# PAYAZA AFRICA LIMITED

## Final 2026 Fintech Rating Review Report

Agusto&Co.

*Research, Credit Ratings, Credit Risk Management*

# PAYAZA AFRICA LIMITED

Long-Term Rating:

**A-**

Short-Term Rating

**A1**

**Outlook:** Stable
**Issue Date:** 13 May 2026
**Expiry Date:** 30 June 2027

Previous Rating: Bbb

**Industry: Financial Technology**


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*A company with good financial condition and strong capacity to meet its obligations relative to all other issuers in the same country.*

## RATING RATIONALE

Agusto & Co hereby upgrades the ratings assigned to Payaza Africa Limited ("Payaza", "PAL" or "the Company") to **"A-"** (long-term) and **"A1"** (short-term). The assigned ratings reflect the Company's sustained growth in revenue and profitability, supported by rapid expansion across international markets, a diversified product suite and its ability to leverage its strengthening brand profile and commercial positioning to secure more favourable terms with partners. This is in addition to Payaza's healthy cash flow and liquidity position as well as its low leverage. The ratings also consider the scalability and interoperability of Payaza's payout infrastructure, which currently supports over 40 currencies, enabling seamless cross-border transactions and facilitating rapid deployment across multiple jurisdictions. This capability, combined with the Company's partnerships with global card networks such as Mastercard and Visa, enhances its international reach and strengthens acceptance across global payment corridors. We also note favourably the Company's ongoing process to list on the Nasdaq Capital Market, which is expected to enhance transparency and governance standards, with potential positive implications for investor confidence, customer trust and access to strategic partnerships. Nonetheless, the assigned ratings are constrained by concerns over the inherent exposure of digital payment platforms to fraud and other illicit activities, regulatory uncertainty arising from evolving policy direction and the involvement of multiple oversight bodies, as well as increasing competitive intensity within Nigeria's payments ecosystem.

Payaza Africa Limited is a privately held payments technology company incorporated in 2022, with its primary headquarters in Lagos, Nigeria, and a secondary presence in the United States. The Company offers a suite of digital payment solutions designed to facilitate both domestic and cross-border transactions for businesses and individuals. Its core offerings include bulk/instant payouts and collections. Within its broad offerings, Payaza has developed specialised solutions such as Strides (focused on tuition payments for African students abroad), EventPorte (a ticketing and event management solution) and Payaza Give (a platform supporting gifting and crowdfunding activities). Following expansion into New Zealand and Poland in 2025, the Company's operations now span 26 countries across Africa, Europe, the Middle East and North America.

In the financial year ended 31 December 2025 (FYE 2025), Payaza Africa Limited recorded a 43% increase in revenue to ₦28.8 billion, driven by growth in its merchant base, continued geographic

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expansion and higher merchant fees on cross-border transactions. The Company's direct cost-to-revenue ratio declined significantly to 26.7% in FYE 2025 (2024: 60%), reflecting improved commercial terms with key banking partners, resulting in a gross profit margin of 73.3% (2024: 40%). Similarly, the operating cost-to-revenue ratio moderated to 24.9% in FYE 2025 (2024: 30.7%), supported by economies of scale and improved cost efficiencies from regional operations, including the consolidation of administrative functions and optimisation of IT spending, resulting in an operating profit margin of 48.4% (2024: 9.3%). Payaza's Profit before tax margin improved to 59.7% in FYE 2025 (2024: 49.5%), reflecting reductions in both direct and operating costs. This translated to a return on assets (ROA) of 28.9% (2024: 29.6%), and a return on equity (ROE) of 92% (2024: 125%), exceeding our internal benchmarks and outperforming the average yield on the 364-day treasury bills. In the near term, we expect sustained growth in the Company's revenue and profitability, supported by ongoing geographic expansion, a growing customer base and continuous diversification of its offerings in line with market trends.

In FYE 2025, Payaza reported operating cash flow (OCF) of ₦76.7 billion, representing a significant turnaround from the negative ₦6.7 billion recorded in FYE 2024, driven by growth in transaction volumes, which led to higher trade payable balances, alongside the notable improvement in earnings and the reduction in other receivables and prepayments. PAL's OCF represented 266.5% of revenue in FYE 2025 and was sufficient to cover returns to providers of finance (solely interest payments), 11.3x, exceeding our 3x threshold. In the near term, Payaza Africa Limited is expected to continue to generate positive operating cash flows, supported by sustained improvements in earnings and its ability to negotiate favourable commercial terms with partner banks.

As at 31 December 2025, Payaza's interest-bearing liabilities stood at ₦21.9 billion, comprising the outstanding balances on its Series 3 and 4 Commercial Paper Notes, as well as a ₦5.9 billion overdraft facility from a commercial bank. In FYE 2025, the Company's interest expense increased significantly by 847.8% to ₦6.8 billion, reflecting higher debt utilisation, particularly under the commercial paper programme, and represented 23.5% of revenue (2023: 3.5%), materially above our 5% threshold. Notwithstanding. the Company's operating cash flow was sufficient to cover its interest obligations, 11.3x, outperforming our internal benchmark. In addition, the Company's cash and cash equivalent balances were sufficient to offset all its obligations, both interest-bearing and non-interest-bearing, underpinning its overall low leverage profile.

Payaza is actively advancing its geographic expansion strategy, with an ongoing licensing process in the United Arab Emirates (UAE). The Company is also expanding its product suite with Chatpay, a payment solution currently in the testing phase that enables transactions via messaging platforms such as WhatsApp and Telegram. In addition, PAL continues to broaden its customer base, including the recent onboarding of high-profile local and international clients. These initiatives are expected to support continued improvement in the Company's revenue and profitability over the near term.

Based on the above, we attach a **stable** outlook to Payaza Africa Limited.

**Figure 1: Strengths, Weakness, Opportunities and Challenges**

**Strengths**

- Good profitability
- Good cash flow position
- Low leverage
- Expanding international footprint, which supports cross-border revenue growth and reduces reliance on intermediaries
- Strategic partnership with Mastercard and Visa, strengthening global payment connectivitiy and merchant acceptance
- Multicurrency payout infrastructure that enables seamless cross-border settlement

**Weakness**

- Concentrated ownership structure

**Opportunities**

- Large, young and digitally engaged population
- Increasing smartphone penetration and digital literacy
- Accelerated shift towards cashless transactions
- Strengthening collaboration with traditional financial institutions enabling deeper market penetration
- Expansion of digital infrastructure
- Underserved MSME segment

**Challenges**

- Fragmented regulatory landscape and evolving compliance requirements
- Exposure to cybersecurity risks
- High customer acquisition and retention costs
- Foreign exchange exposure
- Macroeconomic instability, which could dampen transaction volumes and elevate operating risks
- Elevated data protection and compliance cost

# PROFILE OF PAYAZA AFRICA LIMITED

Payaza Africa Limited ("Payaza", "PAL" or "the Company") is a privately held payments technology company incorporated in 2022, with its primary headquarters in Lagos, Nigeria, and a secondary presence in the United States. The Company provides a suite of digital payment solutions designed to support both domestic and cross-border transactions for businesses and individuals. Its core service offerings include bulk and instant payouts and a collections infrastructure that enables businesses to receive payments globally. Within its broad offerings, Payaza has developed specialized solutions such as Strides (targeting tuition payments for African students abroad), EventPorte (a ticketing and event management solution) and Payaza Give (a platform supporting gifting and crowdfunding initiatives). The Company is currently pursuing a potential listing on the Nasdaq Capital Market.

Payaza delivers its services through multiple access channels, including direct Application Programming Interface (API) integrations, merchant dashboards, hosted payment pages, payment links and QR-enabled payment channels (Payaza Branches). Its infrastructure is built on proprietary software designed for scalability and resilience, with the capacity to process approximately 200 transactions per second. Per management disclosure, Payaza's platform has an uptime of 99.9%, supported by multi-zone cloud deployment, database replication, automated failover mechanisms and structured incident response protocols.

PAL operates in a highly competitive payments landscape and differentiates itself primarily through transaction speed and settlement efficiency, offering T+1 settlement in a market where T+2 remains common. Its platform supports multi-currency transactions (over 40 currencies) and cross-border payment capabilities, enabled by integrations with partner financial institutions, mobile money operators and global payment networks. Payaza also maintains strategic partnerships with leading international card schemes, including Mastercard and Visa, which provide access to established global payment infrastructure and enhance its international transaction processing capabilities, particularly for collections. The integration of its platform with other ecosystem participants is facilitated through a unified API architecture that securely routes authenticated transaction data between counterparties for execution.

Following the addition of Uganda, New Zealand and Poland in 2025, Payaza now operates across 26 countries spanning Africa, Europe, the Middle East and North America. Key African markets include Nigeria, Ghana, Kenya, Tanzania, Côte d'Ivoire, Cameroon and Senegal, among others, with additional presence in markets such as the United States, United Kingdom and Canada. However, the bulk of the Company's revenue (65% in 2025), comes from the Nigerian market. The Company holds Payment Solution Service Provider (PSSP) licenses in Nigeria, Ghana, Tanzania, and Uganda, alongside an International Money Transfer Operator (IMTO) license in Nigeria and Money Services Business (MSB) licenses in the United States, Canada and New Zealand.

Payaza conducts bi-annual security audits, with its most recent vulnerability and penetration testing completed in August 2025.

# OWNERSHIP, GOVERNANCE, MANAGEMENT AND STAFF

As at 31 December 2025, Payaza Africa Limited had a share capital of ₦2 billion comprising 2 billion ordinary shares at ₦1 each, which had been issued and fully paid. Mr. Seyi Ebenezer held 70% of the shares, with the remaining shares distributed among Mr. Philips Akinyele (15%), Mr. Tochukwu Ekwonna (10%) and Ms. Tolulope Atomori (5%). In our opinion, the Company's ownership structure is highly concentrated.

Payaza Africa Limited has a 12-member Board of Directors ("the Board"), comprising three Independent Non-Executive Directors (including the Chairman), three Executive Directors and six Non-Executive Directors. The Board is chaired by Mr. Samuel Okwulehie, while the founder, Mr. Seyi Ebenezer, serves as Managing Director/Chief Executive Officer. The composition of the Board remained unchanged during the year under review. The Board discharges its oversight responsibilities through the Nomination and Governance Committee, the Audit and Risk Management Committee, and the Environmental, Social and Governance (ESG) Committee. In our opinion, the Board's composition, with a majority of Non-Executive Directors and representation from independent members, aligns with international corporate governance best practice and supports effective oversight and balanced decision-making.

**Table 1: Current Directors**

| S/N | Name | Role |
|---|---|---|
| 1 | Mr. Samuel Okwulehie | Chairman |
| 2 | Mr. Seyi Ebenezer | Managing Director / Chief Executive Officer |
| 3 | Mr. Philips Akinyele | Executive Director / Chief Technology Officer |
| 4 | Mr. Tochukwu Ekwonna | Executive Director / Chief Financial Officer |
| 5 | Mr. Ajaegbu-Bright Chigozie | Non-Executive Director |
| 6 | Mr. Oladunjoye Afolabi | Non-Executive Director |
| 7 | Ms. Abimbola Wycliffe | Non-Executive Director |
| 8 | Ms. Bukola Bankole | Non-Executive Director |
| 9 | Mr. Ifelade Ayodele | Non-Executive Director |
| 10 | Ms. Abimbola Odeyinde | Non-Executive Director |
| 11 | Prof. Ezekiel Oseni | Independent Non-Executive Director |
| 12 | Mr. Oscar Onyema OON | Independent Non-Executive Director |

*Source: Payaza Africa Limited*

## Management Team

The Managing Director of Payaza Africa Limited is supported by fourteen senior management staff with oversight of key functional areas, including technology, finance, human resources, legal, compliance, operations, risk and sales. Collectively, the senior management team has an average of about 10 years of relevant experience. In our opinion, PAL's management team possesses the requisite knowledge and experience to steer the affairs of the Company.

**Mr. Seyi Ebenezer** is the Managing Director and Chief Executive Officer of Payaza Africa Limited. He has over 15 years of experience in the financial services sector, with expertise spanning audit, commercial banking, corporate

finance, treasury and payments. Prior to establishing Payaza, he held senior management positions within the Nigerian banking industry, including at Keystone Bank, where he was responsible for corporate banking functions and the management of large institutional client portfolios. He has led and participated in a range of capital and debt transactions for medium and large corporates across sectors such as oil and gas, real estate, fintech, e-commerce, and logistics. Mr. Ebenezer began his career at KPMG, where he developed foundational experience in audit, financial control and risk management. Mr. Ebenezer is a Chartered Accountant (ACA) and holds several professional certifications, including Associate of the Chartered Institute of Bankers (ACIB), Certified Treasury Professional (CTP), ACI Financial Markets Treasury Certification, Enterprise Risk Management Associate Professional (ERMAP) and Certified Management Accountant (CMA). He holds a Bachelor of Science (BSc) in Accounting from Olabisi Onabanjo University, a Master of Business Administration (MBA) from Lagos Business School and an Executive MBA from the Kellogg School of Management.

**Table 2: Other Members of Payaza's Management Team**

| S/N | Name | Role |
|---|---|---|
| 1 | Mr. Philips Akinyele | Chief Technology Officer |
| 2 | Mr. Tochukwu Ekwonna | Chief Financial Officer |
| 3 | Ms. Tolulope Atomori | Chief People Officer |
| 4 | Mr. Ayokunle Olowogboyega | Head, Legal |
| 5 | Mr. Segun Ogunsanya | Head, Compliance |
| 6 | Mr. Ooreade Adeniran | Head, Engineering |
| 7 | Mr. Taiwo Adeeko | Head, Operations |
| 8 | Mr. Chukwuebuka Chikelue | Head, Finance |
| 9 | Ms. Bamise Soile | Head, Governance, Risk and Cyber Security |
| 10 | Ms. Stella Elele | Vice President, Products |
| 11 | Ms. Perkins Ogedengbe | Vice President, Sales |
| 12 | Mr. Efemena Eriyemo | Lead, Growth and Expansion |
| 13 | Mr. Joseph Akinbamire | Head, Customer Experience |
| 14 | Mr. Shola Ashiru | Brands and Communication Manager |

*Source: Payaza Africa Limited*

As at 31 December 2025, Payaza's workforce increased to 99 employees (2024: 84) in line with the ongoing expansion of its operations. PAL's staff costs rose by 46% to ₦3.3 billion in FYE 2025, driven by the larger workforce and upward movement of employees across salary bands. Consequently, the average cost per employee increased to ₦33.6 million in FYE 2025 (2024: ₦27.1 million). In the same year, average contribution per employee (measured as operating profit adjusted for staff costs) improved significantly to ₦174.3 million (2024: ₦49.42 million) and was sufficient to cover the average cost per employee 5.2x (2024: 1.8x), which we consider good.

# RISK MANAGEMENT AND CONTROL

PAL has implemented a suite of policies and control frameworks addressing key risk areas, including information security and data privacy (via its Data Protection Policy), fraud and broader financial crime risk (through its Fraud Framework and Fraud Desk Operations SOP), and anti-money laundering and counter-terrorism financing (AML/CFT) risk (via its AML/CFT Policy). In addition, the Company's risk management architecture extends to other critical areas, including financial risk (notably foreign exchange and interest rate exposures), as well as regulatory, legal, accounting and taxation risks, which are managed within a broader compliance framework. Operational risks - encompassing people, systems infrastructure, and internal control processes - are also addressed through established procedures and oversight mechanisms. Collectively, these frameworks provide a structured basis for identifying, monitoring and managing the Company's risk exposures across its operations.

### Information Security and Data Privacy Risk

The Company's Data Protection Policy establishes a comprehensive framework for the lawful and secure processing of personal data, anchored on recognised data protection principles such as lawfulness, fairness, transparency, data minimisation, accuracy and confidentiality. The policy applies across all data processing activities, including those undertaken by employees and third-party service providers, and is aligned with applicable national regulations and international best practices. Governance is reinforced through the designation of a Data Protection Officer, periodic audits, and defined accountability structures, while operational controls include data classification, access restrictions based on the "need-to-know" principle, incident reporting protocols, and the implementation of technical and organisational safeguards to prevent unauthorised access, loss, or misuse of data. In addition, the policy incorporates requirements for data subject rights, cross-border data transfers, and data protection impact assessments for high-risk processing activities, thereby strengthening the Company's resilience against data breaches and regulatory infractions.

### Fraud and Financial Crime Risk

The Company has established a structured fraud risk management framework supported by defined operational procedures for the identification, investigation and resolution of fraud incidents across its payment ecosystem. The Fraud Desk serves as a centralised function responsible for case intake, transaction analysis, stakeholder engagement, and timely resolution, guided by clearly defined service level timelines, escalation protocols, and documentation standards. This is complemented by a broader Fraud Management Framework which adopts an end-to-end approach encompassing fraud prevention, detection, investigation and response, with embedded controls such as transaction monitoring, account restrictions, lien placement, interbank coordination, and periodic fraud trend analysis. The framework also incorporates defined roles across operational, compliance, and technical teams, alongside tiered escalation mechanisms for high-impact cases, thereby strengthening the Company's ability to contain fraud losses, ensure regulatory compliance, and maintain the integrity of its payment infrastructure

### Anti-Money Laundering / Counter-Terrorism Financing (AML/CFT) Risk

The Company has established a comprehensive AML/CFT/CPF policy framework designed to prevent, detect, and deter money laundering and terrorist financing across its operations, in line with applicable Nigerian regulations and international best practices. The framework is anchored on a risk-based compliance programme comprising documented policies and procedures, enterprise-wide risk assessments, independent compliance reviews, and

mandatory staff training, with oversight provided by senior management and a designated Head of Compliance. Key control measures include robust customer due diligence (CDD/KYC) and merchant onboarding processes, transaction monitoring systems, sanctions and Politically Exposed Person (PEP) screening, and timely reporting of suspicious transactions to relevant authorities such as the Nigerian Financial Intelligence Unit (NFIU) and the CBN. The policy also emphasises strong governance, record-keeping, regulatory engagement, and confidentiality requirements, thereby supporting effective identification, monitoring, and mitigation of financial crime risks while ensuring ongoing regulatory compliance.

### Regulatory, Legal and Compliance Risk

The Company is exposed to regulatory, legal, and compliance risks arising from changes in applicable laws, regulatory requirements and contractual obligations within the Nigerian financial services environment, as well as other countries where it operates. Regulatory and compliance risks primarily relate to adherence to Central Bank of Nigeria (CBN) guidelines and other statutory requirements, while legal risk stems from potential exposure to contractual liabilities and claims, which are managed through formal documentation and periodic legal review of agreements. The Company's control framework incorporates defined policies, governance oversight, and review processes aimed at monitoring compliance with evolving regulatory expectations and managing legal exposures, providing a structured basis for identifying and managing these risks.

### Operational Risk (People, Processes, Systems)

Operational risk is the risk of direct or indirect loss arising from inadequate or failed internal processes, people, systems or external events. The Company's control framework is structured around segregation of duties in transaction initiation and processing, aimed at ensuring the completeness, accuracy and validity of transactions. This is supported by management and executive oversight, including periodic reviews of control accounts and systems, as well as a combination of automated and manual controls. Additional measures such as back-up facilities and contingency planning are in place to support operational continuity, while internal control systems and procedures are subject to regular review.

### Financial Risk (Foreign Exchange and Interest Rate Risks)

The Company is exposed to market risk arising from movements in foreign exchange and interest rates, which may affect the value and cash flows of its financial instruments. Interest rate exposure arises from both its interest-bearing assets and borrowings. While the Company utilises predominantly fixed-rate debt instruments, which provide some stability to financing costs, variations in market interest rates may still affect returns on interest-earning placements and overall earnings. Foreign exchange risk arises from transactions denominated in currencies other than the Company's functional currency (Nigerian Naira), primarily the United States Dollar (USD). Fluctuations in exchange rates may affect earnings and cash flows, particularly over the longer term. The Company manages its exposure through operational measures including real-time FX rate sourcing from partner institutions, pre-defined settlement currency structures, and short settlement cycles, alongside hedging arrangements where applicable, while monitoring currency movements on an ongoing basis.

# FINANCIAL CONDITION

***ANALYSTS' COMMENTS:*** *We have analysed the audited financial statements of Payaza Africa Limited for the three years ended 31 December 2025*

# PROFITABILITY

Payaza Africa Limited generates revenue from its unified payments infrastructure that supports both collections and payouts. Within this framework, the collections services, which enables businesses to receive payments from customers globally, constitute the primary revenue driver, contributing approximately 99% of earnings in 2025, while bulk and instant payout services accounted for the remaining 1%.

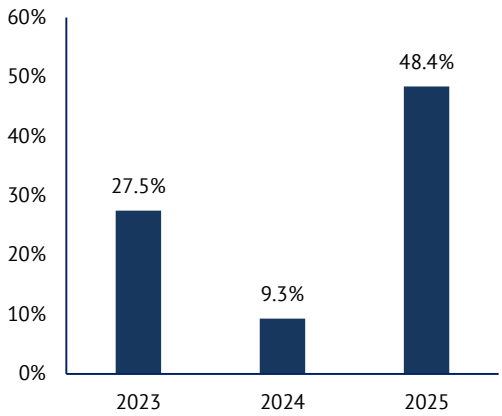
In the financial year ended 31 December 2025 (FYE 2025), Payaza Africa Limited recorded a 43% increase in revenue to ₦28.8 billion, underpinned by growth in its merchant base and continued geographic expansion, as well as increase in merchant fees for cross-border transactions. During the year, the Company expanded its merchant network by 71.7% to 3,109 active users, while extending its operational footprint to additional markets, including Uganda, New Zealand and Poland. Revenue growth was further supported by product diversification within the Company's collections segment. New offerings included Payaza Give - a cross-border platform that enables voluntary gifting and donations through multiple payment channels including Apple Pay, Google Pay, cards, bank transfers and stablecoins, which has gained traction among large religious and non-profit organizations. The Company also launched EventPorte, a digital ticketing and event management solution that enables event organizers to plan, promote and monetize events, while supporting secure payments and attendee management through an integrated platform. Consequently, revenue within the collections segment became more diversified in FYE 2025, with international collections accounting for 60%, QR-enabled payment channels (Payaza Branches) 15%, local collections 10%, Payaza Give 10% and EventPorte 5%. This was a significant shift from FYE 2024, when revenue was significantly concentrated in cross-border collections (98.6%). The evolving revenue mix reflects the Company's expansion into the local SME segment and broader product suite, contributing to reduced revenue concentration risk. We note positively that Payaza's merchant base is well diversified, with the top-ten merchants contributing only about 11% of total revenue.

Payaza's direct costs are predominantly driven by international and cross-border processing fees, which account for over 65% of the total, reflecting the significant share of cross-border transactions within its revenue mix. Other cost components include local processing charges (notably Nigeria Inter-Bank Settlement System (NIBSS) Instant Payments (NIP) and switching fees associated with routing transactions through domestic payment infrastructure), interbank network fees, and applicable regulatory charges such as stamp duties. In FYE 2025, Payaza's direct costs declined by 37% in absolute terms, primarily supported by improved commercial terms with key partners. Consequently, PAL's direct cost to revenue ratio fell to 26.7% in FYE 2025 (2024: 60%), translating to a much-improved gross profit margin of 73.3% (2024: 40%). Similarly, the Company's operating cost-to-revenue ratio improved to 24.9% in FYE 2025 (2024: 30.7%), supported by economies of scale and enhanced cost efficiencies across its regional operations. These gains stemmed from the consolidation of administrative functions and the optimisation of IT spending through API-based integrations that leverage shared third-party infrastructure across

the business. This, alongside the stronger revenue base, supported an increase in operating profit margin to 48.4% in FYE 2025 (2024: 9.3%), exceeding our internal benchmark.

Payaza recorded other income of ₦11.7 billion in FYE 2025 (2024: ₦8.8 billion), comprising income from software development and loyalty rewards from partner banks[1] (73%), interest income (14.5%) and gains from the revaluation of investment property, largely freehold land (12.4%). In the same year, the Company recorded other expenses of ₦1.7 billion attributed to foreign exchange losses arising from the translation of foreign currency-denominated bank balances and financial assets. Consequently, PAL posted a net other income of ₦10 billion in FYE 2025, equivalent to 34.8% of revenue. Nonetheless, we do not consider earnings from these non-core activities as sustainable income streams.

**Figure 2: Operating Profit Margin**




As part of its broader market expansion strategy and to support its T+1 settlement offering, the Company has increasingly utilised short-term borrowings - primarily commercial paper and bank overdrafts - to enhance liquidity. This reliance has significantly elevated its debt service burden, driving the interest expense-to-revenue ratio to 23.5% in FYE 2025 (2024: 3.5%), well above our 5% threshold.

Notwithstanding, Payaza still posted an improved profit before tax (PBT) margin of 59.7% in FYE 2025 (2024: 49.5%), reflecting material reductions in direct and operating costs. Overall, the Company's pre-tax, pre-interest return on assets (ROA) of 28.9% in FYE 2025, though slightly lower than the previous year's ratio of 29.6%, remained within acceptable levels. Similarly, Payaza's pre-tax return on equity (ROE) of 92% (2024: 125%), exceeded our internal benchmark and outperformed the average yield on a 364-day Nigerian Treasury Bill over the same year.

Payaza Africa Limited continues to expand its merchant base, with the onboarding of several key clients subsequent to year-end, including Temu, Shein, Enugu Air and United Pay. The Company has also been appointed as the primary payment gateway for the Dangote Refinery's IPO collections. In parallel, Payaza is advancing its geographic expansion strategy, including the execution of a partnership with a Mexico-based payment gateway to capitalise on anticipated transaction volumes associated with the upcoming FIFA World Cup, which will be co-hosted by the United States, Canada and Mexico. PAL has also obtained approval in principle in the United Arab Emirates (UAE) and is currently operating in the market through a partnership with Network International, pending the issuance of a full licence. Furthermore, we believe that PAL's ongoing efforts to secure a listing on Nasdaq Capital Market should strengthen its market presence and broaden its access to funding. Collectively, these initiatives are expected to continue to support revenue growth and margin expansion over the near to medium term.

In our opinion, Payaza Africa Limited's profitability is good.

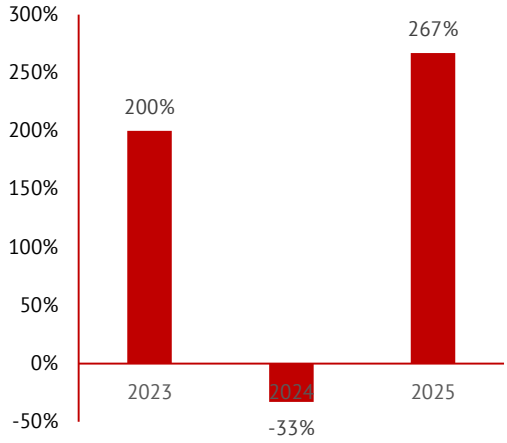
[1] *Loyalty rewards represent discretionary incentives provided by partner banks to encourage Payaza to route transaction volumes through their infrastructure*

# CASH FLOW

Payaza Africa Limited generates cash primarily from fees earned on collections and bulk payout transactions processed on behalf of merchants. These fees are deducted at source, resulting in minimal conventional trade receivables. Notwithstanding, in line with global card scheme requirements, partner banks retain a structured percentage of transaction fees as a rolling security deposit to support settlement obligations to international merchants, while providing a buffer against chargebacks and settlement variances. These balances are transitional and highly liquid, typically subject to a rolling release cycle of up to 180 days. Although recognised as receivables, they are supported by verified transaction flows and are contractually repayable upon expiry of the security period. Similarly, trade payables largely comprise funds collected from customers on behalf of merchants, which are typically settled on a T+1 basis, as well as security deposits retained by Payaza, mirroring those balances held by partner banks.

In FYE 2025, Payaza reported operating cash flow (OCF) of ₦76.7 billion, representing a significant turnaround from a negative ₦6.7 billion in FYE 2024. The improvement was primarily driven by growth in transaction volumes, which resulted in higher trade payable balances - largely customer funds held on behalf of merchants within the settlement cycle - alongside improvement in earnings and a reduction in other receivables and prepayments. While increased transaction volumes would typically drive a rise in receivables (linked to security deposits held by partner banks), the Company capitalised on its' improving credit profile to negotiate lower deposit requirements from its partner banks, thereby moderating the growth in trade receivables. PAL's OCF represented 266.5% of revenue in FYE 2025 and was sufficient to cover returns to providers of finance (solely interest payments), 11.3x, exceeding our maximum threshold of 3x. On a cumulative basis, the Company generated ₦88.9 billion in OCF over its three-year operating history, covering total financing costs by 11.6x.

**Figure 3: OCF to Sales Ratio**




In the near term, Payaza Africa Limited is expected to sustain positive operating cash flows, supported by ongoing earnings growth, an expanding customer base that drives higher transaction volumes and associated payable balances, and its ability to secure favourable commercial terms with partner banks, underpinned by an improving credit profile.

In our opinion, Payaza's operating cash flow is good.

# LIQUIDITY

As at 31 December 2025, Payaza's liquidity position totalled ₦100.4 billion, comprising cash and cash equivalent and refundable security deposits held by partner banks. This was sufficient to cover the Company's short-term

maturing obligations of ₦77.4 billion, comprising trade payables (64.2%) - largely representing merchant balances pending settlement - and obligations relating to commercial paper issuances (35.8%), translating to a coverage of 1.3x, which we consider adequate. The unutilised balance of its ₦50 billion Commercial Paper Programme, together with established relationships with 12 partner banks through which it can access funding if required, provide additional liquidity support.

## FINANCING STRUCTURE AND COLLATERAL MANAGEMENT

Payaza Africa Limited operates a transaction-driven model in which it facilitates the collection and disbursement of funds on behalf of its clients. For its payout services, merchants typically pre-fund their accounts, from which the Company executes disbursements and earns a fee. Conversely, under its collections offering, Payaza receives payments from customers on behalf of merchants and subsequently settles these funds to the respective merchants after deducting applicable fees. A significant portion of the Company's operating flows is therefore effectively pre-funded, with working capital movements primarily reflecting the timing of inflows and outflows. Notwithstanding, the Company still needs to commit its own funds to support operations, particularly in the form of security deposits held by partners institutions in line with global card scheme requirements. In addition, Payaza's T+1 settlement offering results in merchant payouts being made ahead of the underlying transaction settlement cycle, requiring the Company to deploy its own funds to bridge this timing gap.

As at 31 December 2025, Payaza's working assets declined by 57% to ₦8.9 billion, reflecting a reduction in security deposits as the Company leveraged its strengthened market profile and positioning to negotiate improved terms with its partner institutions, alongside a decline in intercompany advances. The Company's working assets comprised 77% trade receivables, 22% intercompany receivables and 1% prepayment. As at the same date, Payaza's spontaneous financing increased to ₦61.6 billion (2024: ₦18.1 billion), largely comprising trade payables which represent funds collected on behalf of merchants, which were pending settlement. This increase reflects higher transaction activities and settlement flows, resulting in a net working capital position of ₦52.7 billion, which we consider good.

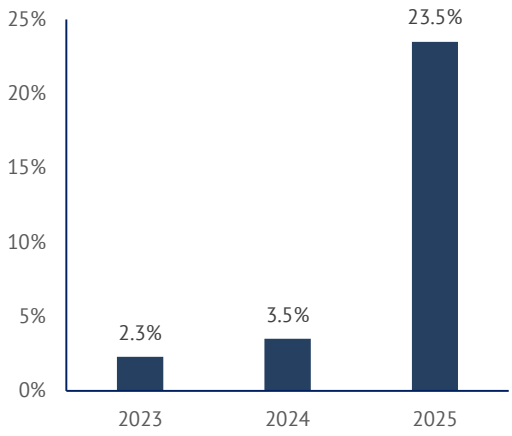
Notwithstanding, management has indicated that the elevated payable balance at year-end reflects seasonal factors, with settlement timelines temporarily extended due to multiple public holidays during the yuletide season. Under normal operating conditions, the Company's T+1 settlement strategy results in relatively low payable balances, often creating a working capital need, which it bridges through internally generated liquidity and short-term borrowings. Given that this rapid settlement model is integral to Payaza's market strategy, we expect working capital pressures to persist, albeit mitigated by its ability to access funding from the debt capital market and other lenders.

# LEVERAGE

As at 31 December 2025, Payaza's total liabilities increased by 128% to ₦89.3 billion, comprising 31.1% interest-bearing and 68.9% non-interest-bearing obligations. The Company's interest-bearing debt consisted of the ₦21.9 billion outstanding balances on its Series 3 and 4 Commercial Paper (CP) Notes, as well as a ₦5.9 billion overdraft facility from a commercial bank. PAL's non-interest-bearing liabilities were predominantly trade payables (80.7%), with the remainder spread across taxes payable, related party obligations, and other creditors and accruals. As at FYE 2025, the Company's assets were funded by interest-bearing liabilities (24.3%), non-interest-bearing liabilities (53.9%) and equity (21.8%), indicating a relatively low equity cushion. Nonetheless, we note that a significant portion of the Company's liabilities relate to customer funds pending settlement, and are supported by corresponding liquid balances, thereby mitigating the underlying balance sheet risk.

In 2024, Payaza Africa Limited registered a ₦50 billion Commercial Paper Programme in the Nigerian debt market and subsequently issued four series of varying amounts. Series 3 and 4 were both issued in August 2025, with Series 3 totalling ₦12.2 billion at a 20% discount rate for a tenor of 181 days, and series 4 amounting to ₦10.8 billion at a 21.4% discount rate for a tenor of 272 days. Subsequent to the year-end, the Company redeemed the Series 3 CP Note at maturity on 9 February 2026, while Series 4 remains outstanding and is scheduled for redemption on 11 May 2026.

**Figure 6: Interest Expense to Revenue Ratio**




In FYE 2025, Payaza's interest expense leaped by 847.8% to ₦6.8 billion, reflecting higher debt utilization, particularly under its commercial paper programme. This resulted in an increase in interest cost to revenue ratio of 23.5% in FYE 2025 (2024: 3.5%), which was above our 5% threshold. Notwithstanding, the Company's earnings before interest, tax, depreciation and amortization (EBITDA) was sufficient to cover its interest obligations 3.6x, which was satisfactory. In addition, interest-bearing debt (net of cash and equivalent) relative to equity, as well as net debt as a percentage of average total assets (excluding cash), both stood at zero, supported by the Company's substantial cash and cash equivalents position, which were adequate to offset its obligations.

In the near term, we expect Payaza to continue to rely on debt funding to bridge the timing gap arising from its T+1 settlement structure. Nonetheless, this is not expected to pose a material credit concern, as the Company's recourse to interest-bearing borrowings is driven by settlement timing needs rather than structural funding imbalances. In addition, the underlying cash flows associated with these transactions are relatively predictable and self-liquidating, which supports the Company's ability to meet its obligations as they fall due. Notwithstanding, we expect the rising debt service burden to continue to exert pressure on the Company's earnings.

In our opinion, Payaza Africa Limited's leverage is low to moderate.

# OUTLOOK

Nigeria's Fintech Industry, particularly the payments segment, has become a key enabler of financial intermediation and e-commerce, supported by a population exceeding 220 million and rising digital adoption. As at February 2026, active internet subscriptions exceeded 153 million[2], providing a strong foundation for the expansion of electronic payments. Transaction activities have remained robust, with volumes reaching 11.2 billion in 2024, with an aggregate value of approximately ₦1.07 quadrillion[3]. Growth has been supported by regulatory initiatives from the Central Bank of Nigeria, including the cashless policy, expansion of agency banking and the introduction of open banking frameworks. However, the operating environment remains constrained by infrastructure limitations, cybersecurity risks, and regulatory fragmentation, alongside increasing competition from deposit money banks, mobile money operators, and licensed non-bank providers. Nonetheless, a bill passed by the House of Representatives of Nigeria on 28 October 2025 proposing the establishment of the Nigerian Fintech Regulatory Commission (NFRC) signals the potential for improved regulatory coordination. Furthermore, strong demand fundamentals, continued payment formalisation, and ongoing investment in digital infrastructure are expected to sustain transaction volumes and support industry resilience over the near to medium term.

Payaza Africa Limited has made significant strides in the payments market since commencing operations in 2023, supported by ongoing geographic expansion and service diversification initiatives. The Company has extended its international footprint, securing licences in Canada, New Zealand and Uganda in 2025, while actively pursuing authorisation in the United Arab Emirates (UAE). Based on management disclosures, PAL has obtained approval in principle in the UAE and is currently operating in the market through a partnership with Network International, pending the issuance of a full licence. In addition, the Company has partnered with a payment gateway in Mexico to position for the anticipated surge in transaction volumes associated with the 2026 FIFA World Cup. Beyond geographic expansion, Payaza continues to broaden its product suite to enhance market penetration. In 2025, the Company launched EventPorte and Payaza Give, which collectively contributed 15% to revenue. PAL is also in the testing phase of Chatpay, a solution designed to enable payments via messaging platforms such as WhatsApp and Telegram. Furthermore, Payaza has onboarded a number of high-profile clients, including Dangote Refinery, where it will serve as the primary payment gateway for the proposed IPO, as well as international e-commerce platforms such as Temu and Shein. Through Payaza Give, the Company has also attracted large religious organisations, including the Redeemed Christian Church of God and the Living Faith Church. These strategic initiatives are expected to support continued revenue growth and sustain healthy margins over the near term.

We expect the Company to continue generating positive operating cash flows over the near term, supported by anticipated improvements in earnings and its ability to secure favourable commercial terms with its partners. While Payaza is expected to continue utilising short-term debt to bridge the timing mismatch arising from its accelerated vendor settlement strategy, we do not anticipate a deterioration in leverage metrics as such borrowings are typically supported by funds already processed and awaiting settlement, with a high degree of certainty around conversion to cash, thereby limiting the Company's exposure.

Based on the foregoing, we hereby attach a **stable** outlook to Payaza Africa Limited.

[2] *The Nigerian Communications Commission (NCC)*
[3] *Nigeria Inter-Bank Settlement System*

# FINANCIAL SUMMARY

| STATEMENT OF COMPREHENSIVE INCOME | 31-DEC-23 | | 31-DEC-24 | | 31-DEC-25 | |
|---|---|---|---|---|---|---|
| | ₦'MILLION | | ₦'MILLION | | ₦'MILLION | |
| REVENUE | 9,471 | 100% | 20,164 | 100% | 28,784 | 100% |
| GROSS PROFIT | 4,297 | 45% | 8,061 | 40% | 21,100 | 73% |
| OPERATING PROFIT | 2,601 | 27% | 1,875 | 9% | 13,936 | 48% |
| INTEREST EXPENSE | (222) | -2% | (713) | -4% | (6,758) | -23% |
| PROFIT BEFORE TAXATION | 5,031 | 53% | 9,977 | 49% | 17,193 | 60% |
| TAX (EXPENSE) BENEFIT | (1,731) | -18% | (2,710) | -13% | (4,931) | -17% |
| PROFIT AFTER TAXATION | 3,299 | 35% | 7,267 | 36% | 12,262 | 43% |
| DIVIDEND | - | | - | | - | |
| PROFIT RETAINED FOR THE YEAR | 3,299 | 35% | 7,267 | 36% | 12,262 | 43% |
| OTHER APPROPRIATIONS/ ADJUSTMENTS | - | | - | | - | |
| PROFIT RETAINED B/FWD | - | | 3,299 | | 10,566 | |
| **PROFIT RETAINED C/FWD** | **3,299** | | **10,566** | | **22,828** | |

| STATEMENT OF FINANCIAL POSITION | 31-DEC-23 | | 31-DEC-24 | | 31-DEC-25 | |
|---|---|---|---|---|---|---|
| | ₦'MILLION | | ₦'MILLION | | ₦'MILLION | |
| **ASSETS** | | | | | | |
| CASH & EQUIVALENTS | 14,354 | 70% | 20,949 | 41% | 94,223 | 82% |
| TOTAL TRADING ASSETS | 3,338 | 16% | 20,841 | 40% | 8,896 | 8% |
| TOTAL LONG-TERM ASSETS | 2,791 | 14% | 9,981 | 19% | 11,021 | 10% |
| **TOTAL ASSETS** | **20,483** | **100%** | **51,770** | **100%** | **114,140** | **100%** |
| ***GROWTH*** | - | | *153%* | | *120%* | |
| **LIABILITIES & EQUITY** | | | | | | |
| TOTAL INTEREST-BEARING LIABILITIES | - | - | 21,135 | 41% | 27,738 | 24% |
| TOTAL NON-INTEREST-BEARING LIABILITIES | 17,084 | 83% | 18,069 | 35% | 61,574 | 54% |
| TOTAL LIABILITIES | 17,084 | 83% | 39,204 | 76% | 89,312 | 78% |
| SHAREHOLDERS' EQUITY | 3,399 | 17% | 12,566 | 24% | 24,828 | 22% |
| **TOTAL LIABILITIES & EQUITY** | **20,483** | **100%** | **51,770** | **100%** | **114,140** | **100%** |

| CASH FLOW STATEMENT | 31-DEC-23 | 31-DEC-24 | 31-DEC-25 |
|---|---|---|---|
| | ₦'MILLION | ₦'MILLION | ₦'MILLION |
| **OPERATING ACTIVITIES** | | | |
| POTENTIAL OPERATING CASH FLOW | 5,169 | 9,799 | 21,274 |
| WORKING CAPITAL CHANGES: | | | |
| CASH FROM (USED BY) SPONTANEOUS FINANCING | 17,084 | 985 | 43,505 |
| CASH FROM (USED BY) TRADING ASSETS | (3,338) | (17,502) | 11,944 |
| **CASH FROM (USED IN) OPERATING ACTIVITIES** | **18,915** | **(6,718)** | **76,723** |
| RETURNS TO PROVIDERS OF FINANCING (RTPOF) | | | |
| INTEREST PAID | (222) | (713) | (6,758) |
| DIVIDEND PAID | - | - | - |
| **OPERATING CASH FLOW AFTER RTPOF** | **18,693** | **(7,431)** | **69,965** |
| **CASH FROM (USED IN) INVESTING ACTIVITIES** | **(2,803)** | **(7,281)** | **(1,195)** |
| **CASH FROM (USED IN) FINANCING ACTIVITIES** | **-** | **21,135** | **6,603** |
| CHANGE IN CASH INC/(DEC) | 14,354 | 6,594 | 73,274 |
| OPENING CASH & MARKETABLE SECURITIES | - | 14,354 | 20,949 |
| **CLOSING CASH & MARKETABLE SECURITIES** | **14,354** | **20,949** | **94,223** |

| KEY RATIOS | 31-DEC-23 | 31-DEC-24 | 31-DEC-25 |
|---|---|---|---|
| | | | |
| **PROFITABILITY** | | | |
| SALES GROWTH | NA | 113% | 43% |
| OPERATING PROFIT MARGIN | 27% | 9% | 48% |
| RETURN ON ASSETS (PRE-INTEREST PRE-TAX) | 51% | 32% | 29% |
| RETURN ON EQUITY (PRE-TAX) | 296% | 125% | 92% |
| | | | |
| **CASH FLOW** | | | |
| OCF AS % OF RETURNS TO PROVIDER OF FINANCING | 8520% | -942% | 1135% |
| OCF AS % OF SALES | 200% | -33% | 267% |
| | | | |
| **WORKING CAPITAL** | | | |
| WORKING CAPITAL NEED (DAYS) | - | 50 | - |
| OVERALL WORKING CAPITAL DEFICIENCY (DAYS) | - | - | - |
| | | | |
| **LEVERAGE** | | | |
| NET DEBT AS % OF AVERAGE TOTAL ASSETS | 89% | 99% | 0% |
| TOTAL LIABILITIES TO EQUITY | 503% | 312% | 360% |
| | | | |
| **OTHER ADDITIONAL INFORMATION** | | | |
| STAFF COSTS (₦' MILLION) | 470 | 2,276 | 3,322 |
| AVERAGE NUMBER OF STAFF | 54 | 84 | 99 |
| STAFF COSTS PER EMPLOYEE (₦' MILLION) | 9 | 27 | 34 |
| | | | |
| CAPITAL EXPENDITURE (₦' MILLION) | 115 | 454 | 201 |
| DEPRECIATION AND AMORTISATION (₦' MILLION) | 317 | 403 | 482 |
| EBITDA MARGIN | 59% | 55% | 85% |
| | | | |
| AUDITORS | DELOITTE | DELOITTE | DELOITTE |
| OPINION | CLEAN | CLEAN | CLEAN |

# LONG TERM RATING DEFINITIONS

| | |
|---|---|
| Aaa | A company with the best financial condition and strongest capacity to meet obligations as and when they fall due relative to all other issuers in the same country. |
| Aa | A company with very good financial condition and strong capacity to meet its obligations as and when they fall due relative to all other issuers in the same country. |
| A | A company with good financial condition and strong capacity to meet its obligations relative to all other issuers in the same country. |
| Bbb | A company with satisfactory financial condition and adequate capacity to meet its obligations as and when they fall due relative to all other issuers in the same country. |
| Bb | A company with satisfactory financial condition but limited capacity to meet obligations as and when they fall due relative to all other issuers in the same country. |
| B | A company with weak financial condition and weak capacity to meet obligations as and when they fall due relative to all other issuers in the same country. |
| C | A company with very weak financial condition and very weak capacity to meet obligations as and when they fall due are relative to all other issuers in the same country. |
| D | In default. |

**Rating Category Modifiers**

*A "+" (plus) or "-" (minus) sign may be assigned to ratings from 'Aa' to 'C' to reflect comparative position within the rating category. Therefore, a rating with + (plus) attached to it is a notch higher than a rating without the + (plus) sign and two notches higher than a rating with the - (minus) sign.*

# SHORT TERM RATING DEFINITIONS

| | |
|---|---|
| A1+ | A company with the strongest capacity to meet short-term obligations as and when they fall due relative to other issuers/obligations in the same country |
| A1 | A company with a strong capacity to meet short-term obligations as and when they fall due relative to other issuers/obligations in the same country |
| A2 | A company with adequate capacity to meet short-term obligations as and when they fall due relative to other issuers/obligations in the same country |
| A3 | A company with limited capacity to meet short-term obligations as and when they fall due relative to other issuers/obligations in the same country |
| B | A company with weak capacity to meet short-term obligations as and when they fall due relative to other issuers/obligations in the same country |
| C | A company with very weak capacity to meet short-term obligations as and when they fall due relative to other issuers/obligations in the same country |
| D | A company in default |

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