ARMAH Sports Co.

7 May 2026

INITIATION OF COVERAGE

We initiate coverage on Armah Sports Co. (Armah) with a 'Neutral' rating and a target price of SAR 66.5/share. Armah is a premium, technology-enabled gym operator positioned in the fastest-growing niche of the primary gym market, offering high-end fitness experiences through its B_Fit and Optimo brands. Its sector-leading growth profile is underpinned by strong demand and an expansion strategy that will increase its network from 12 clubs in 2025 to 50 by 2030f, driving a revenue CAGR of ~30% and net income CAGR of ~26% over 2025–2030f, the highest among its listed peers. The stock trades at a 2026f P/E of 31.9x, and P/B of 3.2x.

Premium positioning in a fast-growing niche segment. Armah operates in the premium primary gym segment through its B_Fit and Optimo brands, offering technology-enabled, high-end fitness experiences. While the premium segment represents only ~7% of the primary gym market, it is the fastest-growing niche, with demand expected to expand at a ~22% CAGR over 2024–2030f, materially outpacing the broader market which tends to grow with CAGR of ~12% during similar period. Strong demand has already translated into capacity constraints, waitlists, and subscription rationalization at selected clubs. To address this, Armah plans to expand its network from 12 clubs in 2025 to 50 by 2030f, supporting member growth to ~154k and underpinning a robust ~30% revenue CAGR over 2025–2030f.

Sector-leading earnings growth at 2025-2030f CAGR of 26%. Armah is set to be the fastest-growing gym operator among its listed peers, driven by a premium, technology-enabled operating model. We forecast revenues to grow at a ~30% CAGR over 2025–2030f, outpacing both Leejam and Sport Clubs. The revenue growth is supported by strong demand visibility, sustained capacity utilization, and ongoing network expansion. While Armah operates the smallest network in the sector, it already commands the highest gross margins and superior operational efficiency. Despite this rapid top-line growth, margins are expected to decline, reflecting the trade-off between newly opened clubs and maturing refurbished assets. Overall, net income is projected to grow at a 2025-2030f CAGR of ~26%, with net margins stabilizing from ~28% to ~20%, positioning Armah as a leader in both growth and profitability within the primary gym segment.

Strong balance sheet to support growth. Armah's strong balance sheet provides meaningful downside protection while supporting its high-growth strategy. The company operates with the lowest leverage among listed peers, with a debt-to-capital ratio of 43.7% in 2025, alongside the highest current ratio in the sector. Looking ahead, leverage is expected to increase to 54.9% by 2030f to fund new club openings. Consequently, cash per share is projected to decline from 2.5 in 2025 to 2.1 by 2030f, reflecting capital deployment toward expansion. However, rising operating cash flows from maturing clubs and the absence of a dividend payout policy are expected to partially offset balance sheet pressures.

Valuation: We value Armah using a FCFF approach with a 2.5% terminal growth rate and 8.3% WACC, resulting in a target price of SAR 66.5/share and a 'Neutral' rating. Although Armah exhibits the highest earnings growth among its peers, we believe much of this growth is already priced in, rendering the stock fairly valued at current levels.

Risk: Key risk to our thesis involves challenges in developing new clubs, including securing suitable locations, managing construction timelines, and controlling expenses. Operating costs may also rise due to change in interest rate and regional disruptions. In addition, the company faces rising competition and the risk of potential shifts in consumer affordability. Furthermore, Armah's geographic footprint remains narrow, with operations in Riyadh and Jeddah compared to peers with broader regional presence. However, company is looking forward to expand its footprint into Eastern Province.

RATING SUMMARY	NEUTRAL
Target Price (SAR)	**66.5**
Upside/Downside	10.0%
Div. Yield	-
Total Exp. Return	10.0%

Source: Company financials, anbc research

ISSUER INFORMATION	
Bloomberg Code	ARMAH AB
Last Price (SAR)	60.4
No of Shares (mn)	32.9
Market Cap bn (SAR/USD)	2.0/0.5
52-week High / Low (SAR)	94.0/58.0
12-month ADTV (mn) (SAR/USD)	0.6/0.1
Free Float (%)	59.58%
Foreign Holdings (%)	0.09%

Last price as of May 6th, 2026

VALUATIONS

	2025a	2026f	2027f	2028f
EPS (SAR)	1.9	1.9	2.7	3.4
PER (x)	32.0	31.9	22.1	17.5
PBV (x)	3.6	3.2	2.8	2.4
RoAE (%)	12.1	10.7	13.6	14.9
RoAA (%)	6.0	5.2	5.8	5.9

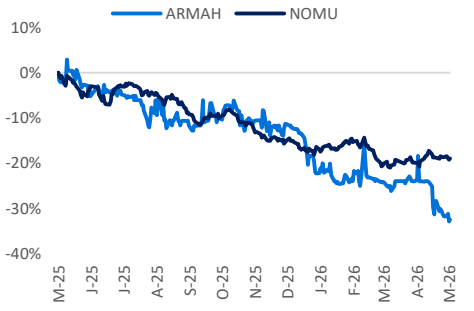
Source: Company financials, anbc research

FINANCIALS (SAR mn)

	2025a	2026f	2027f	2028f
Revenue	225	276	417	570
Gross Profit	111	134	190	254
EBITDA	124	130	166	220
Net Income	53	62	90	113

Source: Company financials, anbc research

RELATIVE PRICE PERFORMANCE



Source: Bloomberg, anbc research

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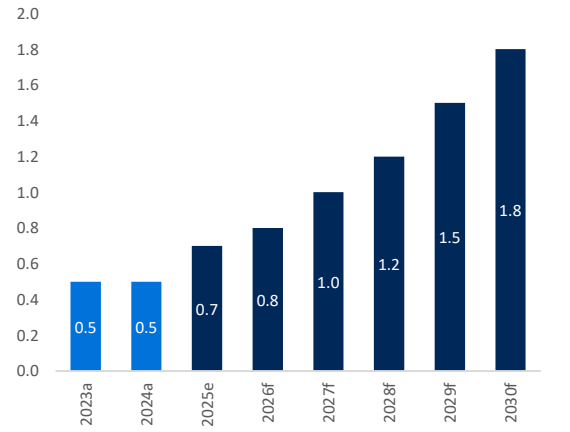
Investment Thesis

Premium positioning in a fast-growing niche segment

Armah Sports Company operates exclusively in the premium segment of the primary gym market, offering high-end, technology-led fitness experiences through its B_Fit and Optimo brands. The company's clubs integrate AI-powered coaching, smart fitness tracking, and immersive digital experiences. In 2025 Armah successfully handled more than 60% of call center interactions through AI. As of end-2025, Armah operated 12 premium gyms, with two facilities holding LEED Gold certification, making them the only fitness clubs of their kind in the Kingdom and reinforcing the brand's differentiation on quality, sustainability, and customer experience.

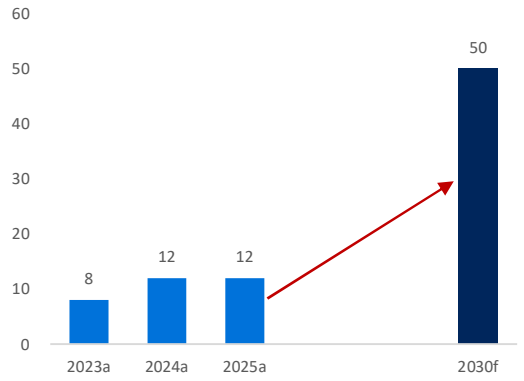
Although the premium segment represents a relatively small portion of the primary gym market, valued at approximately SAR 542 mn in 2024 and accounting for ~7% of total market size, it is projected to be the fastest-growing segment. The premium segment is expected to grow at a 2025–2030f CAGR of ~22%, significantly outpacing the overall primary gym market growth of ~12% over the same period. Strong demand dynamics are already evident with some Optimo clubs having waiting lists for up to 18 months. When memberships reopened, the waiting lists were quickly filled, and some clubs reached capacity again soon after. The company carefully controls the number of members by limiting new sign-ups or offering only longer-term plans in busy locations to maintain service quality. Overall, this indicates high demand, with several clubs operating near full capacity.

Chart 59: Premium market growth (SAR bn)



Source: Sport Clubs prospectus, anbc research

Chart 60: Total numbers of centers

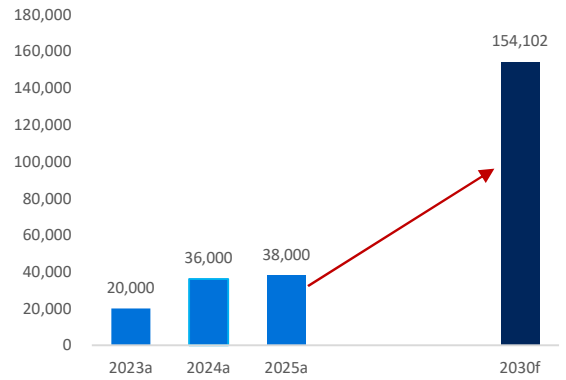


Source: Company financials, anbc research

In light of the rising demand, Armah's expansion plans are well timed. From a base of 12 clubs in 2025, the company plans to expand its network to 50 clubs by 2030f, supporting continued membership growth. Demand for niche, premium fitness offerings has already translated into strong member growth, with Armah's active members increasing by 80% YoY in 2024 and 6% in 2025, reaching ~38.0k members by year end. We expect this momentum to continue, with active members forecast to reach ~154K by 2030f.

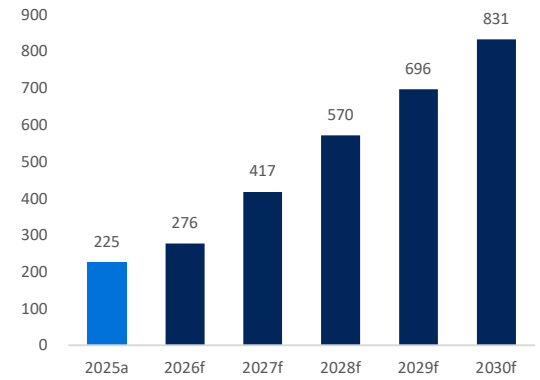
High demand, combined with rapid network expansion, is expected to drive revenue growth at a 2025–2030f CAGR of 29.9%. To support this rollout, we estimate total expansion capex of approximately SAR 1,444 mn over 2026f–2030f for the opening of 38 new clubs.

Chart 61: Total gym members



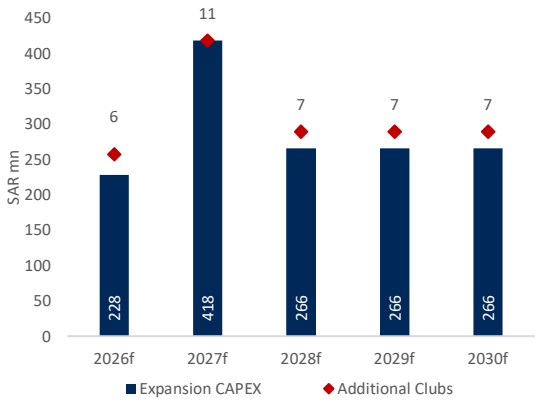
Source: Company financials, anbc research

Chart 62: Revenue growth (SAR mn)



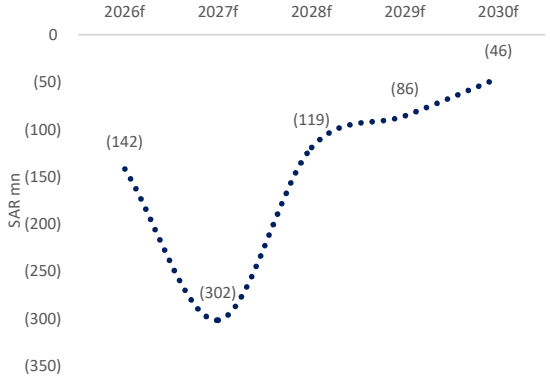
Source: Company financials, anbc research

Chart 63: Expansion CAPEX vs. additional gyms



Source: Company financials, anbc research

Chart 64: FCFF amid expansion



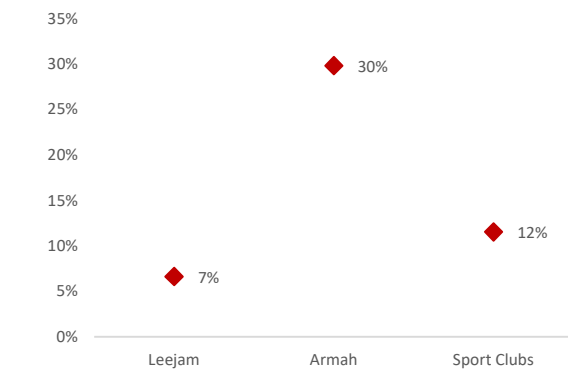
Source: Company financials, anbc research

Sector-leading earnings growth at 2025-2030f CAGR of 26%

Armah is set to deliver the fastest earnings growth among listed primary gym operators, underpinned by robust demand visibility and a disciplined expansion strategy. We project revenues to increase at a 2025–2030f CAGR of 30%, surpassing both Leejam and Sport Clubs. This growth is driven by sustained capacity utilization, premium pricing, and continued network expansion.

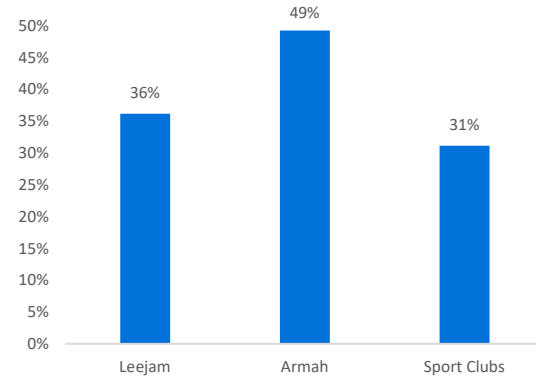
Despite this rapid top-line growth, margin expansion is expected to be gradual, reflecting the trade-off between newly opened clubs and maturing refurbished assets. Gross margins are forecast to normalize from ~49% in 2025 to ~45% by 2030f, as the ramp-up phase of new clubs temporarily limits operating efficiency. Notably, even with the smallest network among listed peers, Armah already commands the highest gross margins in the sector, highlighting the strength of its premium, technology-enabled operating model.

Chart 65: 2025-2030f revenue CAGR



Source: Company financials, anbc research

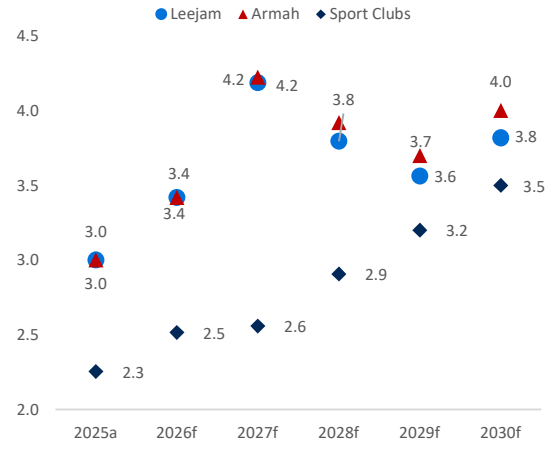
Chart 66: Gross margins 2026f



Source: Company financials, anbc research

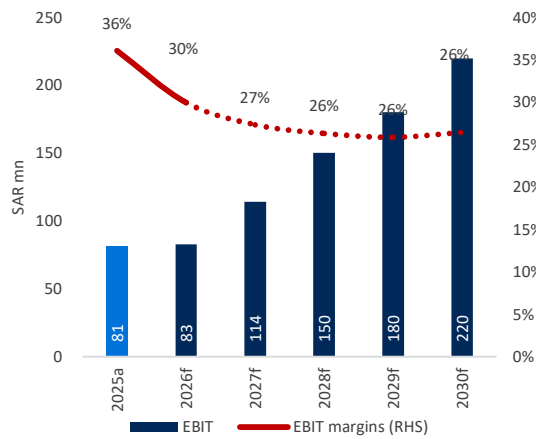
We expect EBIT to grow at a 25% CAGR over 2025–2030f, with margins expected to stabilize at 26% by 2030f. This operating leverage is projected to drive a substantial improvement in the EBIT/Interest coverage ratio, from 3.0x in 2025 to 3.8x in 2030f.

Chart 67: EBIT/interest to improve going forward



Source: Company financials, anbc research

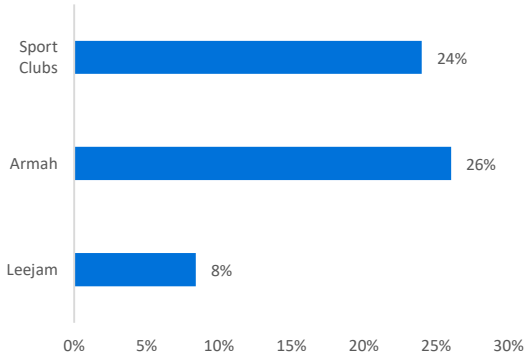
Chart 68: EBIT margins to come at 26% by 2030f



Source: Company financials, anbc research

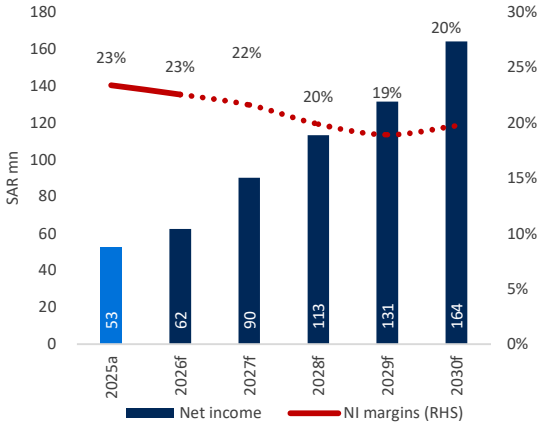
Overall, the rapid revenue growth and operating efficiency is expected to support 2025-2030f CAGR of ~26% adjusted net income (adjusted net income excludes gain on commencement of sublease and lease modification), with adjusted net margins normalizing from 23% to ~20%, positioning Armah to outperform peers in both top-line and bottom-line growth.

Chart 69: 2025-2030f net income CAGR



Source: Company financials, anbc research
Net incomes are adjusted for non-recurring items

Chart 70: Adjusted net income to grow

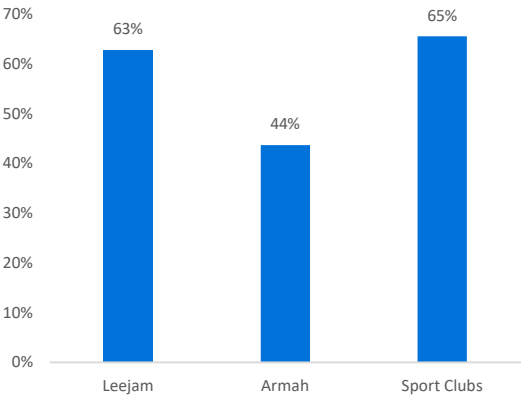


Source: Company financials, anbc research

Strong balance sheet to support growth

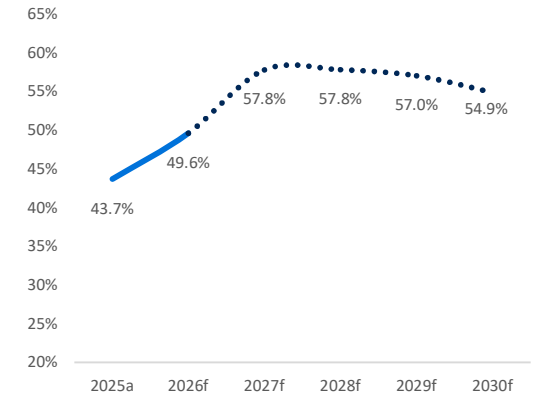
Armah maintains one of the strongest balance sheets among listed primary gym operators, providing both financial resilience and strategic flexibility. On a comparative basis, the company has historically operated with the lowest debt-to-capital ratio, a position that is expected to further improve over our forecast period. As of 2025, Armah's total debt stands at SAR 428 mn, representing 44% of total capital and 77% of equity, a manageable level given the company's strong earnings trajectory and margin profile.

Chart 71: Debt to capital ratio (DCR) 2025



Source: Company financials, anbc research

Chart 72: DCR* to normalize post expansion



DCR: Debt-to-Capital Ratio*
Source: Company financials, anbc research

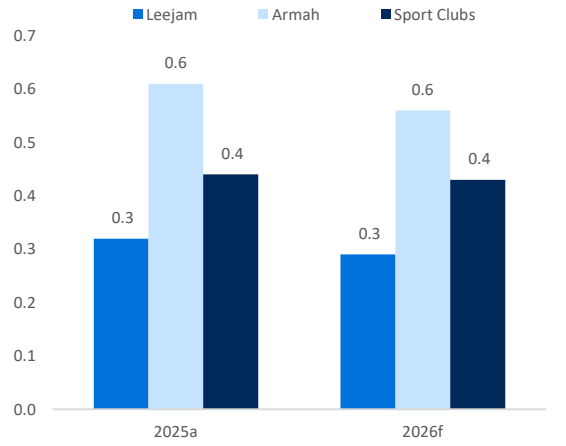
Armah's strong balance sheet provides meaningful downside protection while enabling the execution of its high-growth strategy. During 2025, company operates with the lowest leverage among listed peers, while also maintaining the highest current ratio of 0.61x in the sector, reflecting ample liquidity.

Looking ahead, leverage is expected to increase to 54.9% by 2030f, primarily to fund an accelerated pipeline of new club openings. As a result, cash per share is projected to decline from 2.5 in 2025 to 2.1 by 2030f, indicating the deployment of internal resources toward expansion. However, this impact is expected to be partly mitigated by rising operating cash flows from maturing clubs, which typically generate stronger and more stable cash

generation over time, as well as the absence of a dividend payout policy, allowing the company to retain earnings and support its growth initiatives.

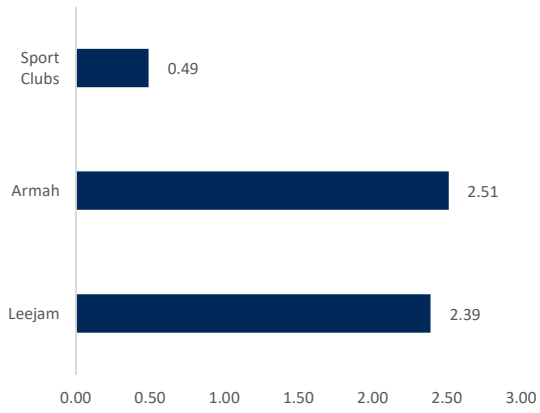
Overall, while balance sheet metrics are expected to normalize as expansion progresses, Armah is likely to retain sufficient financial flexibility to fund growth without materially compromising its financial stability.

Chart 73: Current ratio



Source: Company financials, anbc research

Chart 74: Cash per share 2026f (SAR)



Source: Company financials, anbc research

Valuation

We value Armah using the FCFF approach, incorporating a terminal growth rate of 2.5% and a WACC of 8.3%, which yields a target price of SAR 66.5/share. We maintain a 'Neutral' rating on the stock, implying a total upside of 10.0% from current levels. Although Armah exhibits the highest earnings growth among its peers, we believe much of this growth is already priced in, rendering the stock fairly valued at current levels. The stock currently trades at a premium 2026f P/E of 31.9x as compared to its peer, reflecting its higher growth profile, niche market positioning, and upcoming transition to the TASI market. The company does not currently have a dividend policy.

Valuation Table:

SAR MN	2027f	2028f	2029f	2030f	2031f
FCFF	(302)	(119)	(86)	(46)	236
Terminal Value					4,146
FCFF + Terminal	(302)	(119)	(86)	(46)	4,382
Discounted FCFF	**(279)**	**(102)**	**(67)**	**(33)**	**2,936**

Enterprise Value	2,455
Cash	83
Debt	(354)
Equity Value	2,184
Target Price	**66.5**

TP Sensitivity:

WACC \ Growth rate	1.5%	2.0%	2.5%	3.0%	3.5%
6.3%	92.8	106.3	123.2	145.2	175.0
7.3%	69.6	78.3	88.8	101.7	118.0
8.3%	53.4	59.4	66.5	74.8	85.0
9.3%	41.5	45.8	50.8	56.7	63.5
10.3%	32.4	35.7	39.4	43.6	48.4

ARMAH Company Overview

Armah Sports Company, launched in 2019, is a Saudi-based company engaged in construction, operation, management, and maintenance of fitness clubs for men and women in Saudi Arabia. Through its flagship brands Optimo and B_FIT, the company offers high-end, full-service smart clubs, combining advanced digital infrastructure with luxury hospitality-style environments. As of 2025, the company operated 12 fitness clubs across Riyadh and Jeddah, entertaining 38,000 members.

Fitness brands operated

The Company operates two smart fitness brands, Optimo and B_FIT, offering differentiated premium club concepts targeted at business-oriented and younger, lifestyle-driven customers, respectively.

B_FIT	OPTIMO
▪ Tech-enabled, full-service smart club	▪ Ultra-private, luxury smart fitness
▪ Designed for Gen Z	▪ Five-star hotel–level interiors
▪ Holistic total fitness experience	▪ Executive-focused holistic wellness

Source: Company prospectus, anbc research

Sources of revenue

Subscription and membership

Monthly subscriptions comprise fixed-term fitness membership packages offered in one-month, three-month, six-month, and twelve-month formats, each with predefined freeze allowances. Subscription revenues accounted for 86% of the total revenues and rose 24% YoY to SAR 194 mn in 2025.

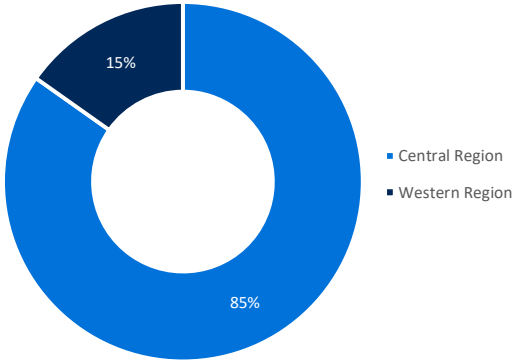
Personal training (PT)

Personal training fees consist of revenues generated from individual, trainer-led fitness sessions delivered on a one-to-one basis and monetized based on the number of sessions conducted. PT revenues accounted for 11% of the total revenues and rose 51% YoY to SAR 25 mn in 2025.

Other Income

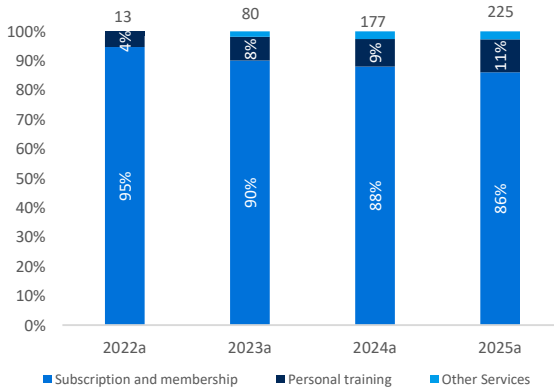
Other fitness centers' revenue is generated from ancillary offerings, including juice stand services, retail commodities, and shared services. Other fitness centers accounted for 3% of the total revenues and rose 35% YoY to SAR 6 mn in 2025.

Chart 75: Region wise revenue contribution 2025



Source: Company financials, anbc research

Chart 76: Revenue by type (SAR mn)



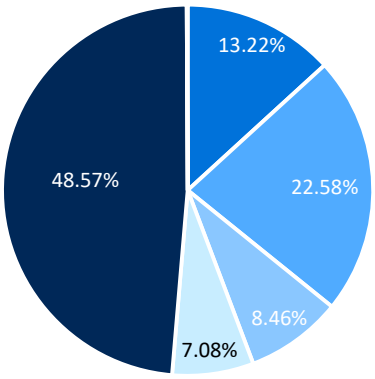
Source: Company financials, anbc research

Geographic footprint of the Armah

Source: Company report, anbc research

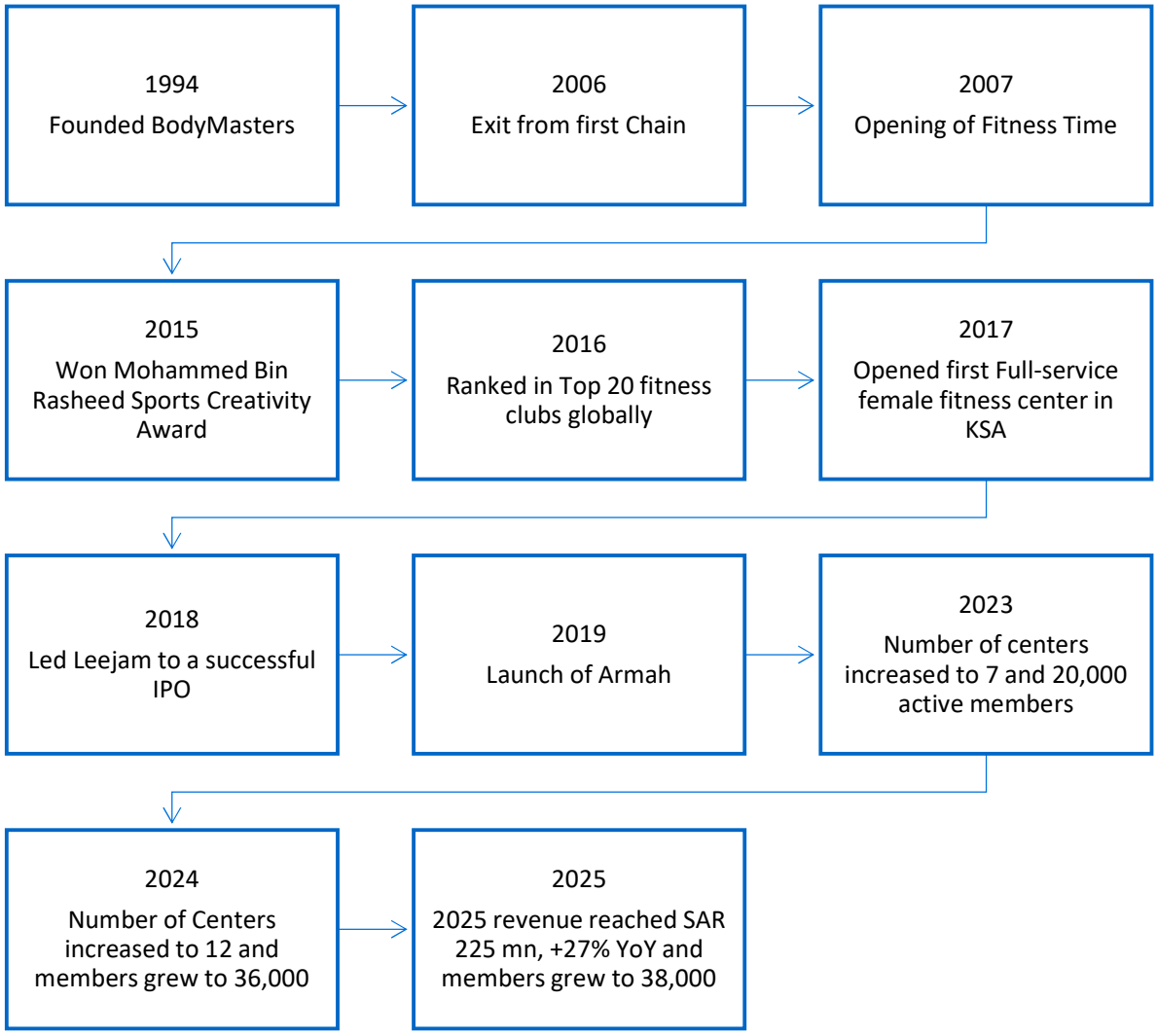
Shareholding pattern

- Abdulmohsen Ali Mohammed Alhagbani
- Jiad United For Real Estate Development Company
- Nahla Ali Mohammad Alhaqbani
- Latifa Mohammad Saleh Alhaqbani
- Public (Saudi Nationals)
- Public (Foreign Investors)



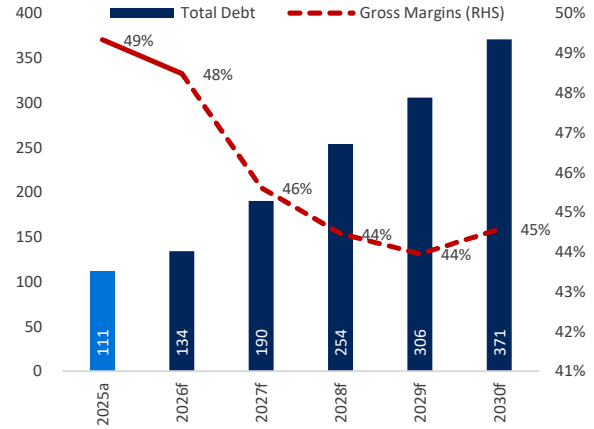
Source: Tadawul, anbc research

History of Armah



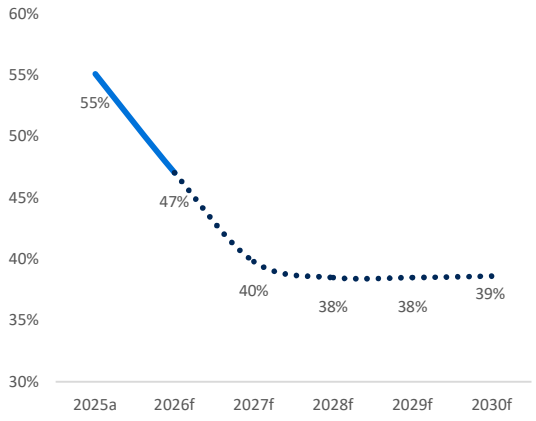
ARMAH's chart bank:

Chart 77: Gross margins to normalize at 40%+



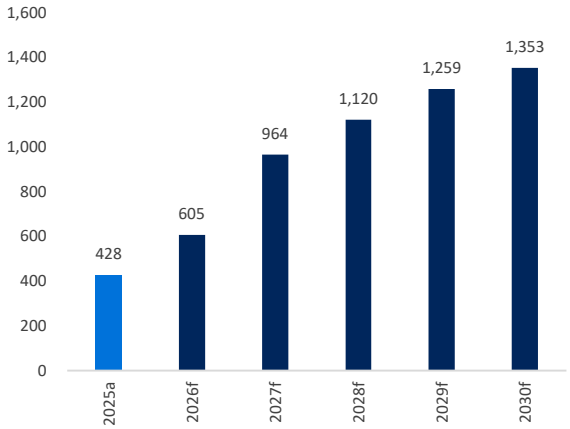
Source: Company financials, anbc research

Chart 78: EBITDA margins



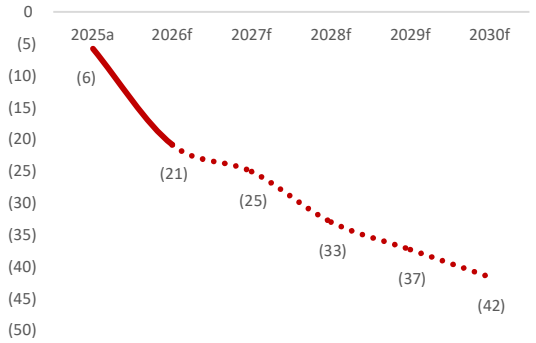
Source: Company financials, anbc research

Chart 79: Total debt (SAR mn)



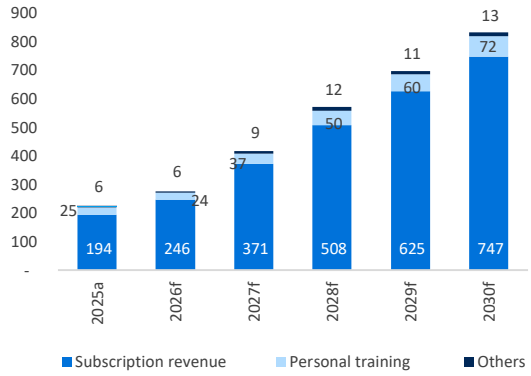
Source: Company financials, anbc research

Chart 80: Lease payments (SAR mn)



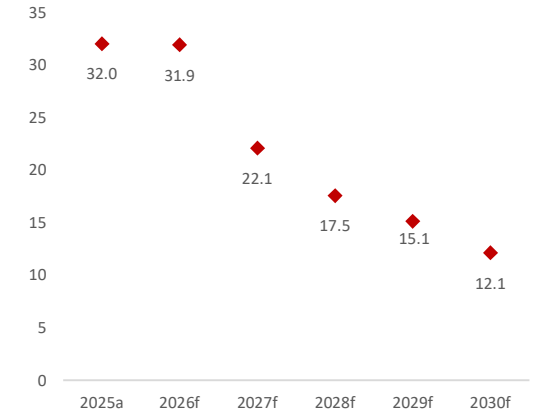
Source: Company financials, anbc research

Chart 81: Segmental revenue (SAR mn)



Source: Company financials, anbc research

Chart 82: PER (x)



Source: Company financials, anbc research

Financial Summary

Income Statement (SAR mn)	2024a	2025a	2026f	2027f	2028f	2029f	2030f	CAGR 2025 -2030f
Revenue	177	225	276	417	570	696	831	30%
Cost of revenue	(93)	(114)	(142)	(227)	(317)	(390)	(461)	32%
Gross Profit	**84**	**111**	**134**	**190**	**254**	**306**	**371**	**27%**
Operating expenses	(30)	(39)	(51)	(77)	(105)	(128)	(153)	31%
EBIT	**54**	**72**	**83**	**114**	**149**	**178**	**217**	**25%**
Dep & amort	38	52	47	52	71	90	104	15%
EBITDA	**92**	**124**	**130**	**166**	**220**	**268**	**321**	**21%**
Finance cost	-23	-24	-24	-27	-39	-50	-57	19%
Other exp./income	7	6	6	5	5	5	5	-4%
Profit Before Tax	**39**	**54**	**64**	**92**	**115**	**133**	**165**	**25%**
Zakat tax	-1	-2	-2	-2	-2	-2	-2	2%
PAT	**38**	**53**	**62**	**90**	**113**	**131**	**164**	**25.53%**
Number of Share	33	33	33	33	33	33	33	0%
EPS	1.2	1.9	1.9	2.7	3.4	4.0	5.0	21%
Balance Sheet	**2024a**	**2025a**	**2026f**	**2027f**	**2028f**	**2029f**	**2030f**	**1%**
Property & equipment	725	763	965	1,357	1,591	1,816	2,036	22%
Right to use asset	192	127	164	243	286	324	361	23%
Others	9	83	84	84	85	85	86	1%
Intangible asset	2	1	1	1	1	1	1	-10%
Non-current assets	**926**	**975**	**1,215**	**1,685**	**1,963**	**2,227**	**2,483**	**21%**
Trade receivables	0	0	0	0	0	0	0	0%
Prepayment & others	7	9	9	9	9	9	9	0%
Cash & cash equivalents	45	82	83	64	58	65	67	-4%
Inventories	3	4	5	7	10	12	15	32%
Current Asset	**55**	**95**	**97**	**81**	**77**	**87**	**92**	**-1%**
Total Assets	**981**	**1,070**	**1,311**	**1,766**	**2,040**	**2,314**	**2,575**	**19%**
Share capital	329	329	329	329	329	329	329	0%
Retained earnings	-24	38	100	190	303	434	598	74%
Others	166	186	186	186	186	186	186	0%
Total Equity	**471**	**553**	**615**	**705**	**818**	**949**	**1,113**	**15%**
Lease liabilities	191	192	231	304	344	383	422	17%
Borrowings	176	163	287	513	604	682	724	35%
Employees' serv. benefit	3	5	5	5	5	5	5	0%
Others	0	1	1	1	1	1	1	0%
Non-current liabilities	**370**	**362**	**524**	**823**	**954**	**1,072**	**1,152**	**26%**
Trade payables	4	3	5	11	16	19	23	48%
Loans and borrowings	49	56	67	121	142	160	170	25%
Lease liabilities	9	17	20	26	30	33	36	17%
Accruals & other liabilities	18	16	16	16	16	16	16	0%
Others	60	63	63	63	63	63	63	0%
Zakat payables	1	1	1	1	1	1	1	0%
Current Liabilities	**141**	**156**	**172**	**238**	**267**	**293**	**310**	**15%**
Total Liabilities & Equity	**981**	**1,070**	**1,311**	**1,766**	**2,039**	**2,313**	**2,575**	**19%**

Source: Company financials, anbc research

Valuation Ratios	2024a	2025a	2026f	2027f	2028f	2029f	2030f
EPS (SAR)	1.2	1.9	1.9	2.7	3.4	4.0	5.0
DPS (SAR)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BVPS (SAR)	14.3	16.8	18.7	21.4	24.9	28.9	33.9
PER (x)	52.4	32.0	31.9	22.1	17.5	15.1	12.1
DY (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PBV (x)	4.2	3.6	3.2	2.8	2.4	2.1	1.8
EV/Sales (x)	13.3	10.4	9.1	6.9	5.3	4.6	3.9
Price/Sales (x)	11.2	8.8	7.2	4.8	3.5	2.9	2.4
EV/EBITDA (x)	25.7	18.8	19.3	17.4	13.9	11.9	10.2
Price/CF (x)	24.2	65.2	18.1	13.7	10.7	8.9	7.4
EV/Gross Profit (x)	28.2	21.0	18.7	15.2	12.0	10.4	8.8
Margins	**2024a**	**2025a**	**2026f**	**2027f**	**2028f**	**2029f**	**2030f**
Gross Margins (%)	47.3	49.3	48.5	45.6	44.5	43.9	44.6
EBITDA Margins (%)	51.9	55.1	47.0	39.8	38.5	38.5	38.6
Operating Margins (%)	30.6	36.1	29.9	27.3	26.1	25.6	26.1
Pretax Margins (%)	21.9	28.3	23.2	22.0	20.1	19.1	19.9
Net Margins (%)	21.3	27.6	22.5	21.6	19.8	18.9	19.7
Returns (%)	**2024a**	**2025a**	**2026f**	**2027f**	**2028f**	**2029f**	**2030f**
ROA (%)	4.2	6.0	5.2	5.8	5.9	6.0	6.7
ROTA (%)	8.6	10.4	10.2	10.8	12.4	13.2	14.4
ROE (%)	8.9	12.1	10.7	13.6	14.9	14.9	15.9
Health Ratios	**2024a**	**2025a**	**2026f**	**2027f**	**2028f**	**2029f**	**2030f**
Cash/share	1.4	2.5	2.5	2.0	1.8	2.0	2.0
Cash as a % of Market Cap (%)	2.3	4.1	4.2	3.2	2.9	3.3	3.4
Debt to Asset (x)	0.4	0.4	0.5	0.5	0.5	0.5	0.5
Debt to Equity (x)	0.9	0.8	1.0	1.4	1.4	1.3	1.2
Debt to Capital (x)	0.5	0.4	0.5	0.6	0.6	0.6	0.5
EBIT/ Interest (x)	2.4	3.0	3.4	4.2	3.8	3.6	3.8
Activity Ratio	**2024a**	**2025a**	**2026f**	**2027f**	**2028f**	**2029f**	**2030f**
Current Ratio	0.4	0.6	0.6	0.3	0.3	0.3	0.3
Days Sales Outstanding	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Days Sales in Inventory	13.1	11.7	11.7	11.7	11.7	11.7	11.7
Days Payable Outstanding	15.9	10.3	13.1	18.1	18.1	18.1	18.1
Cash Conversion Cycle	-2.8	1.3	-1.4	-6.4	-6.4	-6.4	-6.4
Growth Ratios (%)	**2024a**	**2025a**	**2026f**	**2027f**	**2028f**	**2029f**	**2030f**
Revenue Growth (%)	121.5	26.7	22.9	50.9	36.8	22.0	19.5
Gross Profit Growth (%)	194.8	32.1	20.8	42.0	33.3	20.6	21.2
EBITDA Growth (%)	179.2	34.5	4.9	27.6	32.3	22.0	19.9
Operating Profit Growth (%)	345.7	49.2	2.1	37.4	31.0	19.4	22.0
Pretax Profit Growth (%)	nm	63.7	1.1	42.8	24.9	15.9	24.4
Net Profit Growth (%)	nm	63.9	0.3	44.6	25.8	16.1	24.6

Source: Company financials, anbc research

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