Rating Report | Financial Services | July 2026

Payaza Africa Limited

Rated entity	Rating class	Rating scale	Rating	Outlook
Payaza Africa Limited	Long Term Issuer	National	A-(NG)	Stable
	Short Term Issuer	National	A2(NG)	

Analytical entity: Payaza Africa Limited

Payaza Africa Limited (Payaza or the company) was incorporated in Nigeria in March 2022 and is licensed as a payment solution service provider and international money transfer operator, offering payment gateway services for both online and offline businesses. Payaza operates as a standalone entity and does not currently belong to any group. As such, we have adopted a standalone credit analysis to assign the national scale issuer ratings.

Credit profile summary

Strengths

- Good financial profile supported by strong growth and modest leverage
- Growing local and international brand appeal

Weaknesses

- Competitive position remains modest in view growing competition within the payment gateway space in Nigeria.

Rating summary

The upgrade considers Payaza's improved scale economies which have positively impacted the financial profile sustainably, particularly credit protection metrics. The ratings also reflect a stronger business profile as the company continues to consolidate on its local market position while expanding international operations.

Outlook statement

The outlook is stable as the ratings reflect anticipated changes over the outlook period. The debt maturity profile is expected to change with the issuance of bonds; however, leverage metrics will remain within current rating bands. The business profile, as well as earnings and liquidity metrics are expected to remain stable over the outlook period.

Rating triggers

The completion and deployment of proprietary infrastructure which materially increases scale and efficiency relative to local peers may lead to an upgrade. Also, stronger than expected earnings (EBITDA) and operating cash flow which: (1) push EBITDA coverage above 5x, and (2) ease working capital pressures, will be positively considered. Conversely, we may downgrade the ratings if debt significantly increase relative to EBITDA and cash flow such that: (1) the company's net-ungeared position reverses, and (2) refinancing risk increases with significant working capital absorption. In addition, if the deployment of proprietary technology adversely impacts cost efficiency, we may lower the ratings.

Risk score summary

Rating Components & Factors	Score
Operating environment	**5.75**
Country risk score	3.75
Sector risk score	2.00
Business profile	**(2.25)**
Competitive position	(2.25)
Sustainability	0.00
Financial profile	**4.00**
Cashflow and Leverage	2.00
Earnings vs Risk	0.75
Liquidity	1.25
Comparative profile	**0.00**
Group support	0.00
Peer comparison	0.00
Total Risk Score	**7.50**

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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 Scale, Symbols & Definitions, May 2023
GCR Country Risk Scores, June 2026
GCR Financial Institutions Sector Risk Score, May 2026

Ratings history

Payaza Africa Limited					
Rating class	Review	Rating scale	Rating	Outlook	Date
Long Term Issuer	Initial	National	BBB-(NG)	Stable	November 2024
Short Term Issuer	Initial	National	A3(NG)		November 2024
Long Term Issuer	Last	National	BBB(NG)	Stable	November 2025
Short Term Issuer	Last	National	A3(NG)		November 2025

Operating environment

Country risk

The Nigerian country risk score of '3.75' balances improved fiscal and external risk dynamics against vulnerabilities to exogenous factors, particularly commodity and climate risk. The adoption of a more flexible, market driven foreign exchange regime since 2023 has significantly bolstered gross external reserves, while full deregulation of the oil sector under the Petroleum Industry Act, 2021 has eased fiscal spending pressures and spurred strong oil refining productivity. Sustained fiscal consolidation efforts are also evident in improved revenue collection controls, enhanced treasury management, and broad-based tax reforms. The tight monetary policy stance of the Central Bank of Nigeria (CBN) has significantly eased inflationary pressures and enhanced exchange rate stability. However, these gains remain fragile, and are tempered by persistent structural challenges, widening fiscal deficits, rising debt servicing costs, and cost of living crises as prices remained elevated. Effective fiscal and monetary policy coordination remains critical to sustaining macroeconomic stability.

Real GDP growth reflects sustained focus on infrastructure, as well as the addition of more informal sectors such as modular refineries, digital services industry, quarrying and other mining sectors to the productivity base. Looking ahead, the economy is projected to grow by 4.5% in 2026, supported by ongoing structural reforms, increased oil production and expanded domestic refining capacity. These strides notwithstanding, Nigeria's GDP per capita is forecast to track between USD1,300 and USD1,500, behind expectations for close peers. While inflation has eased consistently, food prices remain a pressure point due to insecurity and climate related disruptions. Looking ahead, the CBN's guidance for further moderation in inflation may be distorted as volatility in crude oil prices could reignite higher food and energy prices. Stronger investor confidence has been largely anchored by commitment to reforms. Details of the country risk score are outlined in GCR's Country Risk Score report published in June 2026, available for download via https://gcrratings.com/wp-content/uploads/2026/06/20260625-Country-Risk-Publication.pdf.

Sector risk

The upward revision of the Nigerian Financial Institutions Risk Score to '3.75' reflects the improving regulatory environment, greater transparency, and clearer governance and policy direction by the Central Bank of Nigeria (CBN). Specifically, the CBN's foreign exchange reforms have enhanced foreign currency liquidity and narrowed the gap between official rates and unofficial market foreign-exchange rates, thereby reducing foreign exchange round-tripping and contributing to the relative exchange rate stability. Additionally, the discontinuation of arbitrary cash reserve requirements (CRR) debits in favour of a more

transparent and predictable CRR regime has improved banking sector liquidity management and planning. Nonetheless, the persistently high CRR continues to be a constraint.

The Nigerian banking sector remains competitive, though dominated by the five largest banks which collectively accounted for about 70% of total assets, loan portfolio and customer deposits, respectively. The sector's increased digitalisation and the transition to holding company structures could further support business diversification and competitiveness over the medium term. Additionally, the ongoing recapitalisation efforts by Nigerian banks, ahead of the 31 March 2026 deadline, is expected to enhance the sector's global competitiveness, improve capacity to underwrite large-ticket transactions and enhance the ability to absorb losses from significant external and domestic shocks, particularly those arising from naira devaluation and credit migrations. The sector's non-performing loan (NPL) ratio registered slightly above the regulatory threshold at 5.0% as of 31 December 2024, however, it remains vulnerable to the challenging operating environment. In addition, the rising levels of Stage 2 loans could further strain NPL and credit loss ratios over the next 12 to 18 months, especially if interest rates stay elevated, the naira continues to depreciate, and the regulatory forbearance is completely phased out. We expect most banks currently benefiting from regulatory forbearance to regularise their positions in the short term, particularly considering the CBN's June 2025 circular, which introduces restrictions on dividend and bonus payments, among other measures. The sector's inherently high loan book concentration, driven by significant exposures to the oil and gas industry, poses a threat to asset quality.

A standard negative one (-1.75) adjustment is usually applied for Non-Bank Financial Institutions (NBFI). However, in view of the rapid growth in the asset management segment with weaknesses in risk management structures, there could be increase the scores differential. Furthermore, negative adjustments up to negative two (-2.00) could apply for any rated entity in sectors without strong regulatory oversight.

Business profile

Competitive position

On the back of sustained rapid throughput growth, Payaza's domestic position has improved despite the company's short history and track record relative to peers. Global throughput nearly doubled to USD8.5 billion in 2025 and is on track to exceed USD10 billion per 2026 first quarter (Q1 2026) results. More importantly, the benefits of scale are beginning to manifest in terms of input cost flexibility, solidifying the company's position as an efficiency leader amongst rated peers. We continue to highlight execution risk as potentially negative given the company's rapid expansion to other countries; however, we note that management has remained disciplined in its approach, guided by its strategic framework implemented under strong board oversight.

The company has a diversified customer base (top 20 merchants account for only c.11% of throughput/revenue) and while merchant count continues to increase, the ability to retain customers in the face of mounting competition remains to be seen. However, product and geographic diversification as well as the sustained implementation of early settlement of customers should mitigate the risk of merchant turnover over the outlook period (12 to 18 months).

Sustainability Assessment

Strong governance and risk structures continue to underpin the company's sustainability assessment, which is neutral to the ratings. We note that the managing director holds 70% of the company's shares, however, the board is adequately constituted to provide independent oversight over management decisions.

Financial Profile

Cash flow and Leverage

Payaza relies on short-term debt (commercial papers and bank overdraft) to finance growing working capital requirements; however, management plans to lengthen debt maturity profile via bond issuance to finance planned capital expenditure. Planned long-term debt will be deployed towards the development of required infrastructure to support business growth and reduce third party (vendor) dependence as well as retain more margin. Consequently, the debt profile is expected to change over the outlook period, however, the company is expected to maintain a net-ungeared position over the outlook period due to strong earnings and operating cash flow.

Exhibit 1: Cash flow and leverage

	2027e	2026e	2025	2024
Net Debt/EBITDA	Net ungeared	Net ungeared	Net ungeared	Net ungeared
FFO/Net Debt	N/A	N/A	N/A	N/A
EBITDA/Interest Expenses	1.2x	1.2x	2x	3x

e: Based on GCR estimates
Source: Payaza Africa Limited's financial statements and GCR models

Earnings vs Risk

Earnings remain positive to the ratings, underpinned by strong revenue and operating profit growth. The company mainly earns contractual fees on collections which are relatively less volatile than market-based income. In financial year 2025, topline grew by 42.8% to NGN28.8 billion (USD21.2 million) on the back of strong throughput growth while EBITDA margin rose to 50.1% (slightly above our forecast range of 40-45%) supported by cost efficiency gains achieved during the year. We maintain our expectation that EBITDA margin will stabilise at 40%-45% over the outlook period, as also indicated by Q1 2026 results.

Exhibit 2: Profitability metrics

	2027e	2026e	2025	2024
EBITDA margin (%)	48%	44%	50%	11%
ROE (%)	32%	27%	69%	58%
ROA (%)	7%	6%	15%	14%
Cost to Income ratio (%)	52%	56%	50%	89%

e: Based on GCR estimates
Source: Payaza Africa Limited's financial statements and GCR models

Liquidity

Liquidity is positive to the ratings, underpinned by the company's good cash flow generating capacity and large cash balances. Payaza's rising cash balances are partly due to payables which have helped ease working capital pressure from business growth and instant merchant settlements. Despite the flexibility

offered by higher payables, debt has continued to increase to guarantee instant merchant settlement. Liquidity coverage (sources vs uses) ratio has historically averaged >2x and is expected to average 1.5x over the outlook period. Other qualitative liquidity factors include the company's proven capital market access as well as good relationships with local financial institutions.

Comparative profile

Peer analysis

The peer analysis factor is not applicable to the ratings.

Group support

Group support is not applicable to the ratings.

Rating adjustment factors

Structural adjustments

Structural adjustments not applicable to the ratings.

Instrument ratings

No instrument rating adjustments.

Glossary

Accounting	A process of recording, summarising, and allocating all items of income and expense of the company and analysing, verifying and reporting the results.
Asset	A resource with economic value that a company owns or controls with the expectation that it will provide future benefit.
Balance Sheet	Also known as Statement of Financial Position. A statement of a company's assets and liabilities provided for the benefit of shareholders and regulators. It gives a snapshot at a specific point in time of the assets the company holds and how they have been financed.
Bond	A long term debt instrument issued by either a company, institution or the government to raise funds.
Capital	The sum of money that is invested to generate proceeds.
Capitalisation	The provision of capital for a company, or the conversion of income or assets into capital.
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.
Corporate Governance	Refers to the mechanisms, processes and relations by which corporations are controlled and directed, and is used to ensure the effectiveness, accountability and transparency of an entity to its stakeholders.
Covenant	A provision that is indicative of performance. Covenants are either positive or negative. Positive covenants are activities that the borrower commits to, typically in its normal course of business. Negative covenants are certain limits and restrictions on the borrowers' activities.
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.
Equity	Equity is the holding or stake that shareholders have in a company. Equity capital is raised by the issue of new shares or by retaining profit.
Exchange Rate	The value of one country's currency expressed in terms of another.
Exercise	To exercise an option is to use the right of the holder to buy or sell the underlying asset on which the option is based at the strike price.
Financial Statements	Presentation of financial data including balance sheets, income statements and statements of cash flow, or any supporting statement that is intended to communicate an entity's financial position at a point in time.
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.
Institutional Investors	Financial institutions such as pension funds, asset managers and insurance companies, which invest large amounts in financial markets on behalf of their clients.
Interest Rate	The charge or the return on an asset or debt expressed as a percentage of the price or size of the asset or debt. It is usually expressed on an annual basis.
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.
Investment Portfolio	A collection of investments held by an individual investor or financial institution.
Liquid Assets	Assets, generally of a short term, that can be converted into cash.
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.
Market	An assessment of the property value, with the value being compared to similar properties in the area.
Operating Cash Flow	A company's net cash position over a given period, i.e. money received from customers minus payments to suppliers and staff, administration expenses, interest payments and taxes.
Performing Loan	A loan is said to be performing if the borrower is paying the interest on it on a timely basis.
Performing	An obligation that performs according to its contractual obligations.
Portfolio	A collection of investments held by an individual investor or financial institution. They may include stocks, bonds, futures contracts, options, real estate investments or any item that the holder believes will retain its value.
Principal	The total amount borrowed or lent, e.g. the face value of a bond, excluding interest.
Private	An issuance of securities without market participation, however, with a select few investors. Placed on a private basis and not in the open market.
Risk	The chance of future uncertainty (i.e. deviation from expected earnings or an expected outcome) that will have an impact on objectives.
Securities	Various instruments used in the capital market to raise funds.

Salient points of accorded ratings

GCR affirms that a.) no part of the ratings 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 ratings above were solicited by, or on behalf of, the rated entity.

The rated entity participated in the rating process via telephonic management meetings and other written correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from the rated and other reliable third parties to accord the credit ratings included:

- 2025 Audited financial statements
- Management accounts of the company as of 31 March 2026
- Other relevant information
- Exchange Rate Source: $1.00 = NGN1,358.1 (3 June 2026)

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