

# AMS Earnings Call Transcript

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**Quarter: 3**

Operator: Good day, and welcome to the American Shared Hospital Services Third Quarter 2025 Earnings Conference Call. After today's presentation, there will be an opportunity to ask questions. Please note this event is being recorded. I would now like to turn the conference over to Kirin M. Smith from PCG Advisory. Please go ahead.

Kirin M. Smith: Thank you, operator. And thank you everyone for joining us today. American Shared Hospital Services' third quarter 2025 earnings press release was issued today before the market opened. If you need a copy, it can be accessed on the company's website at [www.as.com](http://www.as.com) under the Investors tab. Before turning the call over to management, I would like to make the following remarks concerning forward-looking statements. Please note that various remarks that may be made on this conference call about future expectations, plans, and prospects for the company constitute forward-looking statements for the purposes of Safe Harbor provisions under the Private Securities Litigation Reform Act of 1995. Actual results may vary materially from those indicated by these forward-looking statements as a result of various important factors, including those discussed in the company's filings with the SEC, including the company's quarterly report on Form 10-Q for the three-month period ended June 30, 2025, and the annual report on Form 10-K for the year ended December 31, 2024. The company assumes no obligation to update the information contained in this conference call. Before I turn the call over to management, I'd like to remind everyone about our Q&A; policy where we provide each participant the time to ask one question and one follow-up. As always, we are happy to take additional questions offline at any time. With that, I'd now like to turn the call over to Raymond C. Stachowiak, Executive Chairman. Ray, please go ahead.

Raymond C. Stachowiak: Thank you, Kirin, and good afternoon, everyone. Thanks for joining us today for our third quarter 2025 earnings call. I'll begin with some opening remarks, then turn the call over to Gary Delanois, our CEO, for additional details, followed by Scott Frech, our CFO, for a financial review of our third quarter and first nine months of 2025 results. Following our prepared remarks, we'll open the call for questions. I'm pleased to report third quarter and September 2025 revenue increases, respectively, which were primarily driven by increased direct patient care services revenue as our new physicians in Rhode Island start to ramp up. I'm also happy that we continue to realize improved margins and we remain diligent and focused on operational efficiencies. We are continuing to see the benefit from our transition from a medical equipment leasing focus to a more patient-centric service model, providing clear benefits. I'm happy to see our diversified model is working, and we look forward to the remainder of 2025 and 2026. We remain focused on building long-term shareholder value and a continuation of our historical trend of consecutive years of significant revenue growth and improved margins. As with many small growth businesses, there will be normal fluctuations quarter over quarter. But over the medium to longer term, we're primed to continue our long-term track record. As we continue to execute on our strategic initiatives and upcoming milestones, I believe this will positively benefit our long-term investors. We have set the course for long-term outperformance as we execute on our growth strategy and work towards building significant shareholder value. Now I'll hand the call over to Gary and Scott, who will walk you through our overall business, quarterly and year-to-date financial results, and our business development pipeline that provides for exciting strategic growth opportunities. With that, Gary, please proceed.

Gary Delanois: Thanks, Ray. And good afternoon, everyone. This is an exciting time for the company, and I am very enthused by our near and longer-term growth opportunities. Our business growth strategy is solid, and I'm excited as we continue to execute our business plan. For this past quarter, we saw a 2.5% year-over-year revenue growth, and year-to-date revenues are up 5.6% from last year at this time. I am pleased to share we saw significant growth from our new radiation therapy treatment center in Puebla, Mexico, which showed a 263% annual revenue growth. It was also great to see an almost 17% year-over-year increase in 56% of our total revenue for the third quarter. I am also very happy to report that our gross margins increased almost 16%, and our operating loss narrowed with a 92% improvement as we remain focused on operational efficiencies. As we continue to execute on revenue growth initiatives, we also remain focused on improving profitability. Our third quarter 2025 adjusted EBITDA came in at \$1.9 million compared to \$1.3 million in 2024, a 42% increase. We remain diligent in controlling our costs and are primed for growth as treatment volumes, particularly in Rhode Island, continue to increase. We continue to capitalize on operating efficiencies and growing the business. And while we do expect to see continuing quarterly improvement in treatment volumes, I am energized by the growth we have been seeing in overall business and with our business development initiatives that we have in motion. I'm also excited about the benefits from our acquisition of the three Rhode Island cancer treatment centers and our newer one in Puebla, Mexico. At the Rhode Island centers, our new radiation oncologists are seeing new patient consultations at our three centers where volumes have recovered back to historical levels, and we expect to see additional growth in the fourth quarter. Having the right team in place is a critical element for growing our market share to propel future growth. I remain confident that we will see steady growth in treatment volumes through continued physician engagement with the healthcare community and particularly with our health system joint venture partners, Care New England and Prospect CharterCare. We also remain focused on further optimizing our equipment leasing segment by working closely with our health system customers to increase greater community awareness among referring physicians to drive increased utilization of their Gamma Knife systems, which is recognized as the gold standard for stereotactic radiosurgery. Our international business segment represents another large growth opportunity. We expect continued momentum. We have the only Gamma Knife centers in Peru and Ecuador. At our third international center in Puebla, Mexico, we are treating cancer patients for a full range of cancer diagnoses with the most advanced radiation therapy treatment capabilities available in our catchment area. We're also excited about the opening of our fourth international center, a Gamma Knife Center in Guadalajara, Mexico, where we expect to start treating patients and generating revenue in 2026. This will be the only ESPRIT Gamma Knife in a country of 130 million people and not only provides a major benefit to patients in Mexico, it also clearly represents an untapped growth engine for us. Over the months and years ahead, we expect stronger international growth from additional treatment volume in Ecuador, strong volume from our newly upgraded center in Peru, and our two new centers in Guadalajara and Puebla, Mexico. We also continue to expand our footprint in Rhode Island beyond our three existing radiation therapy treatment centers, which were our first direct patient care cancer treatment centers in the U.S. As we have discussed, we were granted a Certificate of Need (CON) to construct and operate a fourth radiation therapy center in Bristol, Rhode Island, where permitting is underway. And we also officially obtained a CON this past December to construct and operate the first proton beam radiation therapy center in the state of Rhode Island, where we are making progress on securing land and starting the permitting process. These two new facilities represent major growth opportunities for the company, and we look forward to providing additional updates as they progress. In closing, we are extremely confident in our overall business plan. We are positioned to weather short-term fluctuations, and we remain focused on current operations and new business developments. I have great confidence in the strategies we have in place, our management team, and the prospects for long-term growth. And lastly, our solid track record of long-term revenue growth and improved margins, together with our balance sheet, gives me great confidence that we will accomplish these initiatives in the coming years. And with that, I'll turn the call over to Scott Frech, our CFO, for a financial review.

Scott Frech: Thank you, Gary, and good afternoon, everyone. I'll start with an overview of our third quarter results, followed by the year-to-date nine months results, and then we'll open the call for Q&A.;

For the third quarter ended September 30, 2025, total revenue increased 2.5% to \$7.2 million compared to \$7 million in Q3 2024. For Q3 2025, revenue from our Direct Patient Services segment increased 9.4% to \$4 million compared to Q3 2024. This growth is primarily driven by increased procedures at the new facility in Puebla, Mexico, where we launched operations last year. Although off of a small base, revenues grew by 263%. Clearly, we're off to a great start there, and it also exemplifies the powerful growth these centers represent. Revenue from the medical equipment leasing segment decreased to \$3.1 million from \$3.3 million in Q3 2024 due to lower proton beam radiation therapy (PBRT) volumes. Revenue from PBRT increased 16% year over year to \$2.1 million for Q3 2025, and the number of Gamma Knife procedures in Q3 2025 was 231, up from 218 in Q3 2024. Revenue from proton beam radiation therapy (PBRT) increased to \$2.1 million in Q3 2025, a 10.8% increase from 2024. Total proton therapy fractions for 2025 were 1,150, an 8.1% decrease from 2024. This decrease was primarily due to normal cyclical fluctuations. Revenue from linear accelerator (LINAC) systems was up 15.9% from Q2 2025 to \$2.9 million for Q3 2025 and up 51.2% compared to 2024 due to the launch of operations in Puebla, Mexico, and being fully staffed with radiation oncologists in our Rhode Island operations. Our gross margins for Q3 2025 improved to 22.1%, with an increase of 60% year over year to \$1.6 million, primarily due to higher treatment volumes. Q3 2025 operating income dramatically improved to a loss of \$344,000 compared to a loss of \$889,000 in 2024. Net losses attributable to American Shared Hospital Services for Q3 2025 improved significantly to \$55,000 or \$0.00 per diluted share compared to a net loss of \$207,000 in Q3 2024 or \$0.03 per share. Adjusted EBITDA, our non-GAAP financial measure, increased 41% to \$1.9 million for Q3 2025 compared to \$1.4 million in Q3 2024. And now I'll review our nine-month results. For the first nine months of 2025, total revenue increased 5.6% to \$20.4 million compared to \$19.3 million in the first nine months of 2024. Revenue from our Direct Patient Care Services segment increased 36.5% year over year to \$10.7 million for the first nine months of 2025 compared to \$7.8 million in the first nine months of 2024. This significant growth is primarily driven by revenues from Rhode Island Radiation Therapy operations and the new operations in Puebla, Mexico, in 2024. Revenue from the equipment leasing segment decreased to \$9.7 million from \$11.5 million in the first nine months of 2024. Gamma Knife revenue declined 4.2% to \$6.8 million for the first nine months of 2025 compared to \$7.1 million in the first nine months of 2024. The number of Gamma Knife procedures in the first nine months of 2025 was 703, compared to 831 procedures in the first nine months of 2024. This decline was primarily due to the expiration of three customer contracts since 2024 and lower PBRT volumes. Revenue from PBRT decreased 23% to \$5.7 million in the first nine months of 2025 compared to \$7.4 million in the first nine months of 2024. Total proton therapy fractions for Q3 2025 were 3,095, an 18% decrease from 3,764 fractions in the first nine months of 2024. This decline was primarily due to normal cyclical fluctuations. Revenue from the linear accelerator (LINAC) systems was \$9.7 million for the first nine months of 2025 compared to \$4.8 million in the first nine months of 2024 due to the acquisition of the Rhode Island Radiation Therapy operations and the launch of operations in Central Mexico. Our gross margins for the first nine months of 2025 improved 20.4% to \$4.2 million compared to \$6 million in the first nine months of 2024. This decline in gross margin reflects lower volumes and increased operating costs driven by the shift to direct patient services, which have lower margins compared to the leasing segment. For the first nine months of 2025, operating loss was \$2.2 million compared to a loss of \$975,000 in the first nine months of 2024. Net loss attributable to American Shared Hospital Services for the first nine months of 2025 was \$922,000 or \$0.14 per diluted share compared to net income of \$3.5 million or \$0.54 per diluted share in the first nine months of 2024. This was primarily due to the \$3.9 million bargain purchase gain generated from the Rhode Island acquisition and net income earned from Rhode Island facilities acquired. Adjusted EBITDA, our non-GAAP financial measure, was \$4.6 million for the first nine months of 2025 compared to \$5.1 million in the first nine months of 2024. Now we'll look at our balance sheet. We ended Q3 2025 with a strong financial position supported by our solid balance sheet. As of September 30, 2025, cash and cash equivalents, including restricted cash, stood at \$5.1 million compared with \$11 million at December 31, 2024. This decline includes \$7.5 million spent on capital expenditures for Peru, Bristol, Rhode Island, and North Westchester locations. Shareholders' equity, excluding non-controlling interests, was \$24.6 million or \$3.78 per outstanding share compared to \$25.2 million or \$3.92 per outstanding share at December 31, 2024. Fully diluted weighted average

common shares outstanding were 6,856,000 for Q3 2025 and 6,482,000 for Q3 2024. This concludes the formal part of our presentation. Thank you again for joining us today. We look forward to updating you on our progress in the quarters ahead. We'd now like to turn the call back to the operator to open it up for questions.

Operator: We will now begin the question and answer session. Our first question comes from Tony Kamin with Eastwood Partners. Please go ahead.

Tony Kamin: Thank you. Ray and Gary, congratulations. It's really encouraging to see the execution and the sort of integration of Rhode Island really starting to work in, as you've said, Ray, with kind of the long-term vision you've had. You can now start to see it really where it's going to go. And also, I guess, with your pipeline seeming so strong with real projects, and I would guess even more projects or more early-stage stuff you haven't talked about. I would imagine the pipeline is strong. So the company is doing well. My question is that the shareholders are not doing well. And I think the simplest way to sort of illustrate that and my concern is if I annualize, again, just to make it simple, the EBITDA this quarter, it's about \$8 million. You came in this morning with a \$13 million market cap, and that's about 1.5 times EBITDA to market cap, whereas I would think a company like this would trade much more likely conservatively at a six maybe up to a 12 multiple. And even if you look at the low end of that at a six multiple of EBITDA to market cap, the shares would be over eight. And unfortunately, they're still in the very low twos. So my question is, now that you've got the company going and I know you've been wanting to focus on that, isn't it now time and in the interest of all shareholders and all constituencies of the company to do a little bit more in terms of investor outreach, going to conferences, etcetera? And my last sort of comment on that is, would you, I know Ray, you've bought a lot of stock. It would be nice to see the rest of the Board members make some significant purchases to demonstrate their alignment with the shareholders and their belief in the company. I think a lot of the long-term shareholders really believe in the company, and we want to see that stock start to reflect what seems to be an incredibly undervalued situation.

Raymond C. Stachowiak: Thank you. Ray, you want to go ahead and start on that?

Gary Delanois: Yeah. Sure. So, Tony, thanks for joining us again today. I appreciate your question as well. You do have to recognize we do have some debt in there when you talk about an \$8 per share valuation. You do have some debt. So, you know, we've attended some investor conferences, and with your opinion here, we probably should be doing more. It's duly noted. I think management has been so focused on cost efficiencies, operational efficiencies, you know, they're doing the blocking and tackling. We'd like to see our results speak for themselves. But sometimes that doesn't take place without a bullhorn at the investor conferences, so to speak. So, Tony, very duly noted.

Operator: Great. Thank you. Our next question comes from Anthony Marches, private investor. Please go ahead.

Anthony Marches: Yes. Hi, good morning, guys. Again, good results. Ray or anybody else, I'd love to hear your opinion as to why we're trading at a fifty-two-week low when everything that you're talking about the future, even today's results seem to be all positive. There seems to be a significant disconnect between the market and what you guys are saying. So I'm trying to understand what's your opinion as to why that's the case? Why is it that people don't want to, I don't want to use the word acknowledge, but why don't people want to take into account what you've been doing relative to the market valuation?

Raymond C. Stachowiak: Yes, I think a lot of it has to do with we're so thinly traded and we've got such little exposure, and it kind of goes back to Tony's first question about increasing that exposure. And, Kirin, I might ask you for your thoughts and opinions on this matter as our Investor Relations firm. We've tried a few things here and there. And what I'm hearing very loud and clear here is, we ought to be doing more outreach.

Kirin M. Smith: Yes. Thanks, Ray. And, yeah, I echo those comments as well, Tony. I think getting the story out there, telling it more often definitely increases the exposure for the overall company. I also echo Ray's comments. Getting the fundamentals down straight sometimes takes several quarters in a row. If you note, the last three quarters in a row have shown sequential improvement, so it does take a little time for that to get on the radar. Management's had their heads down nicely, focused on the operations of the business. And I think now is a good time for them to get out there and increase that

exposure as well.

Operator: This concludes our question and answer session. I would like to turn the conference back over to Gary Delanois for any closing remarks.

Gary Delanois: Thank you, operator, and thank you, Tony and Anthony, for your questions. We'll reflect on them, and thank you. And thank you all for joining us today. We are at a key point in time as we execute on our growth strategy. With large business development opportunities in our pipeline, we have the right team and the foundation in place and are acutely focused on building strong momentum as our growth strategy takes hold for the long term. We look forward to updating you on our progress as we drive further top-line growth, profitability, and long-term success. As always, if you have any questions, please don't hesitate to reach out to us. And thank you for being here today and have a great one.

Kirin M. Smith: Thank you, operator.

Operator: The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.