for the contruction and installation of electrical systems and other wiring required for the Equipment and the removal the old Cobalt-60 supply and its proper disposal in accordance with federal, state and local laws and regulations. In connection with the construction of the Site, Hospital, shall select, purchase and install all radiation monitoring equipment, devices, safety circuits and radiation warning signs required at the Site in connection with the use and operation of the Equipment.

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

(d) All costs incurred to fulfill the obligation enumerated in Section 2.3 (a), (b) and (c), shall be the sole responsibility of GKF, except for those Hospital responsibilities enumerated in Section 2.3 (a) and (b).

[*****] 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.

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

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

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

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

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

2.7 Warranty. Upon completion of the Esprit acceptance test, a full twelve (12) month warranty for the complete system at the Site will follow.

2.8 New LGK End User License Agreement. Concurrently with the execution of this Amendment Three, Hospital shall enter into a new LGK End User License Agreement with Elekta, Inc., a Georgia corporation ("Elekta"), which shall supersede and replace the previous LGK End User Agreement attached as Exhibit 1 to the Lease (such new LGK End User License Agreement shall hereinafter be referred to as the "LGK EULA ," and shall be deemed attached as Exhibit 1 to the Lease). Hospital shall operate and maintain a fully functional radiation therapy department at the Site which shall include the Esprit. Use of the Esprit shall be made available to all neurosurgeons and radiation oncologists with Hospital privileges.

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

3. **Lease Payments**.

a) It is understood and agreed that Section 8.1 of the Lease (Per Procedure Payments) shall remain in full force and effect with respect to all Procedures performed prior to the installation of the Esprit, and that all rent or lease payments pertaining to Procedures performed prior to the Esprit installation shall continue to be calculated in accordance with Section 8.1 of the Lease (as in effect immediately prior to this Effective Date) and shall be paid by Hospital to, and retrained soley by GKF. However, effective from and after the date the first Procedure is performed at the Site using the Esprit (the “First Esprit Procedure Date”), Section 8.1 of the Lease shall be deleted in its entirety and replaced with the following;

"8.l Per Procedure Payments. As rent for the lease of the Equipment to Hospital pursuant to this Agreement, Hospital shall pay to GKF the applicable per procedure payments set forth in Exhibit "B" attached to this Amendment Three (the “Lease Payment”) for each and every "Procedure" that is completed by Hospital, its representatives, affiliates, joint ventures and/or partnerships, on an inpatient or outpatient basis, or “under arrangement” (as used in the Medicare billing context), and irrespective of whether the Procedure is performed using the Equipment or using any other equipment or devices in lieu of, or as an alternative to, the Equipment, and includes, without limitation, any and all related treatment planning and delivery, imaging and other ancillary services. As used herein, the term “Procedure” means any treatment that involves stereotactic, external, single or up to and including five (5) fractions(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.

“If no Procedures are performed by Hospital or any other person utilizing the Equipment or any other equipment devices, Hospital shall not owe any Lease Payment to GKF. In the event a Procedure is not completed due to a technical problem with the Equipment, the Hospital will not be charged a Lease Payment for such Procedure. GKF shall submit an invoice to Hospital on the fifteenth (15th) and last day of each calendar month (or portion thereof) for the actual number of Procedures performed during the first and second half of the calendar month, respectively. The Hospital shall pay invoices received within thirty (30) days after submission by GKF to Hospital. All or any portion of an invoice which is not paid in full within forty five (45) days after submission shall bear interest at the rate of the lesser of one percent (1.0%) per month (or the maximum monthly interest rate permitted to be charged by law between an unrelated, commercial borrower and lender, if less) until the unpaid rent invoice together with all accrued interest thereon is paid in full. If GKF shall at any time accept a Lease Payment from Hospital after it shall become due, such acceptance shall not constitute or be construed as a waiver of any or all of GKF’s rights under this Agreement, including the rights of GKF set forth in Section 20 of the Agreement.

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“Within ten (10) days after Hospital’s receipt of written request by GKF, at its sole cost and expense, GKF shall have the right to audit Hospital’s applicable books and records during normal business hours to verify the number of Procedures performed by Hospital or its agents, representatives, affiliates, joint ventures and/or partnerships utilizing the Equipment and/or any other equipment or devices, and Hospital shall provide GKF (or cause GKF to be provided) with access to such applicable books and records; provided that any patient names or identifiers shall not be disclosed. Such audit shall take place no more than one time in a twelve month period and at a date and time mutually agreed upon between Hospital and GFK. GKF shall not have access to nor shall it directly or indirectly access any “Patient Health Information” as such terms are defined by HIPAA. GKF agrees that it shall execute such documents and agreements as may be reasonably required by Hospital to assure compliance with HIPAA.”

b). Exhibit "A" attached to Amendment Two is hereby deleted in its entirety and replaced with Exhibit "B" attached to this Amendment Three upon the First Esprit Procedure.

c). For the avoidance of doubt, any per procedure Lease Payment made to GKF for Procedures completed on the Perfexion shall continue to count towards the number of Procedures required to determine the number of Charilty Procedures allowed, regardless of the Upgrade to the Esprit. Hospital shall continue to accrue Charity Proceures in accordance with the Lease for Esprit Procedures.

d). If at any time or from time-to-time any of the foregoing limits pertaining to Charity Procedures and/or Excluded Procedures is exceeded by Hospital, then, GKF shall be entitled to receive payment for each Procedure in excess of such limits in an amount equal to the applicable Lease Payment set forth in Exhibit "B" attached to this Amendment Three.

4). **Cobalt-60 Reload**.

a. Scheduling and Process for the Reload. Subject to the terms and conditions set forth herein, GKF shall reload the existing Esprit with new Cobalt-60 that meets the manufacturer’s radioactivity level specifications (the “Reload”) at its cost. GKF shall use its commercially reasonable best efforts to perform the Reload in the first/second quarter of 2031, or such other time as mutually agreed to in writing by Hospital and GKF, subject to availability of the Cobalt-60 from the equipment manufacturer, issuance of all regulatory approvals, permits and/or waivers in a timely manner, and completion of construction, if any, of the Site. The parties acknowledge that Hospital may not be able to perform Procedures for approximately three weeks during the Reload.

[*****] 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.

Notwithstanding anything to the contrary contained in this Amendment Three, GKF makes no representation or warranty to Hospital concerning the Reload, and GKF shall have no obligation or liability to pay any damages to Hospital resulting from the Hospital’s inability to perform Procedures during the time required for the Reload, including, without limitation, any lost revenues or profits during the period of time that the Equipment is unavailable to perform Procedures during the Reload.

5). **Extension of Lease Agreement Term**. In consideration of GKF’s agreement to perform the Equipment upgrade from Perfexion to Esprit and perform a Cobalt-60 source reload on or around Q1/Q2, 2031, the Term is hereby extended ten (10) years.

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

[Signatures continued on next page]

[*****] 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 undersigned have executed this Amendment Three as of the day first written above.

GKF:	**Hospital**:
GK FINANCING, LLC	NORTHERN WESTCHESTER HOSPITAL ASSOCIATION
By: / s / Craig K. Tagawa	By: / s / Phyllis McCready
Craig K. Tagawa	Phyllis McCready
Chief Executive Officer	SVP and Chief Procurement Officer
Date: 4/24/24	Date: 4/24/24

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

Exhibit “**A**”

ESPRIT

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[*****] 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 “**1**”

LGK END USER LICENSE AGREEMNT

[*****] 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 “**B**”

PER PROCEDURE PAYMENTS

Annual Paid Procedures Performed	Per Procedure Payment
1-80	[*****] per Procedure
81-125	[*****] per Procedure
126+	[*****] per Procedure

Notwithstanding anything to the contrary set forth herein, for purposes of determining the Per Procedure Payments, (a) only those Procedures performed on or after the First Esprit Procedure Date shall be counted; (b) the number of annual Procedures performed on the Esprit or using any other equipment or devices shall be reset to zero (0) at the commencement of each anniversary of the First Esprit Procedure Date; (c) Charity Procedures and Excluded Procedures (Hospital shall be allowed to perform up to two (2) Procedures annually on its Linear Accelerator) shall not be counted towards the annual Procedures performed; and (d) there shall be no retroactive adjustment of the Per Procedure Payments irrespective of whether the number of Procedures performed reaches a lower Per Procedure Payment level. For example, if during an annual measuring period, the number of annual counted Procedures totals 150, then, the Per Procedure Payments for the first 80 Procedures would remain at [*****] per Procedure while the Per Procedure Payments for the next 45 procedures (i.e., for Procedures 81 through 125) would be [*****] per Procedure and the next 25 procedures would be [*****] Per Procedure. There are no minimum volume requirements.

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

Exhibit 10.2

SECOND AMENDMENT TO INVESTMENT AGREEMENT

This Second Amendment to Investment Agreement dated as of April 18, 2024 (this “Second Amendment”) is made by and among (a) American Shared Hospital Services, a California corporation (“Purchaser”), (b) GenesisCare USA, Inc., a Florida corporation (as in existence on the date hereof, as a debtor-in-possession and a reorganized debtor, as applicable, “Seller”), and (c) GenesisCare USA Holdings, Inc., a Delaware corporation (as in existence on the date hereof, as a debtor-in-possession and a reorganized debtor, as applicable, "Topco"). Purchaser, Seller, and Topco are referred to herein individually as a "Party" and collectively as the "Parties." Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Investment Agreement (as defined below).

RECITALS:

WHEREAS, the Parties are parties to that certain Investment Agreement dated as of November 10, 2023, as amended by that certain First Amendment to Investment Agreement dated as of March 1, 2024 (collectively, the "Investment Agreement");

WHEREAS, Seller is a party to that certain Master Lease Agreement dated as of 11/17/2021, including an Equipment Schedule thereto dated as of 01/11/2022 (collectively, the "CT SIM Lease"), by and between Seller and GE HFS, LLC, a Delaware limited liability company ("GE"), pursuant to which Seller leases from GE one (1) Discovery RT OPEN OC Mid CTM, identified in the CT SIM Lease as Vendor Order Number 4990365 (the "CT Sim");

WHEREAS, Seller presently maintains possession of the CT Sim on the premises of Southern New England Regional Cancer Center, LLC ("SNERCC") at 450 Toll Gate Road, Warwick, Rhode Island 02886 (the "SNERCC Premises");

WHEREAS, SNERCC desires to take title to the CT Sim as soon as practicable following the Closing;

WHEREAS, the Parties desire to amend the Investment Agreement pursuant to Section 9.5 of the Investment Agreement in connection with the foregoing.

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

AGREEMENT:

1. Seller covenants that Seller shall, prior to the Closing, terminate the CT Sim Lease and acquire title to the CT Sim, free and clear of all Encumbrances.
2. Effective immediately upon Closing, Seller shall lease the CT Sim to SNERCC at the SNERCC Premises for a period of time not to exceed five (5) Business Days following the Closing.

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3. Within five (5) Business Days following the Closing, upon payment to Seller by Purchaser or SNERCC of an amount equal to One Hundred Seventy-Five Thousand and 00/100 Dollars ($175,000.00) (the "CT Sim Lease & Purchase Price"), which amount shall be payable by wire transfer of immediately available funds to such bank account as shall be designated in writing by Seller at least two (2) Business Days prior to the date of payment, Seller shall convey to SNERCC via a mutually agreed upon bill of sale, good, clear and marketable title to the CT Sim, free and clear of all Encumbrances. The CT Sim Lease & Purchase Price shall be reasonably apportioned between consideration for the temporary lease period described in Section 2 hereof and consideration for the above-described transfer of title.
4. Except as expressly modified by this Second Amendment, all other terms of the Investment Agreement shall remain unchanged and in full force and effect.

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

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

PURCHASER:

AMERICAN SHARED HOSPITAL SERVICES

By: /s/ Craig Tagawa
Name: Craig Tagawa
Title: President

SELLER:

GENESISCARE USA, INC.

By: /s/ Shaden Marzouk
Name: Shaden Marzouk, MD, MBA
Title: Director and Authorized Signatory

TOPCO:

GENESISCARE USA HOLDINGS, INC.

By: /s/ Shaden Marzouk
Name: Shaden Marzouk, MD, MBA
Title: Director and Authorized Signatory

Exhibit 10.3

THIRD AMENDMENT TO INVESTMENT AGREEMENT

This Third Amendment to Investment Agreement dated as of April 24, 2024 (this "Third Amendment") is made by and among (a) American Shared Hospital Services, a California corporation ("Purchaser"), (b) GenesisCare USA, Inc., a Florida corporation (as in existence on the date hereof, as a debtor-in-possession and a reorganized debtor, as applicable, "Seller"), and (c) GenesisCare USA Holdings, Inc., a Delaware corporation (as in existence on the date hereof, as a debtor-in-possession and a reorganized debtor, as applicable, "Topco"). Purchaser, Seller, and Topco are referred to herein individually as a "Party" and collectively as the "Parties." Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Investment Agreement (as defined below).

RECITALS:

WHEREAS, the Parties are parties to that certain Investment Agreement dated as of November 10, 2023, as amended by that certain First Amendment to Investment Agreement dated as of March 1, 2024, and by that certain Second Amendment to Investment Agreement dated as of April 18, 2024 (collectively, the "Investment Agreement"); and

WHEREAS, the Parties desire to amend the Investment Agreement pursuant to Section 9.5 of the Investment Agreement, as set forth below.

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

AGREEMENT:

1. Section 8.1(c) of the Investment Agreement is hereby amended by replacing "(i) April 30, 2024" with "(i) May 31, 2024," in the second and third lines of that section.
2. Except as expressly modified by this Third Amendment, all other terms of the Investment Agreement shall remain unchanged and in full force and effect.

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

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

PURCHASER:

AMERICAN SHARED HOSPITAL SERVICES

By: /s/ Craig Tagawa
Name: Craig Tagawa
Title: President

SELLER:

GENESISCARE USA, INC.

By: /s/ Shaden Marzouk
Name: Shaden Marzouk, MD, MBA
Title: Director and Authorized Signatory

TOPCO:

GENESISCARE USA HOLDINGS, INC.

By: /s/ Shaden Marzouk
Name: Shaden Marzouk, MD, MBA
Title: Director and Authorized Signatory

Exhibit 10.4

FOURTH AMENDMENT TO INVESTMENT AGREEMENT

This Fourth Amendment to Investment Agreement dated as of May 7, 2024 (this "Fourth Amendment") is made by and among (a) American Shared Hospital Services, a California corporation ("Purchaser"), (b) GenesisCare USA, Inc., a Florida corporation (as in existence on the date hereof, as a debtor-in-possession and a reorganized debtor, as applicable, "Seller"), and (c) GenesisCare USA Holdings, Inc., a Delaware corporation (as in existence on the date hereof, as a debtor-in-possession and a reorganized debtor, as applicable, "Topco"). Purchaser, Seller, and Topco are referred to herein individually as a "Party" and collectively as the "Parties." Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Investment Agreement (as defined below).

RECITALS:

WHEREAS, the Parties are parties to that certain Investment Agreement dated as of November 10, 2023, as amended by that certain First Amendment to Investment Agreement dated as of March 1, 2024, as amended by that certain Second Amendment to Investment Agreement dated as of April 18, 2024, and as amended by that certain Third Amendment to Investment Agreement dated as of April 24, 2024 (collectively, the "Investment Agreement");

WHEREAS, the Investment Agreement provides for, among other things, the sale by Seller to Purchaser of certain equity interests in: (i) Southern New England Regional Cancer Center, LLC, a Rhode Island limited liability company ("SNERCC"), and (ii) Roger Williams Radiation Therapy, LLC, a Rhode Island limited liability company ("RWRT");

WHEREAS, the Investment Agreement additionally provides for, among other things, the sale by Seller to Purchaser of certain Acquired Assets (as defined in the Investment Agreement);

WHEREAS, the Purchaser desires for Seller, at the time of the Closing, to instead transfer certain of the Acquired Assets to SNERCC, and certain of the Acquired Assets to RWRT, as more particularly set forth in this Fourth Amendment;

WHEREAS, the Parties desire to amend the Investment Agreement pursuant to Section 9.5 of the Investment Agreement, as set forth below.

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

AGREEMENT:

1. Notwithstanding any provision of the Investment Agreement to the contrary, the Parties understand and agree that the Acquired Assets consist of the following:
   (i) One (1) Elekta Versa HD, Serial Number 156363 located at 50 Maude Street, Providence, RI 02908 (the "RWRT Linac");

   (ii) One (1) Elekta Versa HD, Serial Number 156364 located at 350 Toll Gate Road, Warwick, RI 02886 (the "SNERCC Linac");
   (iii) Physician Group Agreement dated May 1, 2014 by and between Aetna Health Management, LLC and Seller (the "Aetna Payer Agreement");
   (iv) Participating Group Provider Agreement dated April 21, 2015 by and between Blue Cross & Blue Shield of Rhode Island ("BCBSRI") and Seller, as amended by that certain First Amendment to the Blue Cross & Blue Shield of Rhode Island Participating Group Provider Agreement dated September 10, 2020, as amended by that certain Second Amendment to the Blue Cross & Blue Shield of Rhode Island Participating Group Provider Agreement dated May 5, 2022, as amended by that certain Third Amendment to the Blue Cross & Blue Shield of Rhode Island Participating Group Provider Agreement dated June 10, 2022 (collectively, the "BCBSRI Payer Agreement");

(v) Amended and Restated Participation Agreement dated May 1, 2019 by and between Integra Community Care Network, LLC and SNERCC (the "Integra Managed Care Agreement"); and

(vi) Provider Contract dated April 28, 2014 by and between PACE Organization of Rhode Island and Seller (the "PACE Payer Agreement", and, together with the Aetna Payer Agreement and the BCBSRI Payer Agreement, the "Payer Agreements").

2. Notwithstanding any provision of the Investment Agreement to the contrary, at the Closing, the Seller shall convey the RWRT Linac to RWRT via a Bill of Sale in substantially the form attached hereto as Exhibit A.

3. Notwithstanding any provision of the Investment Agreement to the contrary, at the Closing, the Seller shall convey the SNERCC Linac to SNERCC via a Bill of Sale in substantially the form attached hereto as Exhibit B.

4. Notwithstanding any provision of the Investment Agreement to the contrary, at the Closing, the Seller shall convey the Seller's rights and obligations under the Payer Agreements to RWRT, but only to the extent that said rights and obligations are strictly related to RWRT, and as set forth in an Assignment and Assumption Agreement which shall be substantially in the form attached hereto as Exhibit C.

5. Notwithstanding any provision of the Investment Agreement to the contrary, at the Closing, the Seller shall convey the Seller's rights and obligations under the Payer Agreements to SNERCC, but only to the extent that said rights and obligations are strictly related to SNERCC, and as set forth in an Assignment and Assumption Agreement which shall be substantially in the form attached hereto as Exhibit D.

6. Seller represents and warrants to Purchaser that the Acquired Contract described in Exhibit B of the Investment Agreement as a "Managed Care Agreement" between Integra Community Care Network, LLC and Seller, and identified as "Original Contract Number 2185.5377C" is misidentified and is intended to describe the Integra Managed Care Agreement referenced above. Seller further represents and warrants that the Integra Managed Care Agreement is and shall at the time of the Closing be a Material Contract of SNERCC, and that it is subject to Seller's representations and warranties set forth in the Investment Agreement, including, without limitation, Section 2.13 thereof. To the extent that Seller has any rights or obligations under the Integra Managed Care Agreement, Seller shall convey such rights and obligations to RWRT, but only to the extent that said rights and obligations are strictly related to RWRT, and as set forth in an Assignment and Assumption Agreement which shall be substantially in the form attached hereto as Exhibit C. To the extent that Seller has any rights or obligations under the Integra Managed Care Agreement, Seller shall convey such rights and obligations to SNERCC, but only to the extent that said rights and obligations are strictly related to SNERCC, and as set forth in an Assignment and Assumption Agreement which shall be substantially in the form attached hereto as Exhibit D.

7. Seller represents and warrants to Purchaser that the Aetna Payer Agreement referenced above is the Acquired Contract described in Exhibit B of the Investment Agreement as a "Payer Agreement" between Aetna Health Management, LLC and Seller and is identified thereon as "Original Contract Number 2185.4910C".

8. Seller represents and warrants to Purchaser that the BCBSRI Payer Agreement referenced above is the Acquired Contract described in Exhibit B of the Investment Agreement as a "Payer Agreement" between Blue Cross Blue Shield of Rhode Island and Seller and is identified thereon as "Original Contract Number 2185.5136C".

9. Seller represents and warrants to Purchaser that the PACE Payer Agreement referenced above is the Acquired Contract described in Exhibit B of the Investment Agreement as a "Payer Agreement" between Pace Organization of Rhode Island and Seller and is identified thereon as "Original Contract Number 2185.4914C".

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

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

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

PURCHASER:

AMERICAN SHARED HOSPITAL SERVICES

By: /s/ Craig Tagawa
Name: Craig Tagawa
Title: President and Chief Operating Officer

SELLER:

GENESISCARE USA, INC.

By: /s/ Shaden Marzouk
Name: Shaden Marzouk, MD, MBA
Title: Director and Authorized Signatory

TOPCO:

GENESISCARE USA HOLDINGS, INC.

By: /s/ Shaden Marzouk
Name: Shaden Marzouk, MD, MBA
Title: Director and Authorized Signatory

Exhibit 31.1

CERTIFICATION

I, Raymond C. Stachowiak, as executive chairman of the board and chief executive 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.

November 14, 2023 May 15, 2024

/s/ Raymond C. Stachowiak
Raymond C. Stachowiak
Executive Chairman of the Board and Chief Executive Officer (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.

November 14, 2023 May 15, 2024

/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 September 30, 2023 March 31, 2024 (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 Chief Executive Officer 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.

November 14, 2023 May 15, 2024

/s/ Raymond C. Stachowiak

Raymond C. Stachowiak

Executive Chairman of the Board and Chief Executive Officer (principal executive officer)

/s/ Robert L. Hiatt

Robert L. Hiatt

Chief Financial Officer (principal financial officer)

DISCLAIMER