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ARMAH SPORTS COMPANY ANNOUNCES ITS INTENTION TO PROCEED WITH AN INITIAL PUBLIC OFFERING AND LISTING OF ITS SHARES ON THE PARALLEL MARKET OF THE SAUDI EXCHANGE ("NOMU")

Overview of the Offering

- Armah Sports Company ("**Armah**" or the "**Company**") will offer 4,927,958 shares (the "**Offer Shares**"), representing 15% of its share capital after the Offering (which represents 17.14% of the Company's capital before the capital increase), on the Parallel Market to Qualified Investors (the "**IPO**" or the "**Offering**") from (i) the sale of 821,292 existing shares ("**Sale Shares**"); and (ii) the issuance of 4,106,666 new ordinary Shares ("**New Shares**" (hereinafter collectively referred to as the "**Offer Shares**")).
- The Offering expenses will be deducted from the Offering proceeds and the net Offering proceeds will be apportioned among the selling shareholders and the Company on a pro rata basis according to the number of Offer Shares being sold by each one of them.
- Armah's shares are intended to be listed on the Saudi Exchange's Parallel Market following the successful completion of the Offering and listing formalities with both the CMA and the Saudi Exchange.
- Saudi Fransi Capital has been appointed as Financial Advisor, Lead Manager and Bookrunner.
- All the Offer Shares will be offered to the Qualified Investors (as defined below).

Riyadh, Saudi Arabia, 22 October 2023G: Armah, a unique and growing company in the Saudi fitness industry, today announces its intention to proceed with an initial public offering of its ordinary shares on the Saudi Exchange's Parallel Market. On 20th June 2023G, the CMA approved the Company's application for the offering of 4,927,958 Offer Shares, representing 15% of the Company's total capital post the Capital increase. The offer price range for the Offer Shares will be announced on 07 November 2023G, and the final offer price for the Offer Shares will be announced on 21st November 2023G, following the bookbuilding process. The net proceeds of the Offering will be distributed to the selling shareholders and the Company on a pro-rata basis according to the number of Offer Shares being sold by each one of them in the Offering.

Abdulmohsed Al Hagbani, Chairman of Armah, commented: "*We are very proud of our successful journey in the field of building and operating sports centres in the Kingdom of Saudi Arabia through the establishment of more than 160 sports clubs in the Middle East over the past twenty-five years, which we*

culminate in establishing Armah Sports Company with a unique offering in the market. We realize the importance of offering the Company's shares, which represents the actual launch of a new phase of the Company's business supported by the significant and rapid growth in the sports club sector, which makes it an ideal period to invite investors to participate in our future journey towards greater success."

Fahad Al Hagbani, Chief Executive Officer of Armah, said: *"We are pleased to announce our intention to list our shares in the parallel market "Nomu." Armah is the result of the accumulated experience of the Company's founders that extends for decades in the fitness sector at the local, regional and global levels, supported by favourable market conditions. Our Company follows a flexible and integrated business model, and the Company's offerings are unique in the market, including products and services under its "Optimo" brand and its "B_FIT" brand. Thanks to our dedicated and diverse team, we are well positioned to achieve high future returns for shareholders."*

Company Overview and Business Activities

- The Company's core activities consist of the construction, operation, management and maintenance of fitness clubs.
- The Company's product and service offering within the Optimo (a high-end smart fitness club concept that is specifically designed for people seeking privacy, outstanding service, and a luxurious atmosphere) and B_FIT (a full-service smart fitness club featuring a wide range of innovative tech-enabled solutions which integrate with a premium fitness club offering) brands is unique in the market.
- The Company's strategy is to develop and operate one of the smartest fitness clubs in the world, places where digital and human systems come together.
- The Company was founded by pioneers of the fitness industry in the Kingdom who continue to leverage their decades of experience in the national, regional and global fitness market. Moreover, members of the management team have been recruited from other regional and global fitness centres chains, bringing an inherent understanding of the competitive landscape, global best practice expertise gleaned from past experience with global brands, and a level of insight that enables efficient and informed decisions across all aspects of the business.
- As of 30 June 2023, Armah operates 7 clubs under its two brands Optimo and B-FIT, and the total number of members was 9,643 members.

Strengths and Competitive Advantages

There are several factors that provide the Company with a strong competitive advantage over its existing and potential future competitors. These include:

1. Experience of the Founders

The Company's founders are pioneers of the fitness club's business in the Kingdom. They have gained significant experience through the establishment of over 160 fitness clubs in the Middle East over the past 25 years, and serving well over two million members during that time. They established the first fitness centre chain in the Kingdom in 1994G after the Chairman saw the need to help improve the health and well-being of the Saudi population. Later, in 2007G, they founded what is now the largest fitness club chain in the Middle East, growing it to a network of 150 clubs in just over ten years. The Company's founders continue to build on their decades of experience in the national, regional and global fitness industry.

2. Highly Experienced and Skilled Management Team

The Company's management team has unparalleled expertise in the fitness industry and an inherent understanding of the local and regional market, including experience in the regulatory and operational requirements of the fitness industry, as regulation is a core element of fitness club operations in the region across the entire range of activities of a fitness club, from start-up, licensing, and initial opening, through staffing, training and operating. The Company is also familiar with the nuances of operating a fitness facility within the Kingdom. To complement the local and industry expertise of the founders, the Company has

recruited a leadership team that brings global experience across industry and functional domains. Members of the management team have been recruited from other regional and global fitness centres chains, bringing an inherent understanding of the competitive landscape, global best practice expertise gleaned from past experience with global brands, and a level of insight that enables efficient and informed decisions across all aspects of the business. The senior leadership team has significant experience in the fitness industry.

3. Land Ownership

The Company aims to acquire several plots of land in which some fitness clubs are developed, unlike all other companies in the market. This provides a unique level of flexibility to volatile leasing rates reducing the risk of closing some fitness clubs due to non-renewal of land lease agreements, or other reasons. It has also enhanced the Company's ability to develop its facilities from the ground up, following a standard approach and design concept that is consistent with the brands and associated brand guidelines across all locations. This enables the Company to: (i) maintain consistency in the customer experience across different fitness clubs; (ii) ensure that the design and layout are aligned to the brand proposition; and (iii) improve cost management through standardization of engineering design, construction, and material selection/fit-out.

4. Agility

Being a young company with founders having decades of experience in the national, regional, and global fitness industry, the Company is able to react to evolving market conditions. In fact, this has been built into the organizational DNA from the beginning. The experiences of the founders from past businesses and the COVID-19 pandemic has accentuated the need for companies to be able to react quickly to unexpected changes in Government regulations, customer behaviour and a host of other factors. Although no company can ever be fully resilient to external market conditions, the Company believes that it is much more resilient than other competitors since it is a start-up backed by significant experience in the market in which it operates.

5. Focus on Technology Infrastructure

When building the Company, its founders focused first on building the technological infrastructure before building the clubs. This decision was made based on their past experience and the general industry and societal developments over the past three to five years. The technology infrastructure enables the Company to deliver an enhanced customer experience, to develop a deep understanding of member behaviour, to have strong operational controls and to make informed business decisions. The infrastructure established from day one also enables the Company to integrate additional systems and solutions in the future, as technology and customer requirements evolve.

6. Unique Services Offered

The Company's product and service offering at the Optimo and B_FIT brands is unique in the market. They are the first fitness club chain in the Kingdom to offer integrated co-working spaces, with many aspects within the overall club environment more akin to a hotel than a fitness club, while still offering the broadest range of fitness facilities available in the Kingdom, for both men and women, including bodybuilding and cardio gyms, combined with custom workout studios for boxing, Pilates, yoga, functional training, high intensity interval training and other concepts, some of which are the first of their kind in the Kingdom (such as the dedicated studio room for reactional training with Reaxing).

7. Mental Health as a Core Proposition

Perhaps most unique about the Company's offering within their Optimo and B_FIT clubs is their inclusion of mental health programming. In partnership with Minderful, the Company offers a range of mental health options for members to explore and it hopes to elevate the awareness of mental health within the Kingdom and the links it has on overall health and wellness.

8. Network of International Partners

The Company enjoys a strong network of international partners and suppliers backed by the experience of its founders. Coupled with these deep relationships is a detailed understanding of equipment and service price points and best practice supply terms. As a result, and despite being a new and relatively small business, the Company has been able to secure extremely favourable prices and terms on fitness equipment, building materials, and service supply agreements. The Company also benefits from its reputation of delivering on development promises, which makes suppliers more confident in long-term demand projections when entering into commercial negotiations.

Summary of Financial Performance

- Armah reported revenue of SAR 22.3 million in the first half of 2023G, increasing by 513% compared to the first half of 2022G.
- Armah reported EBITDA of SAR 6.7 million, with an EBITDA margin of 25.7%, in the first half of 2023G, achieving growth of 469% compared to the first half of 2022G.
- The total value of the Company's assets as of 30 June 2023G was SAR 660.8 million, compared to SAR 577.3 million as of 31 December 2022G.

Attractive Market Dynamics

The Saudi Gym Market has grown at a CAGR of 13.9% from SAR 3.6 billion in 2017G to SAR 6.1 billion 2021G. The market is forecast to grow to SAR 11.8 billion by 2027G. This rapid growth is fueled by several factors, including the Government's significant investments in developing sport infrastructure, events, and programs across the nation. This has led to a rising consciousness of the importance of health across the Kingdom, which has been exacerbated by the rise of lifestyle-related diseases such as diabetes. Moreover, Saudis are seeing increasing levels of disposable income, alongside growing numbers of sports-related offerings. These factors, combined with a multitude of global trends, are resulting in a growing Saudi Gym Market.

The growth of the Kingdom's fitness sector is underpinned by key drivers, including:

1. Increasing Levels of Activity in Kingdom:

The Saudi Arabian population is becoming increasingly active, with physical activity rates increasing at a CAGR of 18.8% from 2017G to 2021G. In 2021G, 29.7% of the population met the World Health Organization's recommended levels of weekly physical activity (150 minutes of activity per week), compared to only 14.9% in 2017. In 2022G, 48.0% of people in Kingdom participated in physical activity for over thirty minutes each week, achieving a key goal set out in Vision 2030 to get the population more active.

2. Popularity of Gyms:

Fueled by growing activity levels, the popularity of gyms (by membership number) rose 45.0% between 2017 and 2020. Forecasts suggest this growth will continue, with a predicted increase of 65.0% in the numbers of gym members from 2022G (1.7 million) to 2027G (2.8 million). Forecasts also suggest that over 30.0% of members in 2027G will be women, up from 18.0% of the total gym members in 2017.

3. Young Population:

Kingdom has a young population, with those under thirty years of age accounting for 48.1% of the population (2021G). Whilst this proportion is forecast to decrease, it is still estimated to account for 46.8% of the population in 2027G. This demographic is also the most active segment of the population, with 52.0% of individuals in Kingdom who are physically active for at least 30 minutes per week being under 30 years of age. There are four key trends driving the growth in physical activity rates of the Kingdom's young population; a greater interest in healthy lifestyle choices, opportunities to socialize through going to the gym, opportunities to access innovative gym offerings, and a desire to make more environmentally conscious decisions.

4. Government Investments in Sport and Physical Activity:

The Government's continued investment in sport and physical activity as part of Vision 2030 is contributing to the growth of the fitness sector.

Over the next 10 years, over SAR 20 billion will be invested in sports events, aimed at raising the visibility of high-performance sport and making it an ingrained element of the Saudi lifestyle. By raising the visibility of sports through hosting events in Kingdom, the Government is helping to boost activity levels and create new demand for physical activity, as evidenced by the 30.0% of the population who met WHO recommended weekly activity levels in 2021G, up from 15.0% in 2017G.

To increase the physical literacy of the Saudi population, the Government is investing over SAR 40 billion in education and participation programs, such as the Mahd Sports Academy. Additionally, the government has also invested significantly in the development of sports infrastructure across the Kingdom to provide greater opportunities for sport and physical activity. The ongoing Riyadh Sports Boulevard development project, for example, aims to incorporate activity into the everyday lives of citizens. Ongoing investment in infrastructure is forecast at SAR 50 billion over the next ten years, showcasing the significant Government effort to fuel the fitness sector.

Offering Details

- The Offering, for which the required CMA and Saudi Exchange approvals have been obtained, will consist 4,927,958 shares, representing 15% of the Company's share capital post the capital increase. The Offering is limited to Qualified Investors, namely:
 1. Capital Market Institutions acting on their own behalf;
 2. clients of a Capital Market Institution authorized to perform management activities, provided that the Capital Market Institution has been appointed under terms that enable it to make decisions to accept participation in the Offering and to invest in the Parallel Market on the client's behalf without the need for his prior approval;
 3. the Kingdom's Government, any Government agency, or any international body recognized by the CMA, the Exchange or any other stock exchange recognized by the CMA or the Depository Center;
 4. Government-owned companies whether investing directly or through a portfolio managed by a Capital Market Institution authorized to perform management activities;
 5. companies and funds established in GCC countries;
 6. investment funds;
 7. any other legal persons who may open an investment account in the Kingdom and an account with the Depository Center;
 8. natural persons who may open an investment account in the Kingdom and an account with the Depository Center and meet any of the following criteria:
 - a. have made transactions in the securities market with a total value of not less than forty million Saudi Arabian Riyals (SAR 40,000,000) and not less than ten (10) transactions per quarter during the past 12 months;
 - b. have net assets whose total value is not less than five million Saudi Arabian Riyals (SAR 5,000,000);
 - c. are working or have worked in the financial sector for at least three (3) years;
 - d. have a CME-1 approved by the CMA; or
 - e. hold a professional certificate that is related to dealing with securities and accredited by an internationally recognized entity,
 9. any other persons defined by the CMA.
- Subscription to the Offer Shares can be made through the electronic subscription system of the Lead Manger during which the Qualified Investors will be able to subscribe to the Offer Shares during the Offering Period. Subscription Application Forms shall be completed in accordance with the instructions mentioned in this section. Applicants must complete all relevant items of the Subscription Form. The Financial Advisor in coordination with the Company reserves the right to decline any Subscription

Application, in part or in whole, in the event that any of the subscription terms and conditions are not met.

- Armah shares will be listed on the Parallel Market (“Nomu”) following the completion of the Offering and listing formalities with both the CMA and the Saudi Exchange.

Offering Timetable

Offering Period	Starting from Thursday on 09/11/2023G, until the end of Thursday on 16/11/2023G.
Deadline for submission of Subscription Application Forms	Thursday on 16/11/2023G at 03:00 pm.
Deadline for payment of subscription amounts	Thursday on 16/11/2023G).
Announcement of final allotment of Offer Shares	Tuesday 21/11/2023G.
Refund of excess subscription amounts (if any)	Thursday on 23/11/2023G.
Expected date of commencement of trading in the Exchange	Trading of the Company’s Shares on the Exchange is expected to commence after the fulfilment of all relevant statutory requirements. Trading will be announced on the Saudi Exchange’s website (www.saudiexchange.sa).

Use of Net Offering Proceeds

- The net Offering proceeds will be apportioned among the Selling Shareholders and the Company on a pro rata basis according to the number of Offer Shares being sold by each one of them.
- The Company intends to use its share of the net proceeds from the Offering to finance the following activities:
 - construction and fit-out of Optimo and B_FIT fitness clubs on secured and future locations that are part of the Company’s existing core business plan;
 - fitness equipment purchases to support the aforementioned fitness clubs;
 - short-term working capital requirements; and
 - general corporate purposes of the Company, including debt repayment and the development of the Company’s facilities and technical systems.

For more information, visit www.armahsports.com/IPO

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Contacts

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This announcement does not contain or constitute an offer of, or the solicitation of an offer to buy, the Offer Shares to any person in the United States, Canada, Japan, Australia, South Africa or in any jurisdiction to whom or in which such offer or solicitation is unlawful. The offer and sale of the Offer Shares has not been and will not be registered under the applicable securities laws of any jurisdiction other than the Kingdom.

This announcement is being distributed subject to the provisions of the Rules on the Offer of Securities and Continuing Obligations (the "OSCO Rules") issued by the CMA, and should not result in any binding undertakings to acquire shares or subscribe in the Offering. This announcement is for information purposes only and under no circumstances shall constitute an offer or invitation, or form the basis for a decision, to invest in any securities of the Company. Neither this announcement nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Investors may only subscribe in the Offer Shares on the basis of the CMA approved Arabic language prospectus to be issued and published in due course (the "Prospectus"). The information in this announcement is subject to change. In accordance with Article 51 of the OSCO Rules, copies of the Prospectus will, following publication, be available on the websites of the Company (www.armahsports.com), the CMA (www.cma.org.sa), the Saudi Exchange (www.saudiexchange.sa) and the Financial Advisor (www.sfc.sa).

This announcement is not an offer document for the purposes of the OSCO Rules and should not be construed as such. The CMA and the Saudi Exchange do not take any responsibility for the contents of this announcement, do not make any representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this announcement.

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward- looking statements may be identified by the use of forward-looking terminology, including the terms "aim," "anticipate," "believe," "can," "consider," "could," "estimate," "expect," "forecast," "intend," "may," "ought to," "potential," "plan," "projection," "seek," "should," "will," "would," or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Any forward-looking statements reflect the

Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's business, results of operations, financial position, liquidity, prospects, growth or strategies. Many factors could cause the actual results to differ materially from those expressed or implied by any such forward-looking statements or contained in projections, including, among other things, risks specifically related to the Company and its operations, the development of global economic and industry conditions, and the impact of economic, political and social developments in the Kingdom. These factors will be described in more detail in the Prospectus. Forward-looking statements speak only as of the date they are made. Each of the Company, the Financial Advisor and its respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statement contained in this announcement whether as a result of new information, future developments or otherwise. There is no guarantee that the Offering will occur and you should not base your financial decisions on the Company's intentions in relation to the Offering at this stage. This announcement does not constitute a recommendation concerning the Offering nor any declaration or undertaking by any means. Acquiring Offer Shares to which this announcement relates may expose an investor to a significant risk of losing the entire amount invested.

Persons considering investment should consult an investment advisor or an authorized person specializing in advising on such investments. The Financial Advisor is acting exclusively for the Company and no-one else in connection with the Offering. It will not regard any other person as its client in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, nor for providing advice in relation to the Offering, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

The contents of this announcement have been prepared by and are the sole responsibility of the Company. Neither the Financial Advisor nor any of its affiliates or respective directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.

In connection with the Offering, the Financial Advisor and any of its affiliates, may take up a portion of the Offer Shares in connection with the Offering as a principal position and in that capacity may retain, purchase, sell, offer to sell for their own accounts such Offer Shares and other securities of the Company or related investments in connection with the Offering or otherwise.

Accordingly, references in the Prospectus, once published, to the Company's shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Financial Advisor and any of its affiliates acting in such capacity. In addition, the Financial Advisor and any of its affiliates may enter into financing arrangements (including swaps or contracts for difference) with investors in connection with which the Financial Advisor and any of its affiliates may from time to time, acquire, hold or dispose of securities. The Financial Advisor does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.
