INITIATION OF COVERAGE

Armah Sports Company (Tadawul: 6022)

Building Saudi Arabia's Premium Fitness Challenger

RECOMMENDATION	SHARE PRICE	12-MONTH TARGET	CAPITAL UPSIDE	FORECAST DIVIDEND YIELD	EXPECTED 12-MONTH TSR
BUY	SAR 54.35	SAR 100.00	84.0%	0.0%	84.0%

US INVESTORS ONLY

Investment view

Armah has built a profitable premium fitness business through B_FIT and Optimo. Management's ambition to grow from 12 clubs at the end of 2025 to 50 by 2030 offers the potential for a substantially larger earnings base.

Saudi Arabia's expanding fitness market and the founders' experience provide a favourable backdrop. Returns will depend on Armah opening well-located clubs, recruiting members and maintaining premium service standards as the network grows.

We forecast revenue approaching SAR 965 million and net profit reaching SAR 190 million by FY2030. Cash generation should strengthen after the most intensive construction phase, although the rollout will require significant investment and continued access to financing.

We initiate with a Buy recommendation and a SAR 100 price target, implying 84.0% capital upside from the SAR 54.35 closing share price. The opportunity is compelling, with financing, opening schedules and club performance the main risks to delivery.

At a glance

SARm except clubs	2025A	2026E	2030E
Clubs	12	16	50
Revenue	224.9	250.0	965.3
Operating profit	71.6	73.9	301.6
Net profit	62.0	52.1	190.4
Economic free cash flow	n.a.	n.a.	231.7

FY2025 actuals follow the audited financial statements. FY2026E and FY2030E are Evermore forecasts from v24.18. [1,2,17]

Audited FY2025 operating profit is SAR 71.6m, with the SAR 9.5m sublease commencement gain presented separately below operating profit. The earlier results announcement reported SAR 81.1m. [2]

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Company data

Exchange / ticker	Tadawul / 6022
Issued shares m	32.859
Market cap SARbn	1.79
Closing share price	SAR 54.35
Share price date	19 November 2026

Company profile

Armah develops and operates premium fitness clubs in Saudi Arabia through B_FIT and Optimo. B_FIT is the principal expansion platform, offering full-service fitness facilities. Optimo serves a more exclusive customer base, with higher membership prices and an emphasis on privacy and service. Armah operated 12 clubs at the end of FY2025.

Share price versus target

CLOSING SHARE PRICE
SAR 54.35

12-MONTH TARGET
SAR 100.00

84.0% capital upside, with a 0.0% forecast dividend yield. Our target rounds the 50% DCF / 50% comparable-company fair value blend. [1,14]

01 Investment thesis

Armah has established a profitable business at the premium end of Saudi Arabia's fitness market. Management aims to expand from 12 clubs at the end of 2025 to 50 by 2030. Success would transform the group's recurring revenue and earnings, provided the new locations generate attractive returns on capital.

The existing network provides a strong starting point. Revenue rose 27% to SAR 225 million in FY2025, with reported net profit of SAR 62 million and approximately 38,000 active members. Trading through September 2026 points to continued customer demand, although investment in growth is weighing on earnings.

Armah's founders have experience building large Saudi fitness networks, and its two brands address different parts of the premium market. B_FIT has broader appeal and higher member capacity; Optimo offers a more exclusive experience built around privacy and personalised service. That range gives Armah flexibility as it enters new catchment areas.

Saudi Arabia's push towards healthier lifestyles supports demand. More operators are also expanding, making site selection, service quality and customer retention increasingly important to the returns Armah can earn.

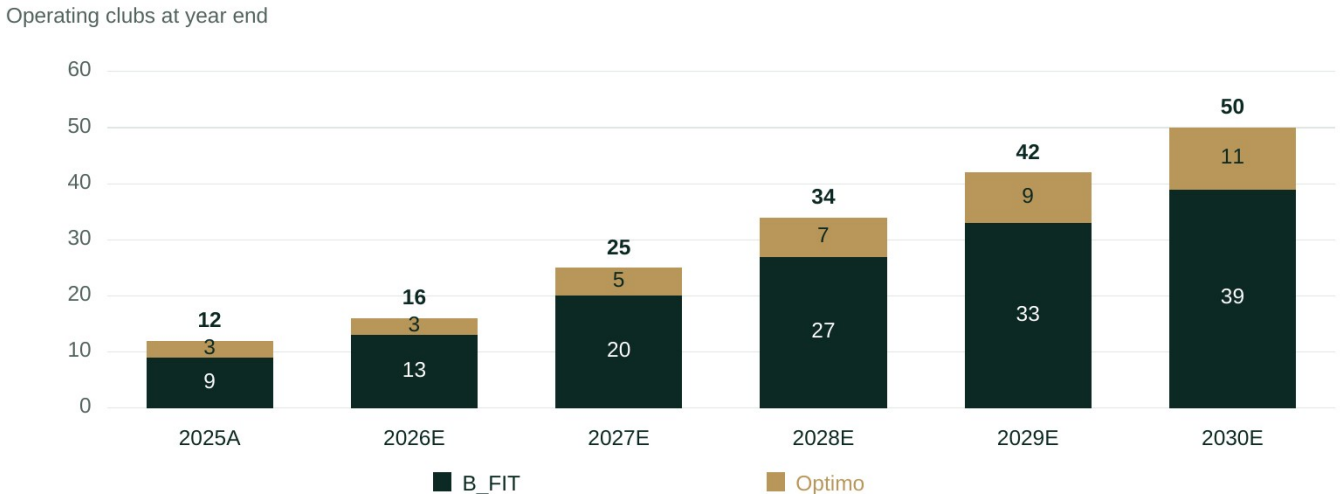
A much larger club network

We forecast 16 clubs at the end of 2026, compared with management's plan for 18, allowing for possible delays to late-year openings. The rollout then accelerates towards 50 clubs by 2030, comprising 39 B_FIT and 11 Optimo locations.

Armah can develop clubs directly or work with property partners that fund the building while it supplies the equipment and operating assets. Developer-funded facilities reduce upfront spending but carry ongoing rental commitments. The eventual mix will influence both funding needs and returns.

Management's development experience is an advantage. Delivering the programme will still require suitable sites, timely construction and financing that remains available as spending peaks.

Exhibit 1.1 | Armah club network, FY2025–FY2030



Source: Armah Sports FY2025 disclosures and Evermore Research model v24.18. A: actual; E: estimate.

New openings add capacity immediately, while staffing and occupancy costs precede a full membership base. As subscriptions build, well-located clubs can earn more from facilities already in place.

We forecast active members increasing from approximately 38,000 at the end of 2025 to 144,000 by 2030, supporting revenue of about SAR 965 million. Members joining in the later years of the rollout should also contribute to earnings growth beyond 2030.

After 2030, we assume one additional club annually through 2040. That slower pace of development should allow more of the network to mature and free up cash for debt reduction and reinvestment.

More revenue from existing members

Personal training and ancillary services give Armah another way to grow alongside its club network.

Personal training revenue rose 51% in FY2025 and 17% in the first nine months of 2026, showing that customers are willing to spend beyond their subscriptions.

A larger membership base expands the market for these services. Higher trainer utilisation could also improve the contribution from each club without requiring equivalent investment in new premises.

We forecast value-added services revenue reaching approximately SAR 200 million in FY2030, or around 21% of group sales. Staffing costs and trainer utilisation will determine how much of that revenue converts to profit.

This gives Armah a second earnings lever: greater spending within clubs already built, alongside revenue from new locations.

The financial rewards will take time

The near-term cost of expansion is substantial, with construction spending and financing requirements arriving before newer clubs reach mature membership levels.

We forecast approximately SAR 1.10 billion of cash capital expenditure between FY2026 and FY2030, including the announced Al Sahafah land acquisition. Property partners can reduce the immediate cash requirement at some sites, although Armah takes on rent in exchange.

We expect net profit to decline to approximately SAR 52 million in FY2026 before recovering to SAR 190 million in FY2030. New clubs initially depress reported profitability as operating, depreciation and financing costs precede their full revenue contribution.

Cash flow should strengthen as the network matures. We forecast economic free cash flow of negative SAR 109 million in FY2027, turning positive in FY2028 and reaching approximately SAR 232 million by FY2030.

As the first wave of clubs establishes its membership base and development spending eases, Armah should be able to direct more cash towards its borrowings, existing facilities and subsequent growth.

The investment case is sensitive to construction costs, opening dates and the speed of member recruitment. Continued access to funding will be essential during the busiest development years.

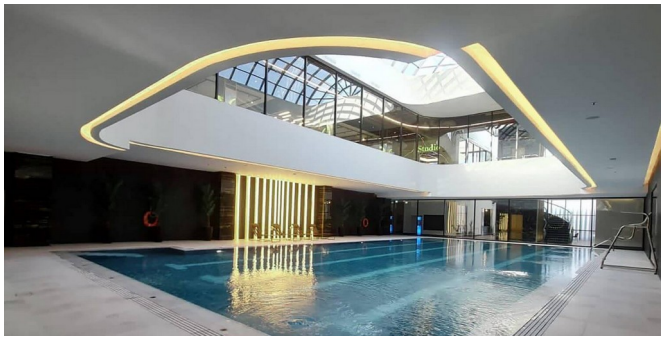
Armah combines an established premium offering, a supportive Saudi fitness market, and a much larger potential earnings base. Execution over the next few years will determine how much of that value reaches shareholders.

We initiate coverage with a Buy recommendation and a SAR 100 price target, reflecting the long-term cash-generation potential of the expanded network.

Exhibit 1.2 | Inside Armah's premium fitness brands



B_FIT



Optimo

Source: Shed, B_FIT and Optimo project galleries (shed.design).

02 Business overview and club economics

Armah operates two premium fitness brands in Saudi Arabia. B_FIT serves a broader customer base, while Optimo offers greater privacy and exclusivity at a higher price point. Their different capacities, development costs and revenue potential shape the economics of the rollout.

Founded in 2019, Armah has established a presence in Riyadh and Jeddah. At the end of 2025, it operated 12 clubs, comprising nine B_FIT locations and three Optimo facilities, with approximately 38,000 active members across the network.

Chairman Abdulmohsen Alhagbani founded Bodymasters in 1994, with his younger brother Fahad, Armah's current CEO, subsequently joining the business. Together, they expanded Bodymasters to 13 clubs before establishing Fitness Time. Its first club opened in 2007, and the network reached approximately 150 locations by the time parent company Leejam Sports listed in 2018. Fahad served as CEO during the three years leading up to the listing.

They subsequently established Armah around a more premium proposition, combining high-quality facilities with technology and personalised services. B_FIT and Optimo reflect that strategy.

The founders' experience in site development and running a large network strengthens Armah's ability to execute. Its premium formats nonetheless bring higher capital requirements and service expectations than their previous businesses.

Two brands with different economics

B_FIT is Armah's main expansion platform, offering modern equipment, group classes and personal training to a relatively broad premium customer base.

Its larger capacity allows fixed costs to be spread across more memberships as a club becomes established. Maintaining that capacity advantage requires consistent service and competitive facilities.

Optimo serves customers seeking greater privacy, exclusivity and personalised attention. Membership revenue per customer is higher, but clubs accommodate fewer people and require more investment upfront.

We estimate FY2025 annual membership revenue per member at approximately SAR 9,200 for Optimo, compared with SAR 5,000 for B_FIT.

Optimo's higher prices therefore need to compensate for a smaller membership base and a more expensive development. The return on an individual club depends on utilisation and the total capital committed.

We expect B_FIT to lead the rollout, reflecting its larger addressable market. Optimo adds exposure to a more exclusive segment where returns will depend on disciplined site selection and sustained premium pricing.

How Armah generates revenue

Subscriptions accounted for approximately 86% of FY2025 revenue, with personal training and other services supplying the balance.

Exhibit 2.1 | FY2025 revenue breakdown

Revenue stream	Revenue (SARm)	Share
Membership subscriptions	193.7	86%
Personal training	~25	11%
Other ancillary services	~6	3%
Total revenue	**224.9**	**100%**

Source: Armah Sports FY2025 disclosures. Figures rounded.

Advance membership payments support working capital, while deferred revenue reflects Armah's obligation to provide services throughout the subscription period. Maintaining strong renewal rates will depend on club quality and consistent service.

Personal training increases spending within existing clubs and can improve returns on facilities already built. Its contribution depends on trainer utilisation and staffing costs. The businesses reinforce one another, as more members create demand for training and a stronger service offering encourages renewals.

Why a club becomes more profitable as it matures

A new club carries staffing and premises costs from opening day, while its membership base takes time to build. Successful locations earn stronger margins as more subscriptions contribute towards those costs.

B_FIT and Optimo have different capacities and membership profiles. B_FIT's broader customer base can support faster recruitment. Optimo relies on fewer customers paying significantly higher prices, placing greater weight on local purchasing power. Both formats need sufficient membership revenue to cover operating costs and the capital invested, with actual performance varying by location and competition.

Depreciation, rent, and financing expenses begin before clubs reach normal utilisation, so reported profits can lag membership progress. As the network grows, results will reflect a mix of established clubs, recent openings, and developments still underway.

The way a club is developed changes its financial returns

At traditionally funded sites, Armah carries most construction, fit-out, and equipment costs, using operating cash and bank borrowing. At developer-funded sites, a property partner meets much of the building cost, while Armah supplies the operating equipment and leases the completed facility.

Developer funding can ease the initial cash requirement and support a broader rollout, in exchange for recurring rent. Direct development commits more capital upfront but may leave greater cash flow once a club matures. The eventual mix should be judged on returns after construction spending, rent, and financing over the life of each location.

Equipment replacement, maintenance, and refurbishment will require recurring investment as facilities age and premium customers expect them to remain current. Our forecasts allow for that spending alongside new development when assessing cash available for growth and debt reduction.

03 Saudi fitness market and competition

Saudi Arabia's fitness industry is expanding quickly, attracting both new members and fresh investment in clubs. Greater demand supports Armah's rollout, while stronger competition raises the standard it must meet.

B_FIT and Optimo target customers prepared to pay for facilities, privacy and service. Protecting that position will depend on club quality and member retention as the market becomes more crowded.

A market with considerable room to grow

CAA Portas forecasts Saudi fitness revenue growing around 15% annually to 2030. Low membership penetration and a young population leave room for operators that can offer convenient, well-run clubs, although competitors are investing to capture the same demand.

Exhibit 3.1 | Saudi Arabian fitness market

Market measure	2025	2030 forecast
Industry revenue	SAR 8.5bn	SAR 17.0bn
Fitness facility members	2.1m	More than 3.5m
Fitness facilities	1,881	More than 2,700
Membership penetration	7.4%	—

Source: CAA Portas, as published in the Health & Fitness Association's 2026 Global Report, Saudi Arabia chapter. External industry estimates and forecasts. Full source details: https://www.healthandfitnessbusiness.org/2026-global-report/middle-east-saudi-arabia

Vision 2030 supports that opportunity through investment in sport, recreation, and healthier lifestyles, encouraging more people to exercise regularly.

According to the General Authority for Statistics, 59.1% of Saudi adults undertook at least 150 minutes of physical activity per week in 2025, compared with 58.5% in 2024. The government's target is 64% by 2030.

Armah must convert that interest into paying memberships through service quality, convenience, and a club experience that justifies its premium pricing.

Women's fitness is becoming a larger market

Women's participation remains below men's: the 2025 survey found that 43.1% of adult women met the recommended activity level, compared with 66.5% of men.

Commercial demand is already growing. Leejam reported 19% year-on-year revenue growth from women's centres in the June 2026 quarter, compared with around 3% from men's centres.

That gap suggests women's fitness could become an increasingly significant source of sales for established operators.

Armah can participate through its women's B_FIT and Optimo locations, where privacy, high-quality facilities and individual training can support premium pricing.

Site economics will remain decisive as other operators compete for the same customers.

Competition is growing alongside demand

Competition is intensifying across Saudi Arabia's fitness market, from established national networks to expanding value operators.

Leejam Sports remains the largest listed operator. At the end of 2025, it operated 239 centres and studios across Saudi Arabia and the UAE, including 219 Fitness Time gyms, and reported approximately 468,000 members. Its scale gives it considerable brand recognition, established operating infrastructure and experience developing clubs across different locations.

Armah's founders helped build Fitness Time, giving them deep knowledge of their largest listed competitor. Their new business must now compete against that operator's scale and brand recognition.

Other operators are also expanding. KUN Sports has developed a substantial presence through its iN2 Fitness brand, while Sport Clubs Company operates the established Body Masters and Body Motions chains. International and regional operators, including PureGym and GymNation, are adding further choice, especially for customers seeking affordable access to fitness facilities.

Growth is strongest at different ends of the market. CAA Portas reports momentum in lower-cost gyms and differentiated premium concepts, with greater pressure on traditional mid-market offerings.

Armah's competitive advantage depends on consistently good facilities, classes, trainers, privacy, and service.

That advantage requires continuing investment. Competitors can refurbish clubs, improve their services or discount memberships, and premium customers have high expectations.

There are already signs that increased competition is affecting established operators. Leejam reported a 1% decline in like-for-like centre revenue during FY2025, citing stronger competition alongside temporary refurbishment closures and local operating disruptions.

Leejam continued expanding through new openings, even as like-for-like centre revenue declined. Its experience shows how strong market growth can coexist with pressure at individual locations.

As Armah grows, some new sites may also draw members from existing clubs. Catchment quality and local competition will be more important than the national growth rate alone.

Armah must grow faster than the wider market

Armah's rollout implies a significant gain in market share.

FY2025 revenue of SAR 225 million represented around 2.6% of the estimated SAR 8.5 billion Saudi fitness market.

At our forecast FY2030 revenue of SAR 965 million, Armah would account for around 5.7% of the SAR 17 billion industry projected by CAA Portas. The comparison is indicative because industry and company revenue definitions can differ.

That increase is achievable if the planned 50-club network attracts sufficient members. Armah is expanding from a small base, giving individual new openings a meaningful effect on group sales.

Riyadh and Jeddah offer substantial demand, alongside intense competition. Other cities may have fewer established clubs but a smaller pool of customers willing to pay premium prices.

The quality of each catchment, the cost of development and local purchasing power will ultimately determine returns.

04 Financial forecasts and earnings outlook

Revenue should grow rapidly as new clubs open. Earnings will follow a less even path as each site carries operating, depreciation and financing costs before its membership base is established.

We forecast FY2030 revenue of approximately SAR 965 million and net profit of SAR 190 million. The extent of that earnings growth depends on the pace of member recruitment and the returns achieved across the rollout.

The latest results provide a starting point

Q3 revenue rose 9.7% to SAR 66.3 million and operating profit fell 9.9% to SAR 19.1 million. Reported net profit declined 12.0% to SAR 15.2 million, while adjusted profit rose 6.3% to SAR 18.3 million, excluding transfer costs.

The nine-month comparison was affected by one-off items. Reported net profit fell 11.8% to SAR 39.4 million, while adjusted net profit, excluding the prior-year sublease gain and SAR 4.2 million of Main Market transfer expenses, increased approximately 24% to SAR 43.6 million.

Personal training revenue rose 17% over the nine months and deferred membership revenue increased 17% year on year, supporting a healthier view of demand than the headline profit decline suggests.

We forecast FY2026 revenue of SAR 250 million and net profit of SAR 52.1 million. The fourth quarter requires about SAR 70 million of revenue and SAR 12.7 million of net profit. Two expected club openings could slip into early 2027. Excluding transfer costs, our FY2026 adjusted profit estimate is SAR 56.3 million versus FY2025's SAR 53.2 million.

Membership growth drives the revenue outlook

The network is forecast to grow from 12 clubs in FY2025 to 25 in FY2027, 34 in FY2028 and 50 in FY2030.

A new club adds capacity on opening, but its sales contribution builds over successive membership periods. Sites opened late in the year contribute less initially, while earlier openings continue to gain traction.

Our forecasts reflect those different starting points and the distinct membership characteristics of B_FIT and Optimo.

We forecast membership revenue increasing from SAR 194 million in FY2025 to SAR 765 million in FY2030, driven mainly by the larger club network and higher membership numbers.

We expect approximately 144,000 active members at the end of FY2030. Average paying membership is lower, at around 128,800, because new sites continue opening and recruiting throughout the year.

That leaves scope for further subscription growth in FY2031 as the most recent openings contribute a full year of trading.

Our forecasts include annual growth of approximately 2% in revenue per member. The principal drivers remain membership recruitment and retention.

Personal training adds to revenue growth

A growing membership base should also lift demand for personal training and ancillary services.

Personal training sales rose 51% in FY2025 and another 17% in the first nine months of 2026. The established service offering gives Armah room to increase customer spending as more members join.

We forecast value-added services revenue per member growing approximately 12% annually, supported by broader uptake and improved utilisation.

This takes value-added services revenue from SAR 31 million in FY2025 to approximately SAR 200 million in FY2030, or around 21% of group revenue.

The resulting profit contribution will depend on the cost and productivity of trainers.

Exhibit 4.1 | Evermore Research financial forecasts

SAR million, unless stated	2025A	2026E	2027E	2028E	2029E	2030E
Year-end clubs	12	16	25	34	42	50
Membership revenue	193.7	212.7	299.4	445.3	599.1	765.4
Value-added services	31.2	37.3	59.3	97.2	142.9	199.9
Total revenue	224.9	250.0	358.7	542.5	742.0	965.3
EBITDA after economic rent	n.a.	n.a.	135.7	198.2	268.8	366.8
Net profit	62.0	52.1	59.9	79.1	119.4	190.4
Cash capital expenditure	n.a.	173.6	260.9	215.7	253.9	198.1
Economic free cash flow	n.a.	n.a.	(109.3)	42.4	75.4	231.7

Source: Evermore Research financial model v24.18. EBITDA after economic rent deducts cash rental costs and is not equivalent to IFRS-reported EBITDA. Economic free cash flow is measured after economic rent, working capital, cash zakat and capital investment, before financing flows.

FY2026 revenue and earnings combine publicly reported nine-month figures with independent fourth-quarter estimates. Annual economic free cash flow is shown from FY2027, when the fully integrated cash-flow schedule begins.

Why profits will take longer to emerge

Reported profit should recover as new clubs attract members, although investment costs will weigh on the early years. After an estimated SAR 52 million in FY2026, we expect earnings to move above the FY2025 level in FY2028 and reach SAR 190 million by FY2030.

As subscriptions build, more revenue flows across a largely established club cost base. The earnings improvement should continue beyond 2030 as the final wave of openings matures.

Developer-funded clubs reduce construction spending but add rent. We therefore assess operating performance after cash rental payments, keeping that recurring obligation visible alongside the growth in earnings.

On that basis, EBITDA after economic rent increases from approximately SAR 136 million in FY2027 to SAR 367 million in FY2030.

The corresponding margin remains close to 38% across those years. Further gains depend on utilisation and cost discipline as the network matures.

By FY2036, with 56 clubs, we forecast approximately SAR 642 million of EBITDA after cash rent and a margin of about 42%. That improvement is driven mainly by the maturation of clubs opened during the principal rollout.

Paying for the expansion

Financing the rollout is Armah's immediate challenge.

We forecast approximately SAR 1.10 billion of cash capital expenditure over FY2026–FY2030, including the announced Al Sahafah land acquisition. Annual spending peaks at roughly SAR 261 million in FY2027, while significant commitments continue through 2030.

Operating cash from existing clubs will help fund the programme, but the scale of construction requires external capital.

Property partners can finance the buildings at selected sites, reducing Armah's immediate construction burden in exchange for longer-term rental obligations.

Bank borrowings are forecast to reach approximately SAR 349 million at the end of FY2027 before falling to SAR 67 million by FY2030. The peak funding requirement may arise between reporting dates, so year-end debt does not capture the full liquidity risk.

Our base case assumes Armah can obtain additional bank capacity or adjust the timing and funding mix of future clubs. Facilities beyond those already evidenced remain uncommitted, leaving the cost and availability of capital as important execution risks.

Opening delays could add to that pressure, tying up cash in projects that have yet to generate membership revenue.

Earlier openings should gradually contribute more cash towards later developments. The pace of that improvement will influence how much external funding Armah ultimately needs.

When the investment starts generating cash

We forecast economic free cash flow of negative SAR 109 million in FY2027 during the most intensive construction phase, improving to positive SAR 42 million in FY2028.

Cash generation should strengthen as earlier openings build memberships, although commitments to later sites will continue to make annual cash flow uneven.

By FY2030, we forecast economic free cash flow of approximately SAR 232 million, even after continued investment in new clubs and existing facilities.

The FY2030 forecast includes approximately SAR 198 million of capital expenditure and SAR 109 million of fixed lease payments. Improving cash generation should leave Armah better placed to reduce debt without halting expansion.

Further benefits should follow as the final openings mature and their memberships contribute over a full year.

Beyond 2030, we assume one additional club annually, taking the network to 56 in FY2036. Revenue is forecast to reach approximately SAR 1.52 billion and EBITDA after cash rent SAR 642 million that year. Both are Evermore Research estimates beyond management's stated 50-club objective.

05 Valuation

Both of our valuation approaches indicate substantial upside. The discounted cash flow (DCF) analysis gives SAR 93.44 per share, while the listed-peer approach gives SAR 107.19. Equal weighting produces a fair value of SAR 100.31 and a rounded price target of SAR 100.

The DCF captures the cash Armah could generate as its network matures. The peer analysis provides a market-based test of that value, although both depend on successful execution of the rollout.

Valuing Armah's future cash flows

Our DCF projects operating cash flows through FY2036 and values a more mature 56-club network thereafter. It incorporates the investment needed to maintain those facilities and values the finite financial sublease receivable separately.

The valuation reflects cash rent, equipment replacement, refurbishment and recurring capital expenditure, which will remain necessary as Armah's network ages.

We apply a 10.5% weighted average cost of capital and 2.0% perpetual growth rate. Cash zakat and working-capital requirements are included in the projected cash flows.

The approach gives an operating value of approximately SAR 3.28 billion before the sublease asset and opening net bank debt adjustments. The resulting equity value is SAR 3.07 billion, or SAR 93.44 per share.

Exhibit 5.1 | DCF enterprise-to-equity bridge

Component	SAR million
PV of FY2027–FY2036 economic cash flow	1,451.9
PV of operating terminal value (FY2036)	1,825.9
PV of finite sublease receivable after FY2036	16.1
Opening bank debt less excess cash	(223.6)
Attributable equity value	3,070.4
Shares outstanding (million)	32.859
DCF value per share	SAR 93.44

Source: Evermore Research integrated model v24.18. DCF deducts projected 31 December 2026 bank debt of SAR 223.6m, excluding the SAR 35m operating cash reserve from excess cash. Cash rent is reflected in operating cash flow.

What listed fitness operators tell us

We benchmark Armah against Leejam Sports, Life Time Group Holdings and SATS ASA.

Leejam is the closest geographic comparison, Life Time provides exposure to the premium US market, and SATS operates a substantial Nordic fitness network. Together, they offer a range of established club economics and public-market valuations.

We give Leejam a 50% weight and Life Time and SATS 25% each. Differences in markets, club formats and lease accounting limit direct comparability, so the resulting valuation serves as a cross-check on the DCF.

Exhibit 5.2 | Selected listed fitness operators

Company	LTM EV/EBITDA after rent	Weight	Implied Armah value
Leejam Sports	8.02x	50%	SAR 95.60
Life Time Group Holdings	12.44x	25%	SAR 127.39
SATS ASA	10.05x	25%	SAR 110.18
Weighted valuation	9.64x	100%	SAR 107.19

Source: Evermore Research frozen integrated model v24.18 and listed-peer market information, 16 November 2026. Multiples are LTM cash-rent-adjusted EV/EBITDA; enterprise values exclude operating lease liabilities. Leejam cash rent uses a half-year annualisation proxy; peer definitions vary.

Applying the selected sector multiples to forecast FY2036 EBITDA after cash rent of approximately SAR 642 million produces a higher terminal value than the DCF's cash-flow-based perpetuity. That premium depends on Armah delivering the forecast club economics and retaining a comparable market rating.

The comparison has limits. Leejam's cash rent uses an annualised half-year proxy, while Life Time's adjusted earnings include different add-backs. The peer value supports the investment case, with greater exposure to market multiples than the DCF.

Bringing the valuations together

We weight discounted cash flow and the listed-peer valuation equally. The blend balances Armah's long-term cash potential against the multiples investors currently pay for fitness operators.

Exhibit 5.3 | Evermore Research valuation summary

Method	Fair value per share	Weight
Discounted cash flow	SAR 93.44	50%
Comparable companies	SAR 107.19	50%
Blended fair value	SAR 100.31	100%
12-month price target (rounded)	SAR 100.00	

Source: Evermore Research frozen integrated model v24.18. The target is rounded from the equal-weighted SAR 100.31 fair value to the nearest SAR 5 increment.

Our SAR 100 target implies 84.0% capital upside from the SAR 54.35 closing share price. We forecast no dividends over the coming twelve months.

How sensitive is our valuation?

The valuation is sensitive to discount rates and long-term growth. The blended fair value falls to approximately SAR 92.84 under an 11.0% cost of capital and 1.5% perpetual growth, and rises to SAR 109.28 at 10.0% and 2.5%, respectively.

Beyond those financial inputs, the largest operating sensitivities are membership growth, club profitability, rent and the capital needed to sustain the network.

06 Investment risks

The principal risk is that Armah expands successfully in number but earns less than expected from each new club. The investment case depends on attractive returns across the enlarged network, not the opening count alone.

Expanding without compromising club economics

Opening several clubs simultaneously creates pressure on contractors, permitting, recruitment and management capacity. Delays or higher building costs could weaken returns before a new site begins trading.

Repeated opening delays would be more damaging than an isolated setback, especially if capital remains tied up in unfinished projects.

Site selection will be equally important. Premium memberships require sufficient local demand and purchasing power; a weak catchment can burden returns for years.

Management has experience building large networks, but Armah has yet to execute a rollout of this scale under its current brands.

Membership growth and retention

Our forecasts rely on new clubs attracting and retaining substantial paying memberships, including in areas where the brands are less established.

New competitors and lower-cost alternatives may slow recruitment or put pressure on renewal prices.

Armah may need to spend more on customer acquisition. Some new sites could also draw members from existing clubs, reducing net growth across the network.

Retention will be central to profitability. With much of a club's cost base fixed, a sustained membership shortfall would quickly reduce operating leverage.

Premium pricing also depends on maintaining a club experience that customers feel is worth renewing.

Financing the expansion

Armah will require external capital to complete its development programme. Availability of bank credit, borrowing costs and the timing of construction payments will affect liquidity.

If lenders restrict new credit or increase pricing, Armah may need to delay projects or alter its funding mix, potentially lowering the earnings contribution from new openings.

Developer-funded clubs reduce upfront spending but create fixed rental commitments that continue even when membership growth disappoints.

Multiple delays could increase the time between construction payments and membership receipts, compounding funding pressure.

Personal training and ancillary spending

We expect personal training and ancillary services to support growth, but uptake and trainer productivity may differ by club.

Our 12% annual value-added services growth assumption per member could prove demanding as the network matures.

These services are discretionary. Members facing financial pressure may cut training sessions before cancelling subscriptions.

Lower utilisation or higher staffing costs would reduce the profit contribution even if training revenue continues to grow.

Operating costs and the need for reinvestment

Membership growth should help spread staffing and facility costs across more customers. Higher wages, staffing needs, rent or maintenance spending could prevent that operating leverage from emerging.

Premium facilities require recurring reinvestment. Equipment replacement and refurbishment could cost more, or fall due sooner, than our forecasts assume.

That would reduce cash available for debt reduction and future development, even without a similar effect on reported operating earnings.

Operational and regulatory risks

Armah must preserve its service standards as the network expands. Recruiting good managers and trainers, maintaining equipment and delivering a consistent member experience will become more demanding.

Safety incidents, prolonged closures or a loss of customer data could damage confidence in brands that command premium fees.

Licensing, workforce localisation and health and safety obligations could also affect costs and opening timetables.

Long-term valuation uncertainty

A substantial proportion of the valuation rests on cash generation beyond 2030. Its durability depends on club economics remaining attractive once the network reaches a much larger scale.

Changes in long-term membership, pricing, costs or reinvestment needs would accumulate over time. Our assumption of further club openings after 2030 also extends beyond management's announced target.

Market multiples provide a second source of uncertainty. A lower valuation for listed fitness businesses could reduce Armah's share-price potential even if its own operations perform as expected.

Exhibit 6.1 | Key indicators to monitor

Risk area	Indicators to monitor
Club rollout	Actual openings versus forecast, construction progress, and delays
Membership performance	Active members, renewals, and membership revenue
Development costs	Capital expenditure, development funding mix, and lease commitments
Financing	Borrowings, available committed facilities, and cash generation
Club profitability	Operating margins, value-added services growth, and reinvestment requirements

Source: Evermore Research.

07 Integrated financial statements

The following statements bring together our operating forecasts, capital spending, leases and financing assumptions. FY2026 earnings incorporate reported nine-month results and a forecast final quarter; the integrated balance sheet and cash-flow projections begin in FY2027.

Exhibit 7.1 | Income statement

SAR million	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Revenue	250.0	358.7	542.5	742.0	965.3
Cash operating costs	(127.4)	(187.0)	(282.3)	(382.8)	(489.2)
EBITDA before fixed rent	122.6	171.7	260.2	359.1	476.1
Physical and software depreciation	(38.2)	(46.4)	(73.7)	(99.9)	(127.8)
Right-of-use depreciation	(10.5)	(16.2)	(28.3)	(39.6)	(46.6)
Operating profit	73.9	109.1	158.2	219.7	301.6
Net financing expense	(20.1)	(47.1)	(76.0)	(96.0)	(105.5)
Profit before zakat	53.7	61.9	82.2	123.7	196.1
Zakat	(1.6)	(2.1)	(3.1)	(4.3)	(5.7)
Net profit	52.1	59.9	79.1	119.4	190.4
Memo: EBITDA after cash rent	n.a.	135.7	198.2	268.8	366.8

Source: Evermore Research frozen integrated model v24.18. FY2026E combines reported nine-month results and a forecast fourth quarter. FY2027–FY2030 are integrated projections. EBITDA before fixed rent includes lease-accounting effects. Cash rent is deducted in the memo line, and expenses appear in parentheses. FY2026 cash operating costs include Main Market transfer expenses. Later periods reflect their respective modelled operating costs. Forecast zakat is based on our estimated assessment base. Actual liabilities may differ from these projections.

Operating cash flow follows IFRS 16 presentation, with fixed lease payments classified separately in financing activities. Our economic free cash flow measure deducts those lease payments when assessing cash generation.

Exhibit 7.2 | Economic free cash flow used in our forecast (SAR million)

SAR million	FY2027E	FY2028E	FY2029E	FY2030E
Economic free cash flow	(109.3)	42.4	75.4	231.7

Source: Evermore Research frozen integrated model v24.18. Economic free cash flow includes fixed cash rent, capital expenditure, working capital and modelled cash zakat. The fully integrated projected economic free cash-flow series begins in FY2027; FY2026 annual economic free cash flow is not shown.

Exhibit 7.3 | Balance sheet

SAR million	FY2027E	FY2028E	FY2029E	FY2030E
Cash and cash equivalents	35.0	35.0	35.0	35.0
Other assets incl advances	57.8	63.2	70.6	80.3
Construction in progress	68.2	70.4	76.0	37.9
Land and operating property	411.6	411.6	411.6	411.6
Net other physical and software assets	619.5	759.3	907.7	1,016.2
Right-of-use assets	383.8	678.7	848.0	926.9
Financial sublease investment	64.5	63.1	61.6	60.0
Total assets	1,640.5	2,081.3	2,410.5	2,567.8
Bank borrowings	348.7	331.0	279.0	67.1
Lease liabilities	489.7	806.3	1,001.5	1,107.6
Deferred revenue and other liabilities	138.0	200.7	267.4	340.1
Total liabilities	976.3	1,338.0	1,547.9	1,514.8
Share capital and historical reserves	591.6	591.6	591.6	591.6
Retained earnings	72.6	151.6	271.0	461.4
Total shareholders' equity	664.1	743.2	862.6	1,053.0
Total liabilities and equity	1,640.5	2,081.3	2,410.5	2,567.8

Source: Evermore Research frozen integrated model v24.18. FY2027–FY2030 forecast balances reconcile to their corresponding profit, capital, borrowing and lease schedules. The company's November land acquisition is included in forecast property assets. Cash reflects a SAR35 million analyst liquidity floor and borrowing requirements are conditional.

Exhibit 7.4 | Cash flow statement

SAR million	FY2027E	FY2028E	FY2029E	FY2030E
Operating cash flow	182.0	314.4	414.1	533.4
Cash capital expenditure	(260.9)	(215.7)	(253.9)	(198.1)
Financial sublease collections	5.6	5.6	5.6	5.6
Investing cash flow	(255.3)	(210.0)	(248.3)	(192.5)
New bank borrowings (conditional)	147.5	17.2	0.0	0.0
Scheduled bank principal repayment	(22.4)	(34.9)	(33.1)	(27.9)
Additional bank principal repayment	0.0	0.0	(18.9)	(184.0)
Bank interest paid	(15.8)	(24.7)	(23.5)	(19.8)
Fixed lease cash payments	(35.9)	(62.0)	(90.3)	(109.2)
Financing cash flow	73.4	(104.3)	(165.8)	(340.9)
Net change in cash	0.0	0.0	0.0	0.0
Opening cash	35.0	35.0	35.0	35.0
Closing cash	35.0	35.0	35.0	35.0

Source: Evermore Research frozen integrated model v24.18. Funding proceeds are analyst forecasts, not committed lender facilities. Sublease receipts are finite and modelled separately from perpetual operating cash flow. Lease cash outflows are shown as financing cash flows for IFRS 16 presentation.

08 Sources

The financial forecasts and valuation in this report are Evermore Research estimates. Historical financial information, company operating data, market statistics and industry forecasts are drawn from the following sources.

[1] Evermore Research frozen integrated financial model v24.18. Three-statement forecasts and reconciliations, cash zakat, DCF, peer-exit valuation, and scenarios. Financial forecasts and valuation inputs remain frozen at v24.18. The publication share price was updated separately; see Source [14].

[2] Armah Sports FY2025 audited financial statements and annual results announcement. Page 6: audited operating profit and separate sublease gain; earlier announcement presentation and commentary.

[3] Armah Sports H1 2026 reviewed financial statements. Interim earnings, balance sheet, financing facilities, leases, and cash flow.

[4] Armah Sports 2026 transfer document. Members, clubs, brand positioning, operating arrangements, and company background.

[5] Armah Sports FY2025 annual report. Strategy, management commentary, and the 50-club objective.

[6] Health & Fitness Association, 2026 Global Report: Saudi Arabia, prepared by CAA Portas. Saudi market size, facilities, membership penetration, and forecasts through 2030.

[7] General Authority for Statistics, Physical Activity Statistics 2025. Saudi adult physical activity, including male and female participation.

[8] General Authority for Statistics, Health Determinants Statistics 2024. Saudi population health, obesity, and overweight prevalence.

[9] Saudi Vision 2030 Annual Report 2025. National physical activity and the government's 2030 target.

[10] Leejam Sports FY2025 results announcement. Fitness Time clubs, members, revenue growth, and like-for-like performance.

[11] Leejam Sports Q2 2026 results announcement. Operating performance and revenue growth in male and female centres.

[12] KUN Sports public company and brand information. KUN Sports and iN2Fitness positioning.

[13] Evermore Research comparable-company valuation analysis, 16 November 2026. Leejam Sports 50%, Life Time Group Holdings 25%, and SATS ASA 25%; LTM EV/EBITDA after cash rent, excluding lease liabilities. FY2036 exit value: SAR 107.19/share. Peer prices: 16 November 2026.

[14] Saudi Exchange historical share price data and independent market-data cross-checks. Closing share price: SAR 54.35; cross-checks: Stock Analysis and Investing.com's Saudi series; MarketScreener. Target SAR 100; upside/TSR 84.0%; forecast yield 0.0%.

[15] Armah Sports Q2/H1 2026 results announcement. Quarterly revenue, net profit, and personal training growth.

[16] Sport Clubs Company public issuer information. Ownership and positioning of Body Masters and Body Motions.

[17] Armah Sports Q3/9M 2026 financial statements and results announcement, October 2026. Q3/9M earnings, subscriptions, personal training, deferred membership revenue, and non-recurring expenses.

[18] SATS ASA Q3 2026 financial disclosures and current peer data. SATS disclosures with Leejam Sports and Life Time Group Holdings; 16 November 2026 prices. Accounting adjustments and peer normalisations are independent research estimates.

[19] Armah Sports Al Sahafah land acquisition announcement, November 2026. Public land acquisition: approximately SAR 59.2m including costs, reflected in forecast capital spending.

09 Research disclosures

Research independence and management access

Armah Sports provided management access in connection with this research. Evermore Research retains responsibility for the analysis, assumptions, forecasts, recommendation and valuation. Management access does not indicate that the company has approved or endorsed these conclusions.

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Holdings and conflicts

Neither Evermore Research nor the author holds shares in Armah Sports.

Sources and research assumptions

Company operating history, published announcements and the stated club development objective are drawn from public sources. Forecast site selection, financing, cash rent, cost of capital and valuations are independent estimates made by Evermore Research.

Our analysis of personal training and other value-added services relates to activities already disclosed publicly. The assumptions do not imply awareness of unannounced products, strategies or financial guidance.

Valuation and market data

Our valuation uses the SAR 54.35 closing share price. The price target of SAR 100.00 implies 84.0% capital upside and the same expected twelve-month total shareholder return at a 0.0% forecast dividend yield.

The valuation weights discounted cash flow and comparable-company exit value equally at 50% each, using a 10.5% discount rate and 2.0% perpetual growth rate. Peer valuation references Leejam Sports, Life Time Group Holdings and SATS ASA, with peer share prices at 16 November 2026.

Ratings and forward-looking information

Evermore Research assigns a Buy rating where the expected twelve-month total shareholder return is at least 15%, including any forecast dividends.

The forecasts in this report depend on assumptions concerning club openings, membership demand, pricing, operating expenses, capital expenditure, financing and other business conditions. Actual results may differ materially from these estimates.

The financial model does not assume dividend payments. Neither the price target nor the indicated upside represents a guaranteed return.

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