PRIVATE AND WITHOUT PREJUDICE

A proposal to separate the two companies

To Nathan Jandrell

From Matt Southam

Date 11 September 2026

Re Full Range Fitness Limited, B3 Business Limited and NuYu Training and Development Limited

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Nathan,

You mentioned that there needs to be a reasonable proposal to step away from where we are, and that you are happy for everything to be marked down accurately, or in your words, to the penny. I agree with both, so here is a breakdown of the numbers, in writing, with every factor taken into account and nothing held back.

The proposal is simple. **You take the gym outright and I take B3 outright.** We each end up owning the business we actually run, on the same day, with nothing left between us afterwards and both of us free to take it on with full autonomy.

BALANCING PAYMENT

£40,528

From me to you. Your half of B3 is worth more than my half of the gym, so the difference comes to you.

I want to be clear about how I got to that number, because a figure without workings is just an opening bid, and we both deserve better from each other than falling out and dragging this on for another nine months.

HOW EACH BUSINESS IS VALUED

Both are valued the same way. Take what the business really earns before its owners are paid, apply a multiple, then adjust for what it owns and owes. Every figure comes from the filed accounts, the Metro Bank statements, the payroll records or the Stripe account. Nothing is estimated from memory, and nothing is left out: salaries, dividends, the purchases taken instead of dividends, cars, phones, health cover, both loan accounts, the truck and the charges between the companies are all in there.

FULL RANGE FITNESS LIMITED

Profit before tax, year to 31 March 2026, per the accounts prepared in August	£40,253
Add back salaries, cars, phones and health cover for us both *£28,042 on my side and £26,556 on yours, within £1,500 of each other. Each is net salary of around £9,200, the cars at £12,965 and £10,906, phone and broadband, and half the Vitality and Admiral cover. A buyer carries none of it, because it is how we have been paid rather than a cost of running the gym.*	£54,597
Add back Lauren's £600 a month *It reaches my household rather than paying for work the gym needs doing, so it counts as part of what I have been paid. Added back to profit here, and counted on my side when we compare what each of us has taken out.*	£7,200
Add back a year of purchases taken instead of dividends *Your £3,000 a month taken as purchases through the company from March 2024 rather than as a declared dividend, and my own months below £2,500. A year of that is £32,870 for you and £3,641 for me. Because a dividend is paid out of taxed profit and a purchase is not, £1 of dividend given up frees £1.23 of pre-tax profit to spend, so those figures are grossed up at 0.81 to £45,075. The £7,700 you paid back during the year is added at what it is, since cash paid in is already cash.*	£52,775
Take out the £12,000 a year the gym receives from B3 *Income from a company under the same ownership, which ends on separation. It is real and it stays in the accounts — the gym books it as property income rather than as a management charge, which Richard should confirm — but it is not part of what the gym will earn once the two companies have different owners, so it comes out. The same £12,000 is added back to B3 below.*	−£12,000

Normalised profit, before either of us is paid anything	£142,825
× 2.0 earnings basis *Small owner-managed gyms change hands at two to three times normalised earnings. I have used the bottom of that range, not the middle, and I have used last year's profit rather than the 450 members and the fee increase in your own July presentation.*	£285,650
Net assets at 31 March 2026	£35,697
Equity value, 70% earnings and 30% assets	**£210,664**
Half of that	£105,332
The truck, and my loan account *−£2,540 for the truck leaving with you at book value with its unrepaid loan cancelled against it, and my £2,864 loan account repaid on completion. Nothing for drawings: we took the same by design, and I am not going to try to reconstruct either of our spending after the event.*	£324
My half, which you are buying	**£105,657**

B3 BUSINESS LIMITED

Profit before tax, year to 31 May 2026, per the draft accounts	£161,693
Add back the management charge to FRF *A charge from a company under the same ownership, which ends on separation. A buyer of B3 would not carry it, so adding it back shows what B3 earns without it.*	£12,000
Deduct a salary and employer NI for whoever runs it *£50,000 plus £6,750 of employer National Insurance. B3 pays nobody, so its profit is struck before the work has been paid for and a buyer has to fund it. That is what replacing someone like me would cost, and it is below the roughly £60,000 a year each of us has been taking out.*	−£56,750
Normalised profit	£116,943
Blended 65% with the current run-rate of £160,836 *Valuing B3 on last year's profit alone would give a lower figure. Weighting it mostly on how the business is trading now scales the profit up to reflect the growth, which raises what I pay you rather than lowering it.*	£145,474

× 3.0 multiple *Half as much again as the 2.0 I have used on the gym. Recurring software subscriptions with no premises and no equipment trade higher than gyms do, and using the higher figure here works against me, because B3 is the one I am buying.*	£436,421
Less a 30% risk discount *Every client relationship rests with one individual, there are no fixed-term contracts holding any of the revenue in place, and the market it sells into changes constantly. None of that income is guaranteed to continue, so any buyer would discount it.*	−£130,926
Plus net assets after the corporation tax provision	−£14,225
Equity value	**£291,270**
Half of that	£145,635
Drawings true-up *In FY25 Lauren and I together drew £1,100 more than you. Every other period is equal. Half of it is settled in the price.*	£550
Your half, which I am buying	**£146,185**

One point that matters on both sides. The management charges between the companies are real charges, they are properly in the accounts and the returns, and nothing about this proposal changes that. What they do not do is survive the separation: once the two companies have different owners there is no charge left to make. So they come out of the valuation on both sides at once, £12,000 added to B3 and the same £12,000 taken out of the gym. Across the two businesses it nets to nothing, which is the honest treatment, and it is the one Richard would arrive at too.

Three things I have deliberately not done, and the first two go together. I have not tried to work out which of us has had more out of the gym over the years and settle the difference in the price. I have not asked for any of the £51,884 spent on the mezzanine and the air-conditioning to come back to me. And I have taken your loan account at its full £25,255, even though part of it is not really a loan on our own description of the purchases.

The reason is the same for both. We agreed what we drew and we took the same by design. Money has moved between us, and between the three companies, in a lot of different ways over the years, and neither of us can now reconstruct the other's side of it to the pound — there is £51,217 of American Express in the last year alone that is not allocated to either of us. Picking out one piece of that and asking for it back would not be consistent with the rest of how we have done things, so I have left the whole subject alone.

On that last one, so you know I have looked at it rather than waved it through. At 31 March 2024, the month you stopped taking the cash dividend, the balance sheet showed £7,750 owed to you and £2,864 owed to me. Mine has not moved by a penny since. Yours is now £25,255, and £9,536 of the rise is the truck balloon you funded in July 2025, which is a straightforward loan against an asset the company still owns and which I have priced in at its £14,616 book value. So £7,750 of your balance is the original loan, £9,536 is the truck, and the remaining £7,968 is what is left of the money you have paid in to cover things the company had bought for you. On the way we have both described that arrangement, those payments were settling a cost rather than lending the company money — and if that £7,968 came off the balance sheet the gym would be worth that much more and my half £3,984 more. I have left it where it is. All I am asking is that Richard reconciles both accounts to one date and shows the truck separately, so that whatever gets paid out is paid out on a basis we have both seen.

For the record I was not consulted on the mezzanine and I did not approve the spend or the layout, and I raised that at the board meeting on 29 July against the agreement we made in the spring. I am noting that rather than charging for it. The same goes for the work starting this week: I have seen the plans, they are not what I would have done, and I am not going to stand in the way of them. Once the gym is yours you will have a completely free hand, which is most of the point of doing this, and I would sooner get there than pick over what has already been spent.

THE CLOSE CALLS

I would rather show you this than have you find it. Two figures in the whole exercise are a matter of judgement rather than record. On each of them there was

a reading that favoured me and a reading that favoured you, and each time I have taken yours.

I valued the gym at 2.0 times earnings. Small owner-managed gyms change hands between 2 and 3 times. This is the bottom of the range, not the middle.	**£25,000**
I priced B3 on 65% of the growth that has already happened rather than on last year's profit alone, which raises what I pay you rather than lowering it.	**£29,950**
Moved in your favour	**about £55,000**

Taken the other way on both — the gym at 2.5 times and B3 priced on last year's profit alone — the same model produces a payment of about **£14,400 to me** rather than £40,528 to you. Split the two of them straight down the middle instead, favouring neither of us, and it comes out at **£8,621 to you**. So the figure at the top of this letter is not the middle of the range and I am not going to pretend that it is: it is nearly five times what an even split of the two open questions would give you. Richard can run all three in a few minutes.

Where a figure could reasonably land either way I have let it land in your favour, because after all these years I would rather we finished this well and both moved forwards proactively than spend months arguing each other down over a few thousand pounds.

WHAT YOU GET BEYOND THE MONEY

- **The gym becomes yours to run, completely.** No sign-off, no board approval, no second opinion on the refurbishment. The plan you showed me goes ahead on your timetable, in your way, and I am not in the room. That is the part I think is genuinely worth the most to you, and it is the part I cannot give you any other way.
- **Your director's loan account of £25,255 stays inside the gym** and remains owed to you personally. You can draw it down when the cash allows, and none

of it is taxed as income because it is your own money coming back. That is not affected by this proposal at all.

- **The Ford Ranger is yours,** at its book value, and the £9,536 of the truck loan not yet repaid is cancelled against it. That is already priced into the figures above.
- **The management charges and inter-company transfers stop.** No more moving money between three companies at year end, and one set of accounts to think about instead of three, or two if you keep NuYu trading.
- **The systems the gym runs on are yours to keep or to drop.** As part of this you would be free to close the account, or to carry on with Stronger Systems at the advertised rate with my support behind it for as long as you want it. You are not tied in either way and there is no special rate in either direction.

THE TERMS

1. **Two share transfers on one day, each conditional on the other.** Neither happens without the other, so nobody is left half in.
2. **The price is struck on the last accounts of each company and is not re-cut at completion.** The gym on the filed accounts to 31 March 2026, B3 on the draft accounts to 31 May 2026. From those dates onwards each business's trading, spending and investment belong to whoever is taking it, for better or worse. This is a standard way of doing it and it is the cleanest one available to us: it means the refurbishment is yours to shape and yours to carry, and neither of us has to argue later about what it did to the price. That matters more than it sounds, because the plan you put to the board in July runs to £150,000 over two years, and I would rather you got on with all of it than have me in the way of any of it.
3. **Between now and completion we both keep drawing equally and neither of us commits the other to anything new.** No new borrowing, no new personal guarantees and no further director's loans from either of us without the other agreeing in writing. If the gym needs funding for the refurbishment in the meantime that is your decision as the buyer to make, and I would not be putting money in or standing behind it.

4. **The HMRC enquiry into the group's status is dealt with expressly rather than left to land on whoever opens the post.** It was still open at the July meeting and Richard was waiting on a reply. If it goes against us it costs both companies corporation tax at the higher rate for periods we were both owners of both, so it belongs in the agreement with a line saying who carries it. I am not trying to push it onto you; I would rather it was written down than discovered.
5. **NuYu is dealt with in the same agreement,** either wound up with its net assets split equally or bought out on the same basis.
6. **The £10,000 NuYu advanced to the gym in July is repaid to NuYu,** not to either of us personally, and is treated as a debt of the gym.
7. **Both loan accounts are reconciled to one agreed date first, with the truck shown separately.** Your balance stays with the gym. Mine, £2,864, is repaid to me on completion. Neither the July payments in nor the NuYu advance is in the ledger yet, so Richard needs to bring both up to date before we sign anything.
8. **The car leases run to term, with mine and Lauren's rebilled to B3 at cost.** The gym keeps paying Alphabet and ALD and invoices B3 for exactly what it pays each month, until they end in December 2027 and September 2028. That way the gym carries none of the £19,521, yours stays exactly as it is, and the £6,300 imbalance disappears. Ending them early would cost around half the remaining rentals, so this is cheaper for both companies. Richard should say what the cleanest mechanism and VAT treatment is, and I will follow whatever he recommends.
9. **Mutual releases, and full disclosure both ways.** Each of us releases the other from any claim relating to the companies up to completion, and each warrants that we have disclosed every liability and commitment either company has taken on, including anything to do with the premises and the works. We both resign the directorships we are leaving and come off the bank mandates and any personal guarantees the same day.
10. **The gym keeps its systems and support for as long as it wants them, or closes the account.** Either is fine. If it carries on it is on Stronger Systems' normal published terms at the advertised rate, with no tie-in and no special rate in either direction, which is what keeps it at arm's length. Nothing changes

operationally on day one, so the gym does not have to go looking for a replacement in the middle of a refurbishment.

11. **Restrictive covenants kept narrow and mutual.** I am not asking you to stop doing personal training and you are not asking me to stop writing software.

THREE WAYS TO PAY IT

I would rather you picked the one that suits your cash flow. All three are open to you and the choice is yours.

OPTION A · IN FULL	OPTION B · SIX MONTHS	OPTION C · TWELVE MONTHS
£38,000	**£40,528**	**£43,140**
One payment within fourteen days of completion. £2,528 less than the headline figure, in exchange for it being done and cleared.	Six monthly payments of £6,754.67, the first on completion. The figure above, no interest, no discount.	Twelve monthly payments of £3,595.00. £2,612 more, which reflects the wait rather than being a penalty.

One more thing worth putting next to those figures. Everything the gym currently pays out for me and Lauren stops on completion: salary, the cars once they are rebilled, phone and my half of the health cover. That is about £2,937 a month, so £17,600 over six months and £35,200 over a year. It is the same money the valuation adds back to profit rather than anything extra, but it is the point at which that profit turns into cash in the business instead of a figure on a page.

Under B and C the shares transfer on completion and I will give you security for the outstanding balance, so you are not relying on my word for it. If you would rather structure it some other way, say so and we will look at it.

WHAT I NEED FROM YOU

1. Tell me whether the shape of this works.

2. Ask Richard to bring both loan accounts up to date and to agree the balances between the companies. There are two things in particular. Four balances in the gym's current assets — other debtors, prepayments, the events suspense account and stock — are identical to the penny at March 2024, March 2026 and September 2026, so none of them has been touched in two and a half years. They add up to £31,935 and they are all assets, so they hold the price up rather than down. And when we settled the old balances between the companies in the spring, the NuYu side of it does not seem to have been posted — the gym's NuYu account still reads minus £968.50. I am not asking for anything in the price on either of these. I would just rather we both knew what was there before we signed.
3. If something looks wrong, show me where it comes from and I will look at it properly. What I have not done is open low and leave room to be argued down. Every judgement call in here is already set where I believe it is fair, **so I would rather you checked the figures than countered them.**

Everything here is open to being checked, and I would encourage it. The full model sits behind this letter with every assumption visible, and Richard or your own solicitor can take it apart line by line. What they will find is a position built from the records rather than from what suits me, with the close calls already settled your way.

We have built two decent businesses between us and I would like that to be what we both remember about it. It is time to keep moving forward on separate paths, and I have taken both our futures into consideration in getting here.

Yours,

Matt Southam

Director, Full Range Fitness Limited and B3 Business Limited

A note on this letter. It is marked without prejudice and is an opening proposal, not a binding offer. Nothing here is agreed until both of us sign a share purchase agreement drawn up by solicitors. The figures come from the

accounts to 31 March 2026, B3's draft accounts to 31 May 2026, the Metro Bank statements from December 2020 to September 2026, the payroll records and the Stripe account. Those are also proposed as the valuation dates, so the price is not re-cut later; that is the second of the terms above.