Ottomanson

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Amric options and next steps

Rumi Durmaz <rumi@ottomanson.com> Sat, Jan 25, 2025 at 11:33 AM
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Hi Alex,

Here's a summary of our current situation and the options I've come up with to address it.

Our Goal

Our ultimate goal is to sell and exit cleanly. To achieve this, we all know the balance sheet needs to show profitability. With the new company, we will be 50/50 partners, but for this partnership to work, **we need a cash infusion immediately.**

The reality is that the company cannot run effectively without proper funding. The Texas group is absolutely right—our operations are not where they should be because we lack the resources to operate properly. The most critical area where funds are needed is **marketing.**

Whenever we approach potential buyers, their first question is: *What are your assets?* Unfortunately, the current state of our finances is not attractive. We are technically upside down with United Imaging:

- **Total payment due:** $4.8 million
- **Monthly payments:**
  - $74,000 for the machine
  - $35,000 for warranty, protection, and monthly services
- **Total monthly payment:** $109,000
- **Interest:** Over $12,000 monthly
- **Outstanding balance:** Over $1,000,000 (and growing)

The initial agreement with United Imaging was problematic from the start. On the upside, **Dr. Aras** has a strong relationship not only with the U.S. CEO but also with the Chinese CEO of United Imaging. Both Dr. Aras and Sara strongly believe we can negotiate the payoff for the machines down to $2 million, which would make a significant difference for us.

Additionally, with the **Ezra integration**, **Scan.com**, and the **marketing push from the doctor we brought in from Turkey**, we are starting to see incremental progress every day.

Options Moving Forward

Option 1: Invest $600,000 ($300,000 each)

This would allow us to cover operating expenses for the next 2–3 months. We'd allocate a significant portion of this to marketing, which we've been unable to invest in properly so far.

While this option keeps the company running, it doesn't address the larger issue. Potential buyers will continue to ask about assets, and this approach is essentially putting a band-aid on a problem that needs stitches.

Option 2: Invest $1.8M ($900,000 each)

With this investment:

- We'd pay off all past-due balances to United Imaging and other creditors.
- The company would have **no past-due debt**, which would make us more appealing to buyers.
- We'd also have funds for marketing and operational growth over the next 3 months.

The downside is that while the company would be debt-free, it would still technically lack significant assets.

Option 3: Invest $3.2M ($1.6M each)

This option would allow us to:

- Pay off all debts entirely.
- Fully own the machine.
- Present the company as a strong, asset-rich operation to any potential buyer.
- **Eliminate the $109,000 monthly payment to United Imaging, which would immediately increase our monthly profit and improve cash flow.**

This would put us in the best position for a clean exit and provide a significant benefit in monthly income while we prepare for a sale. However, it requires a substantial financial commitment from both of us.

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President of Ottomanson

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