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.

There are only two figures in the whole exercise that are a matter of judgement rather than record. Each of them is set here exactly down the middle, so that neither of us is arguing from a position, and everything else comes straight off the accounts.

BALANCING PAYMENT

£8,621

From me to you. My half of the gym comes out at £130,651 and your half of B3 at £139,272, so the difference is £8,621. Nothing is rounded, waived or added on either side.

I want to be clear about how I got there, because a proposal 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	−£12,000

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.	
Normalised profit, before either of us is paid anything	£142,825
× 2.5 earnings basis *Small owner-managed gyms change hands at two to three times normalised earnings. This is the middle of that range: not the bottom, which would favour you, and not the top, which would favour me. It is still applied to last year's profit rather than to the 450 members and the fee increase in your own July presentation.*	£357,063
Net assets at 31 March 2026	£35,697
Equity value, 70% earnings and 30% assets	**£260,653**
Half of that	£130,327
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	**£130,651**

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 half and half with the current run-rate of £160,836 *Valuing B3 on last year's completed profit alone would be the conventional treatment and gives the lower figure. Valuing it entirely on how it is trading now gives the higher one. Half of each takes neither side of that.*	£138,890
× 3.0 multiple *Recurring software subscriptions with no premises and no equipment trade at three to four times earnings, so this is the bottom of B3's range against the middle of the gym's. It works against me either way, because B3 is the one I am buying.*	£416,669
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.*	−£125,001
Plus net assets after the corporation tax provision	−£14,225
Equity value	**£277,443**
Half of that	£138,722
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	**£139,272**

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.

Two things I have deliberately not done, and they 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. And I have not asked for any of the £51,884 spent on the mezzanine and the air-conditioning to come back to me.

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. Picking out one piece of that and asking for it back would not be consistent with the rest of how we have done things. 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. I am noting it rather than charging for it.

THE TWO JUDGEMENT CALLS

Everything else in those two tables comes from the filed accounts, the bank statements, the payroll records or the Stripe account, and is not open to interpretation. These two are. Between them they are worth fifty-five thousand pounds, so where they are set matters more than any other decision in this letter, and I would rather show you them than have you find them.

The multiple on the gym. Two times favours you, three times favours me, and small owner-managed gyms change hands right across that range. I have taken the middle.	**2.5×**
How B3 is priced. On last year's completed profit alone, which is the conventional treatment and favours you, or on how it is trading today, which favours me. Half of each.	**50/50**
What falls out of setting both that way	**£8,621 to you**

For completeness, here is the full width of it. Set both at the end that favours me and the same model produces a payment of about **£14,400 from you to me**. Set both at the end that favours you and it produces about **£40,500 from me to you**. That gap of £55,000 is the entire disagreement between us expressed as a single

figure, and every pound of it sits in those two rows and nowhere else. Taking the middle of both is the one version of this that neither of us has to defend.

Nothing is waived or rounded in this version, in either direction. £8,621 is simply what falls out when the two open questions are split evenly and everything else is taken off the accounts. It is a long way below the figure in my other letter, and that is the point of showing you both: the difference between them is not new information, it is the same two judgement calls set differently.

WHAT THIS GIVES YOU

- **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.** Of the £25,255 shown as owed to you, £7,750 was already on your account at 31 March 2024 and £9,536 is the unrepaid truck balloon you funded, both of which are plainly loans; the remaining £7,968 is what is left of the money you paid in to cover purchases. I have taken the whole

balance at face value anyway. 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.

WHAT ELSE CHANGES HANDS

Beyond the £8,621, the completion statement is short. Four things settle on the day and that is the whole of it.

1. **My director's loan account of £2,864 is repaid to me.** Yours stays where it is, inside the gym, still owed to you personally.

2. **The £10,000 NuYu advanced to the gym in July goes back to NuYu,** not to either of us.
3. **The balance owing between the two companies is agreed by Richard and settled in cash,** whichever way it turns out to run.
4. **NuYu's own net position, around £14,000, is split equally** or bought out on the same basis, in the same agreement.

One figure is worth putting next to all of that, because it does not appear in any price. 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 completion is the point at which it stops being a figure in a calculation and starts being cash in your bank account.

Which is worth saying plainly: it is more than four times the balancing payment, it arrives every month rather than once, and every pound of it is on your side.

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.
3. If something looks wrong, show me where it comes from and I will look at it properly. What I have not done is set any of the three calls where it suits me. Every one of them is at its mid-point and each can be checked in a couple of minutes, **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 only three judgement calls in it set squarely in the middle.

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.