

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme PAYGROUP LIMITED

ACN/ARSN 620 435 038

1. Details of substantial holder (1)

Name Morgan Stanley and its subsidiaries listed in Annexure A
ACN/ARSN (if applicable) Not Applicable

The holder became a substantial holder on October 06, 2022

The holder became aware on October 10, 2022

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

| Class of securities (4) | Number of securities | Person's votes (5) | Voting power (6) |
|-------------------------|----------------------|--------------------|--|
| Ordinary Shares | 6,593,040 | 6,593,040 | 5.46% |
| | | | Based on 120,860,992 Ordinary Shares Outstanding |

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

| Holder of relevant interest | Nature of relevant interest (7) | Class and number of securities |
|---|---|---|
| Morgan Stanley Australia Securities Limited | Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of sales and trading businesses. | 6,593,040 Ordinary Shares |
| Each of the entities (as listed in Annexure A) in the Morgan Stanley group upstream of the above entity | The above entity is a body corporate that each upstream entity controls and therefore has the relevant interests that the above entity has. | 6,593,040 Ordinary Shares(N.B.: Total of the above direct interest) |

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

| Holder of relevant interest | Registered holder of securities | Person entitled to be registered as holder (8) | Class and number of securities |
|---|---|--|--------------------------------|
| Morgan Stanley Australia Securities Limited | Morgan Stanley Australia Securities (Nominee) Pty Limited | Not Applicable | 6,593,040 Ordinary Shares |

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

| Holder of relevant interest | Date of acquisition | Consideration (9) | | Class and number interest of securities |
|---|---------------------|-------------------|----------|---|
| | | Cash | Non-cash | |
| Morgan Stanley Australia Securities Limited | 07/14/2022 | 801,520.70 | Buy | 852,000 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 07/27/2022 | 186,411.25 | Buy | 195,039 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 07/28/2022 | 119,922.58 | Buy | 125,473 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 07/29/2022 | 101,777.40 | Buy | 106,488 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 08/03/2022 | 148,919.04 | Buy | 155,000 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 08/23/2022 | 39,189.52 | Buy | 41,030 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 08/24/2022 | 484.80 | Buy | 505 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 08/24/2022 | 21,716.13 | Buy | 22,747 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 08/26/2022 | 697.43 | Buy | 719 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 08/30/2022 | 82,875.11 | Buy | 84,184 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 08/30/2022 | 629.16 | Buy | 642 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/01/2022 | 506,392.51 | Buy | 516,314 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/01/2022 | 6,367.79 | Buy | 6,512 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/02/2022 | 73,905.14 | Buy | 75,755 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/05/2022 | 16,738.79 | Buy | 17,278 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/06/2022 | 36,019.36 | Buy | 36,901 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/07/2022 | 138,943.68 | Buy | 141,758 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/08/2022 | 11,172.23 | Buy | 11,414 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/09/2022 | 17,788.69 | Buy | 18,149 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/12/2022 | 27,374.57 | Buy | 27,995 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/13/2022 | 77,679.23 | Buy | 79,671 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/13/2022 | 33,683.16 | Buy | 34,498 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/14/2022 | 351,540.73 | Buy | 359,051 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/14/2022 | 131,751.38 | Buy | 134,646 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/15/2022 | 4,278.68 | Buy | 4,366 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/19/2022 | 672.76 | Buy | 683 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/19/2022 | 24,930.55 | Buy | 25,419 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/20/2022 | 671.05 | Buy | 683 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/20/2022 | 95,358.69 | Buy | 97,227 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/21/2022 | 676.17 | Buy | 683 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/21/2022 | 56,141.06 | Buy | 57,241 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/23/2022 | 90,615.61 | Buy | 92,391 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/23/2022 | 91,981.90 | Buy | 93,845 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/23/2022 | 672.76 | Buy | 683 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/26/2022 | 52,617.23 | Buy | 53,683 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/26/2022 | 671.05 | Buy | 683 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/27/2022 | 669.34 | Buy | 683 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/27/2022 | 102,184.71 | Buy | 104,321 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/28/2022 | 669.34 | Buy | 683 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/29/2022 | 669.34 | Buy | 683 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 09/30/2022 | 676.17 | Buy | 683 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 10/03/2022 | 677.88 | Buy | 683 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 10/04/2022 | 679.59 | Buy | 683 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 10/04/2022 | 2,522.56 | Buy | 2,546 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 10/05/2022 | 527,551.16 | Buy | 532,454 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 10/05/2022 | 679.59 | Buy | 683 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 10/05/2022 | 615,287.50 | Buy | 621,409 Ordinary Shares |

| | | | | |
|---|------------|------------|-----|---------------------------|
| Morgan Stanley Australia Securities Limited | 10/05/2022 | 990,000.00 | Buy | 1,000,000 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 10/06/2022 | 678.59 | Buy | 682 Ordinary Shares |
| Morgan Stanley Australia Securities Limited | 10/06/2022 | 860,961.59 | Buy | 868,963 Ordinary Shares |

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

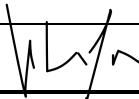
| Name and ACN/ARSN (if applicable) | Nature of association |
|---|--|
| Morgan Stanley Australia Securities Limited | Is a body corporate controlled by each upstream entity as listed in Annexure A |

7. Addresses

The addresses of persons named in this form are as follows:

| Name | Address |
|---|---|
| Morgan Stanley | 1585 Broadway, New York, New York, 10036, USA. |
| Morgan Stanley Australia Securities Limited | Level 39, Chifley Tower, 2 Chifley Square, Sydney, 2000, AUSTRALIA. |

Signature

| | | | |
|------------|---|----------|------------------|
| print name | Wilson Li | capacity | Vice President |
| sign here |  | date | October 10, 2022 |

Annexure A

List of Morgan Stanley and its subsidiaries that have a relevant interest or deemed to have a relevant interest in the shares or units stated in Section 3.

| Name | |
|------|--|
| | Morgan Stanley |
| | └ Morgan Stanley International Holdings Inc. |
| | └ Morgan Stanley (Australia) Securities Holdings Pty Limited |
| | └ Morgan Stanley Australia Securities Limited |

Signature

print name Wilson Li

capacity Vice President

sign here



date October 10, 2022

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

GUIDE

This guide does not form part of the prescribed form and is included by ASIC to assist you in completing and lodging form 603.

Signature

This form must be signed by either a director or a secretary of the substantial holder.

Nil

Lodging period

Lodging Fee

Nil

Other forms to be completed

Nil

Additional information

- (a) If additional space is required to complete a question, the information may be included on a separate piece of paper annexed to the form.
- (b) This notice must be given to a listed company, or the responsible entity for a listed managed investment scheme. A copy of this notice must also be given to each relevant securities exchange.
- (c) The person must give a copy of this notice:
 - (i) within 2 business days after they become aware of the information; or
 - (ii) by 9.30 am on the next trading day of the relevant securities exchange after they become aware of the information if:
 - (A) a takeover bid is made for voting shares in the company or voting interests in the scheme; and
 - (B) the person becomes aware of the information during the bid period.

Annexures

To make any annexure conform to the regulations, you must

- 1 use A4 size paper of white or light pastel colour with a margin of at least 10mm on all sides
- 2 show the corporation name and ACN or ARBN
- 3 number the pages consecutively
- 4 print or type in BLOCK letters in dark blue or black ink so that the document is clearly legible when photocopied
- 5 identify the annexure with a mark such as A, B, C, etc
- 6 endorse the annexure with the words:
This is annexure (mark) of (number) pages referred to in form (form number and title)
- 7 sign and date the annexure.

The annexure must be signed by the same person(s) who signed the form.

Information in this guide is intended as a guide only. Please consult your accountant or solicitor for further advice.