GCR RATINGS

CREDIT RATING ANNOUNCEMENT

GCR assigns ratings of BBB-(NG)/A3(NG) to Payaza Africa Limited on its strong financial profile balanced against a modest competitive position, Outlook Stable

Rating action

Lagos, 14 November 2024 – GCR Ratings (GCR) has assigned national scale long-term and short-term issuer ratings of BBB-(NG) and A3(NG) respectively to Payaza Africa Limited, with the Outlook accorded as Stable.

Rated entity	Rating class	Rating scale	Rating	Outlook
Payaza Africa Limited	Long-term issuer	National	BBB-(NG)	Stable
	Short-term issuer	National	A3(NG)	

Rating rationale

The ratings assigned to Payaza Africa Limited (Payaza or the company) reflects its solid earnings, ungeared position, strong liquidity, as well as its diversified business line and the expansion into key markets. However, the ratings are curtailed by its modest competitive position, given its short track record.

Payaza is incorporated and licenced in Nigeria as a payment solution service provider and international money transfer operator, offering payment gateway services for both online and offline businesses. The company has presence in 13 other African countries, the United Arab Emirates, United Kingdom, with money services business accreditation in United States of America and Canada. Payaza has strong partnerships with international financial institutions and payment processors such as Visa and Mastercard, in addition to a scalable payment gateway and multicurrency capability. While the competitive position is constrained by its modest niche within the broader financial service sector and the limited track record, having operated for barely two years, we have positively considered the diversified business line and expanding footprints, growing product offerings, as well as its proprietary payment gateway. Looking forward, the company is increasing focus on small and medium-sized enterprises (SMEs) to increase its payment transaction volume and support earnings growth.

Our assessment of sustainability is currently neutral to the ratings. However, we note that the company is susceptible to technological disruptions and cyber-attack, as activities are mainly through online platforms. As such, the occurrence of any disruptions which adversely impact operation, and consequently constrain earnings, could lead to a negative adjustment. Furthermore, we would like to see stronger independent oversight over management and board decisions, as the company’s three shareholders are also the executive directors.

Payaza's strong earnings is a rating support. The company's revenue is primarily generated from fees charged for processing payments, but mainly driven by the international transactions and the payment transaction volume. Fees on the international transactions are charged in USD and translated into naira earnings using the applicable exchange rate for the period. Thus, revenue grows stronger when naira weakens against the USD. Another earnings source is the sale of foreign currency generated through USD fees charges. Overall, revenue registered at NGN17.5 billion as of September 2024, a sharp growth from NGN9.5 billion in the financial year which ended December 2023. We expect a revenue of NGN25 billion for 2024, with expectation of further growth over the long term. The company has a low operational cost base which has supported earnings margin above 70%, with major expenses being software subscription and staff cost. Earnings risk is considered low, but we note the susceptibility to operational risk from technical glitches, and credit risk that could emanate from its micro lending activities designed for the SMEs. Nevertheless, Payaza has access to customers' wallets and could directly debit the account in a default scenario. Looking ahead, we expect the earnings margin to remain strong as the company's operation expands.

Payaza has reported strong cash flows over the two years of operation on the back of good earnings. The cash flows have been sufficient to cover operations and have reduced the need for debt. The company also enjoys strong support from its sister companies through intercompany payables, as well from the shareholders, as demonstrated by the director loan of NGN6 billion in 2023, which is unsecured, interest-free and repayable on demand. With an ungeared position, the leverage is strong, but this could significantly swing when Payaza begins to secure debt for expansion purposes and for additional liquidity to achieve shorter transaction processing time.

The company's uses and sources liquidity coverage is estimated at above 2x over the next 12–18-month period. This is predicated on strong cash flows and existing cash holding of NGN13.2 billion, which sufficiently cover the estimated cash outflow, mainly relating to working capital requirements for processing transactions. The company's main assets are its information technology equipment and the software, which does not require heavy expansionary capex. We expect the liquidity coverage to remain strong around 3x over the 18 months period, but the position could swing if the company considers a significant debt issuance.

Outlook statement

The Stable Outlook reflects our expectation that earnings and cash flow will remain strong, supportive of a strong leverage and liquidity. Even if debt is raised to support working capital, we do not expect this to have a significant negative impact on Payaza's financial profile over the outlook period if earnings targets are met.

Rating triggers

A positive rating movement could stem from the establishment of a stronger franchise and brand value, higher number of merchants, and greater transaction volume, with demonstrated track record of solid leverage and liquidity over the medium term. Conversely, a negative rating action could be driven by materially adverse regulatory developments within the Nigerian fintech space or in its key markets and/or an unforeseen disruption which significantly impact operation. This could adversely affect earnings, and result in liquidity strain, placing pressure on the ratings.

Analytical contacts

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Related criteria and research

Criteria for the GCR Ratings Framework, May 2024
Criteria for Rating Financial Services Companies, May 2024
GCR Ratings Scales, Symbols & Definitions, May 2023
GCR Country Risk Scores, August 2024
Financial Institutions Sector Risk Scores, August 2024

Ratings history

Payaza Africa Limited					
Rating class	Review	Rating scale	Rating	Outlook	Date
Long term issuer	Initial/Last	National	N/A	N/A	NA
Short term issuer	Initial/Last	National	N/A	N/A	

Risk score summary

Rating Components & Factors	Score
Operating environment	**5.50**
Country risk score	3.50
Sector risk score	2.00
Business profile	**(3.00)**
Competitive position	(3.00)
Sustainability	0.00
Financial profile	**3.75**
Leverage and Cashflows	2.00
Earnings vs Risk	0.50
Liquidity	1.25
Comparative profile	**0.00**
Group support	0.00
Peer comparison	0.00
Total Risk Score	**6.25**

Glossary

Asset	A resource with economic value that a company owns or controls with the expectation that it will provide future benefit.
Capital	The sum of money that is invested to generate proceeds.
Cash Flow	The inflow and outflow of cash and cash equivalents. Such flows arise from operating, investing and financing activities.
Cash	Funds that can be readily spent or used to meet current obligations.
Coverage	The scope of the protection provided under a contract of insurance.
Credit	A contractual agreement in which a borrower receives something of value now, and agrees to repay the lender at some date in the future, generally with interest. The term also refers to the borrowing capacity of an individual or company
Debt	An obligation to repay a sum of money. More specifically, it is funds passed from a creditor to a debtor in exchange for interest and a commitment to repay the principal in full on a specified date or over a specified period.
Default	A default occurs when: 1.) The Borrower is unable to repay its debt obligations in full; 2.) A credit-loss event such as charge-off, specific provision or distressed restructuring involving the forgiveness or postponement of obligations; 3.) The borrower is past due more than typically 90 days on any debt obligations as defined in the transaction documents; 4.) The obligor has filed for bankruptcy or similar protection from creditors.
Diversification	Spreading risk by constructing a portfolio that contains different exposures whose returns are relatively uncorrelated. The term also refers to companies which move into markets or products that bear little relation to ones they already operate in.
Downgrade	The rating has been lowered on its specific scale.
Financial Year	The year used for accounting purposes by a company or government. It can be a calendar year or it can cover a different period, often starting in April, July or October. It can also be referred to as the fiscal year.
Income	Money received, especially on a regular basis, for work or through investments.
Interest	Scheduled payments made to a creditor in return for the use of borrowed money. The size of the payments will be determined by the interest rate, the amount borrowed or principal and the duration of the loan.
Leverage	With regard to corporate analysis, leverage (or gearing) refers to the extent to which a company is funded by debt.
Liquidity	The speed at which assets can be converted to cash. It can also refer to the ability of a company to service its debt obligations due to the presence of liquid assets such as cash and its equivalents. Market liquidity refers to the ease with which a security can be bought or sold quickly and in large volumes without substantially affecting the market price.
Margin	A term whose meaning depends on the context. In the widest sense, it means the difference between two values.
Short Term	Current; ordinarily less than one year.
Transaction	A transaction that enables an Issuer to issue debt securities in the capital markets. A debt issuance programme that allows an Issuer the continued and flexible issuance of several types of securities in accordance with the programme terms and conditions.
Upgrade	The rating has been raised on its specific scale.

Salient points of accorded rating

GCR affirms that a.) no part of the rating process was influenced by any other business activities of the credit rating agency; b.) the ratings were based solely on the merits of the rated entity, security or financial instrument being rated; and c.) such ratings were an independent evaluation of the risks and merits of the rated entity, security or financial instrument.

The credit ratings have been disclosed to the rated entity.

The ratings above were solicited by, or on behalf of, the rated entity.

The rated entity participated in the rating process via in person interaction and/or via online virtual interaction and/or via electronic and/or verbal communication and correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from the rated entity and other reliable third parties to accord the credit ratings included:

- The audited annual financial statements for 2023
- The unaudited management account for the nine months to 30 September 2024
- Other related documents.

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Since 1995

DataPro

CORPORATE RATING REPORT

PAYAZA AFRICA LIMITED

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By Marina Water Front
Lagos, Nigeria
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Email:info@datapronigeria.net
dataprong@gmail.com
Website:www.datapronigeria.com

August, 2024

PAYAZA AFRICA LIMITED

Long-Term Rating:

BBB+

Short Term Rating: A1
Rating Outlook: Stable
Trend: Even
Currency: Naira
Date Issued: 30 Aug., 2024
Valid Till: 29 Aug., 2025

Reference:

Abiodun Adeseyoju, FCA.
Abimbola Adeseyoju
Oladele Adeoye

This report is provided by DataPro subject to the Terms & Conditions stipulated in our Terms of Engagement

EXECUTIVE SUMMARY

	Jan-July 2024 ₦'000	July 2022-Dec 2023 ₦'000
Gross Earnings	13,392,220	12,122,599
Profit/(Loss) Before Tax	10,681,256	5,030,525
Shareholders' Funds	10,544,124	3,399,142
Non-Current Assets	2,613,417	2,790,533
Total Assets	28,818,054	20,483,263

Rating Explanation

The Short-Term Rating of **A1** indicates ***Good Credit Quality*** and satisfactory capacity for timely payment of financial commitments.

The Long-Term Rating of ***BBB+*** indicates ***Slight Risk***. It shows Fair Financial Strength, Operating Performance and Business Profile when compared to the standard established by ***DataPro***. This Company, in our opinion, has the ability to meet its ongoing obligations, but its financial strength is vulnerable to adverse changes in economic conditions.

RATING SYNOPSIS

The Rating took into consideration all relevant qualitative and quantitative factors to arrive at the assigned risk indicator.

The qualitative information used were based on industry and market intelligence including public information. The quantitative information were obtained from the Company's Audited and Management Accounts.

The risk factors were assessed using the Company's Capitalization, Earnings Profile, Liquidity, Corporate Governance, Regulatory Compliance and Sustainability of current healthy profile in the medium to long term period.

Overall, the following were observed:

Positive Rating Factors:

- Strong Revenue Profile
- Good Liquidity
- Strong Brand Presence

Negative Rating Factors:

- Macro Economic Constraints
- Short-Time Operating Experience

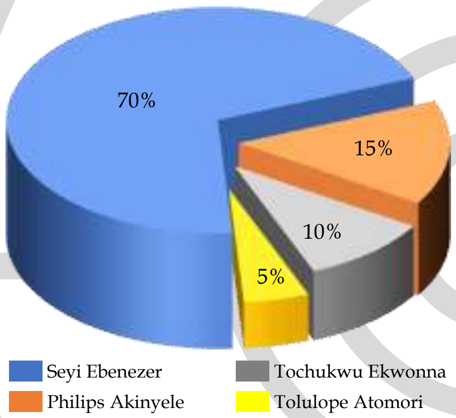
BACKGROUND

Payaza Africa Limited ("The Company") was incorporated in Nigeria on March 23, 2022 as a Limited Liability Company. However, it commenced operations in July 2022. The Company is licensed by the ***Central Bank of Nigeria (CBN)*** as a Payment Solution Service Provider ***(PSSP)***

The Company operates as a Digital Payment Company offering payment processing services and mobile payment solutions. It renders services to businesses and Corporations of all size, including but not limited to collection of payments as well as payouts to suppliers.

The Company offers various payment methods, including card payments, USSD, QR codes, virtual accounts and mobile money for online and offline Merchants. It has a total of 118 employees as at 2023 year-end.

ANALYSIS OF SHAREHOLDING STRUCTURE



Source: *Payaza Africa Ltd*

The Company operations are carried out from its headquarters in Victoria Island, Lagos. However, it also maintains an operation base in the USA.

The Company is majorly owned by ***Mr Seyi Ebenezer*** who holds 70% of its Total Shares. Other significant Shareholders are: ***Philips Akinyele, Tochukwu Ekwoma*** and ***Tolulope Atomori*** with 15%, 10% and 5% shareholding respectively.

DIRECTORS' PROFILE

The following are the current Board members of the Company: ***Sam Okwulehie –*** *Chairman;* ***Seyi Ebenezer –*** *Managing Director/ CEO;* ***Philips Akinyele; Tochukwu Ekwonna; Bright Ajaegbu; Nifemi Odeyinde; Prof. Ezekiel Oseni; Oladunjoye Afolabi; Ifelade Ayodele*** *and* ***Bukola Bankole.***

The profile of the Company directors is as follows:

1. **Name:** Sam Okwulehie
   Position: Chairman
   Profession: Business Manager
   Years of Experience: Over 20 Years
   Education:
   • Columbia Business School
   • Harvard Business School

	•B.A – Lagos State University.
Experience:	•Boston Consulting Group
	•L.A.T Cleveson
	•Kenya Airways
	•KLM Royal Dutch Airlines
Year of Board Membership:	•2024

2.	**Name:**	Mr. Seyi Ebenezer
	Position:	Managing Director/CEO
	Profession:	Banker
	Years of Experience:	Over 15 Years
	Education:	•Graduate Finance– Harvard Business School
		•Wharton School
		•Executive MBA- Kellogg School of Management
		•MBA – Lagos Business School
	Experience:	•Payaza Africa Limited
		•Keystone Bank Limited
		•Access Bank, Plc
		•KPMG Nigeria
	Year of Board Membership:	•2022

3.	**Name:**	Mr. Philips Akinyele
	Position:	Executive Director/CTO
	Profession:	Software Engineer
	Years of Experience:	Over 10 Years
	Education:	•Executive MBA- MIT Sloan School of Management
		•M.Sc (Information Technology)- University of Lagos
		•Aptech Computer Education
		•B.Sc- University of Ado-Ekiti
	Experience:	•Payfi (Techstars '23)
		•Bankly
		•Woven Finance
		•First Bank of Nigeria Limited
		•Andela
		•GMT Nigeria Limited
		•Access Bank Plc
		•Guaranty Trust Bank
		•DAAR Communications Plc
	Year of Board Membership:	•2022

4.	**Name:**	Nifemi Odeyinde
	Position:	Non-Executive Director
	Profession:	Human Resources Professional
	Years of Experience:	Over 10 Years

Education:	•B.Sc- Obafemi Awolowo University •Executive MBA- Obafemi Awolowo University
Experience:	•Amazon •Hapag-Lloyd AG •Johnson & Johnson •Procter & Gamble • Procter & Gamble
Year of Board Membership:	•2022

5. | | |
|---|---|
| **Name:** | Oladunjoye Afolabi |
| **Position:** | Non-Executive Director |
| **Profession:** | Finance professional |
| **Years of Experience:** | Over 14 Years |
| **Education:** | • B. Sc - Olabisi Onabanjo University
• MSc - University of London
• INSEAD The Business School
• MBA - University of Illinois |
| **Experience:** | • American Tower (Nigeria, Niger & Burkina Faso)
• American Tower (Kenya)
• American Tower (Nigeria & France)
• MAERSK
• EY
• KPMG |
| **Year of Board Membership:** | 2022 |

6. | | |
|---|---|
| **Name:** | Prof. Ezekiel Oseni, FCRM |
| **Position:** | Non-Executive Director |
| **Profession:** | Professor in Accounting |
| **Years of Experience:** | Over 35 Years |
| **Education:** | •B.Sc- University of Ilorin
•M.Sc- University of Ilorin
•Ph.D- Olabisi Onabanjo University |
| **Experience:** | •Bank of Industry (BOI)
•International Economic Reconstruction Fund
•University of Lagos
•Citizens Bank
•The Polytechnic Ibadan |
| **Year of Board Membership:** | 2024 |

7. | | |
|---|---|
| **Name:** | Tochukwu Ekwonna |
| **Position:** | Executive Director/ Chief Finance Officer |
| **Profession:** | Finance Professional |
| **Years of Experience:** | Over 11 Years |
| **Education:** | •B. Sc- University of Ibadan |

•M. Sc- Southern Illinois University Edwardsville
Experience: •Payaza Africa Limited
•Thermo Fisher Scientific
•Keystone Bank Limited
•AB Microfinance Bank
Year of Board Membership:2022

8. **Name:** Ajaegbu-Bright Chigozi
Position: Non-Executive Director
Profession: Industrial Chemist
Years of Experience: Over 19 Years
Education: •B. Sc- University of Port Harcourt
•MBA- Lagos Business School
Experience: •Bigoz Logistics
•Bucch Energy Limited
•Gonike International Limited
•All Ray Group
Year of Board Membership:2023

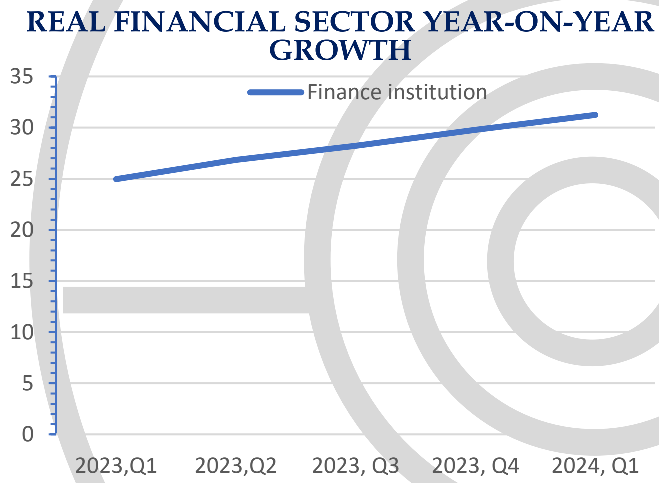
9. **Name:** Ifelade Ayodele
Position: Non-Executive Director
Profession: Oil & Gas Engineer
Years of Experience: Over 9 Years
Education: •B. Sc- University of Ibadan
•M. Sc- University of Ibadan
•MBA- HEC, Paris
Experience: •Blaaiz
•Accenture UK & Ireland
•Impact Fund for African Creatives
•Signal Hill
•Standard Bank Group
Year of Board Membership:2024

10. **Name:** Bukola Bankole
Position: Non-Executive Director
Profession: Legal Practitioner
Years of Experience: Over 13 Years
Education: •SAID Business School, University of Oxford
•B.L Law- Nigeria Law School
•LL.B (Hons)- University of Lagos
Experience: •The New Practice
Year of Board Membership:2024

SECTOR REVIEW

Nigeria is the leading economy in Africa, with a population of over 200 million people. In the second quarter of 2024, the country's Gross Domestic Product (GDP) demonstrated a real-term growth of 3.19% year-on-year, higher than the 2.51% recorded in the same quarter of 2023 and higher than 2.98% from the first quarter of 2024. Notably, the Services sector propelled this growth, contributing 58.76% to the overall GDP with a growth rate of 3.79%.

According to the data released by the NBS, the Finance and Insurance Sectors' growth in real terms totaled 31.24% (Q1 2024), higher by 9.87% points from the rate recorded in Q1 2023 and higher by 1.46% points from the rate recorded in Q4 2023. Quarter-on-quarter growth in real terms stood at 15.48%. The contribution of the Sector to real GDP totaled 6.81%, higher than the contribution of 5.35% recorded in Q1 2023 by 1.47% points, and higher than 4.95% recorded in Q4 2023 by 1.86% points.



Source: Nigeria Bureau of statistic

The Oil benchmark for the year 2024 budget is $77.96per barrel at 1.78million barrel per day. This compared well with the current selling price of Oil which is above the benchmark *($79.93 as at 29th of August, 2024 according to oil price.com).* Nigeria is battling with the challenge of foreign currency scarcity arising from lower Oil receipt and limited export capacity of the Country.

In order to achieve a Unified Foreign Exchange regime, the CBN collapsed the multiple exchange rate windows. This is in addition to allowing the free float of the Naira against the US dollars. The value of the Naira to the Dollar at the CBN official rate is N1,595.80/$1 as at August 29th, 2024.

The Monetary Policy Committee (MPC) of the CBN at its 296th meeting on 23rd July 2024, raised the Monetary Policy Rate (MPR) by 50bps from 26.25% to 26.75% amid soaring inflation and skyrocketing food prices. This is the fourth consecutive MPR hike this year, showing the CBN's focus on price stability. Other parameters remained unchanged. The Apex Bank retained the Cash Reserve Ratio (CRR) at 45%, while retaining the Liquidity ratio at 30%. The increase in MPR was done to manage inflation which has been on a steady rise. Headline Inflation rose to 34.19% in June 2024 from 33.95% in May 2024. The rise in MPR could have the effect of limiting borrowing from Financial Institutions due to the high costs and lead borrowers to find alternative sources of finance.

PROFITABILITY

We reviewed the Company's Audited Account for the 18-month period ending 31st December, 2023. This is in addition to the Unaudited Account for the 7-month period ending 31st July, 2024.

The Company generated Revenue from Payout, Local Collections and International Collections in the year 2023. International Collections was the Company's main source of Revenue, accounting for 99% of Earnings. The Company's Revenue from this source represents its Mastercard Payment Gateway Solution (MPGS) which are fees charged for processing international transactions. This amounted to ₦9.5b in the year 2023.

Direct costs relate to Bank Charges such as stamp duty, NIP charges and other fees directly attributable to Revenue. It amounted to ₦5.2b, accounting for 56% of Revenue during the year.

The Company also earned Income from other sources. These included: Interest earned on placements with partnering Banks, Exchange Gains arising from translation of foreign denominated bank balances. Also, income was earned from FX trading and loyalty income received from partnering Banks based on the volume of transactions processed on behalf of the Company. These amounted to ₦2.7b, as at the year ended 31st December, 2023.

Gross Earnings from all sources amounted to ₦13.4b during the 18-month period to 31st December, 2023. As at 31st July, 2024 the Company had grown its Revenue and Gross Profit to ₦13.1b and ₦12.5b, respectively.

The Company's Operating Cost comprising majorly Employee Benefit, Depreciation Expense, Administrative Expense and Finance amounted to ₦1.9b during the period under review. The Finance Costs represented a borrowing arrangement with ***Providus Bank*** for an overdraft facility of ₦7.6b. The facility was fully settled in the year with interest element amounting to ₦222.0m.

The Revenue of the Company was able to bear the brunt of the Expenditure. Consequently, Profit Before Tax of ₦5.0b was recorded over the 18-month period of its initial operation. This translated to a Net Profit Margin of 53%. By the end of 7-month period in July, 2024, Net Profit Before Tax had grown to ₦10.7b.

- **CAPITALIZATION**

Share Capital was ₦100.0m as at 31st December, 2023. On account of its strong profitability, Shareholders' Fund grew to ₦3.4b. the Company's Equity was largely above the required regulatory capitalization for a PSSP operator.

The Company recorded Total Assets amounting to ₦20.5b as at the year ended 31st December, 2023. This comprised Cash (₦14.4b), Receivables (₦3.3b), Prepayments (₦18.0m), Intangible Assets (₦2.7b) and Property, Plants & Equipment (₦101.8m).

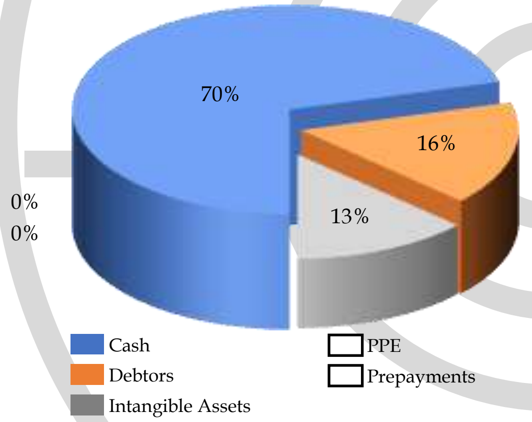
The Company relies solely on internal sources to fund its operations. Liabilities are majorly in the short-term. During the year, the Company obtained financing from its Directors in the form of Loans amounting to ₦6.9b. The loans are unsecured, interest-free and repayable on demand. It also has an Intercompany Payable of ₦15.7m owed to ***78 Finance Company Limited,*** one of its sister companies.

It total, Liabilities amounted to ₦17.1b (Yr.23), stemming majorly from the growth in accruals and short-term borrowings. As at the year-end, Total Assets were funded by Shareholders' Equity (17%) and Non-Interest-Bearing Liabilities (83%).

- ## ASSET UTILITY

As at the year ended 31st December, 2023, the Company's Total Asset stood at ₦20.5b. Both Current and Non-current components made up its Asset base.

COMPONENTS OF TOTAL ASSETS



Source: *Payaza Africa Ltd*

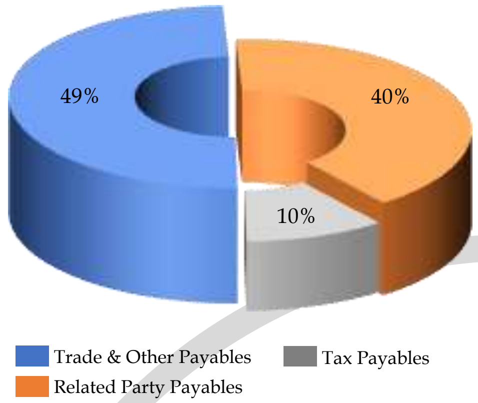
Non-Current Assets accounted for 14% of the Total Asset base. These majorly comprised Property, Plants and Equipment (PPE) and Intangible Assets. PPE included Assets purchased during the year while Intangible Assets included an internally generated cost of ₦2.9b incurred on the development of the Company's ***Mastercard Payment Gateway Solution (MPGS),*** which is amortized over a ten-year period.

Current Assets were mainly Cash, Cash Equivalents and Debtors due within a year. Cash and Cash Equivalents comprised balances with less than three months maturity. These included Cash and Balances with Banks and other Financial Institutions. Receivables represented collateral provided to its partnering Banks which serves as a risk management practice. This collateral, referred to as ***MPGS*** Securities included cash held by the Bank for a maximum of 180 days.

The Company's ability to translate its Total Asset base to Revenue was 46% while its efficiency at utilizing Asset for Profit generation was was 24% during the period ending December 2023. As at 31st July, 2024 Revenue as a proportion of Asset was 45% while Return on Asset (ROA) improved to 37%.

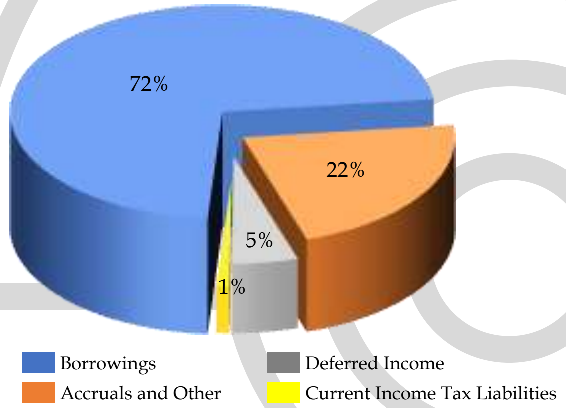
- **LIQUIDITY**

COMPONENTS OF TOTAL LIABILITIES



***Source**: Payaza Africa Ltd*

COMPOSITION OF CURRENT LIABILITIES



***Source:** Payaza Africa Ltd*

During the period under review, the Company's liability Financing stood at ₦17.1b. These were both Current and Non-Current obligations.

The Obligations for the period comprised Payables and other Accruals (90%) and Tax Liabilities (10%). Payables included related party obligations and other dues to Merchants. Other payables included ₦8.4b owed to merchants for transactions processed through the Company's payment gateway. These Funds are held on behalf of merchan ts and will be remitted to them based on agreed-upon settlement terms. Other Liabilities included Current and Deferred Tax Payables.

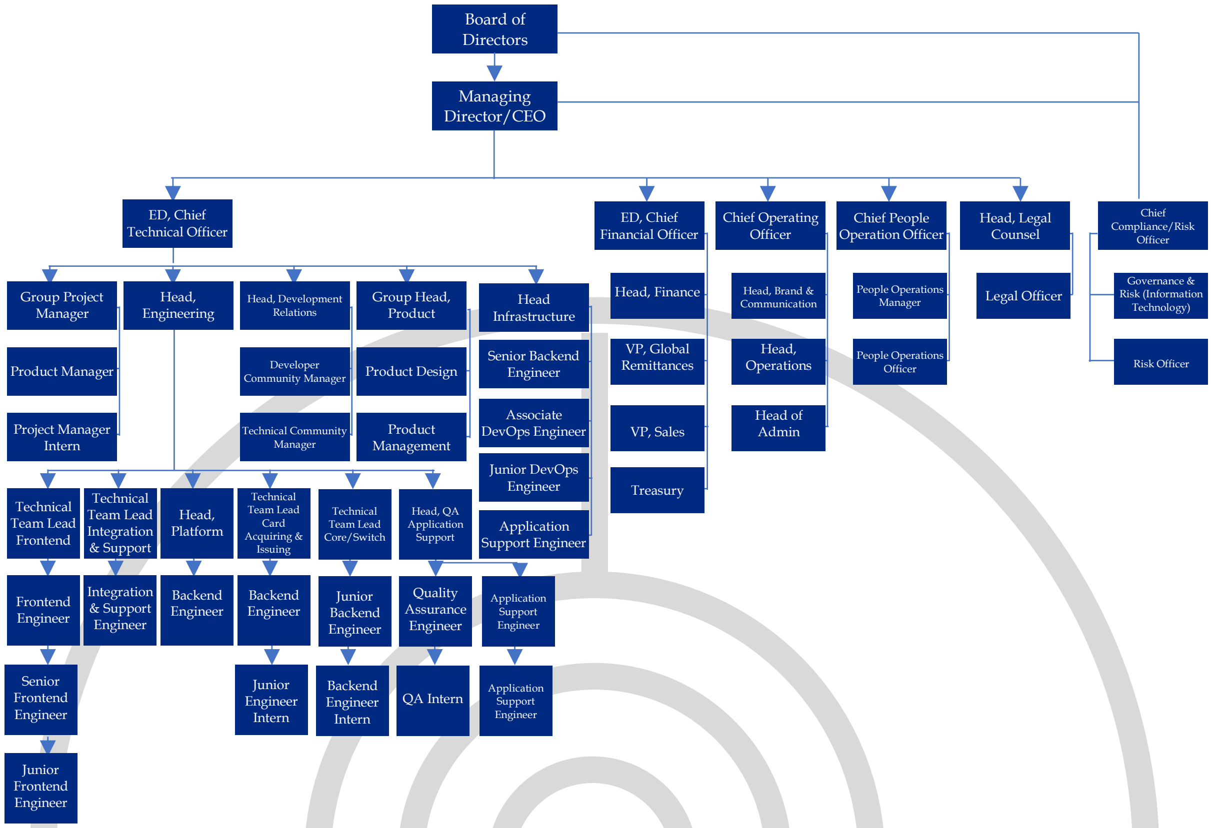
The Company recorded Operating Cash inflow of ₦17.4b (Yr. 23) with favourable changes in its working capital. Consequently, ability to settle short term obligations using Current Assets stood at 110% during the period.

CORPORATE GOVERNANCE & RISK MANAGEMENT

The Company's Board comprised of ten (10) members. This included three (3) Executives and seven (7) Non-Executives including the Chairman and three Independent Directors.

The Board Governance structure is as presented:

CORPORATE ORGANOGRAM



Source: *Payaza Africa Ltd*

The Board recognizes that it has Strategy, Credit, Market and Currency Risks. The most significant is the Credit Risk. The Company has policy in place to deal with its Risks. This is contained in its Audited Account for the year 2023.

RISK FACTORS

In the course of our review, we observed the following risk factors:

- **CREDIT RISK**

This is the risk arising from inability of a borrower to meet its obligations as and when due.

Amounts in the hands of third party (Banks and others) during the period accounted for 86% of the Total Assets. Receivables represented collateral provided to its partnering Banks which serves as a risk management practice.

- **LIQUIDITY RISK**

This is the risk arising from inability to meet obligations as they fall due.

Based on our review, the Company recorded no liquidity gap during the year as current assets provided adequate coverage for its current liabilities.

- **INTEREST RATE RISK**

This is the risk of loss to income arising from adverse movements in Interest Rates.

The Company's Liabilities are sourced from related parties and other providers with no interest charge. As a result, the Company is not exposed to any significant interest rate risk

- **EXCHANGE RATE RISK**

This is the risk of loss to income arising from adverse movements in Interest Rates.

The Company sources 98% of its revenue from international collections (MPGS). It recorded exchange gains arising from translation of foreign denominated bank balances and revenue transactions. Therefore, adverse movement in that are greatly impacted due to the increase in exchange rate.

CONCLUSION

We have reviewed the document presented by the Company. The Rating is supported by its Good Revenue Profile, Good Liquidity and Market Position.

Consequently, we assigned a Rating of "***BBB***+"

Signed:
Name: **Oladele Adeoye**
Designation: Chief Rating Officer
Date: 30th August, 2024

For and on behalf of:
DataPro Limited
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By Marina Water Front
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Website: www.datapronigeria.net

USER GUIDE

DataPro's credit rating is an opinion of an issuer's/issues overall creditworthiness and its capacity to meet its financial commitment.

Our ***short-term*** ratings have a time horizon of less than 12 months in line with industry standards reflecting risk characteristics. The ratings place greater emphasis on the liquidity to meet financial commitment in a timely manner.

The long-term risk indicator is divided into 8 bands ranging from AAA through DD. Each band could be modified by + or –. With + representing slightly less risk than –. Such suffixes are not added to the 'AAA' long –term rating category and to categories below 'CCC'. Or to short-term rating older than A1+.

LONG-TERM RATING

Investment Grade

Indicator	Meaning	Explanation
AAA	Lowest Risk.	*(Superior)* Assigned to companies which have superior financial strength, operating performances and profile when compared to the standards established by *DataPro Limited.* These companies, in our opinion, have a Excellent ability to meet their ongoing obligations.
AA	Lower Risk	*(Excellent)* Assigned to companies which have excellent financial strength, operating performance and profile when compared to the standards established by *DataPro Limited*. These companies, in our opinion, have a very strong ability to meet their ongoing obligations.
A	Low Risk	*(Very Good)* Assigned to companies which have very good financial strength, operating performance and profile when compared to the standards established by *DataPro Limited*. These companies, in our opinion, have a strong ability to meet their ongoing obligation.
BBB	Slight Risk	*(Fair)* Assigned to companies which have fair financial strength, operating performance and profile when compared to the standards established by *DataPro Limited*. These companies, in our opinion, have an ability to meet their

current obligations, but their financial strength is vulnerable to adverse changes in economic conditions.

Non-Investment Grade

Indicator	Meaning	Explanation
BB	Moderate Risk	*(Marginal)* Assigned to companies which have, marginal financial strength, operating performance and profile when compared to the standards established by *DataPro Limited.* These companies, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
B	High Risk	*(Weak)* Assigned to companies which have, weak financial strength, operating performance and profile when compared to the standard established by *DataPro Limited*. These companies, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
CCC	Higher Risk	*(Poor)* Assigned to companies, which have poor financial strength, operating performance and profile when compared to the standards established *DataPro Limited.* These companies, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.
DD	Highest Risk	*(Very Poor)* Assigned to companies, which have very poor financial strength, operating performance and profile when compared to the standards established by *DataPro Limited.* These companies, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.

SHORT-TERM RATING

Indicator	Meaning	Explanation
A1+	Highest credit quality	Indicates the strongest capacity for timely payment of financial commitments. May have an added "+" to denote any exceptionally strong credit feature.
A1	Good credit quality	A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
A2	Fair credit quality	The capacity for timely payment of financial commitments is adequate. However, near term adverse changes could result in reduction to non investment grade.
B	Speculative	Minimal capacity for timely payment of financial commitments, plus vulnerability to near term adverse changes in financial and economic conditions.
C	High default risk	Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon a sustained, favorable business and economic environment. Indicates an entity that has defaulted on all its financial obligations.