

**11 May 2020**  
**ASX Announcement**

### **Mainstream COVID-19 market update**

Mainstream Group Holdings Limited (ASX: MAI) provides the following update on its operating and financial performance. This update follows the ASX Release provided to the market on 23 March 2020.

Mainstream has continued to review the impact of COVID-19 on its business. The Board now has a clearer view of the Company's position, enabling FY20 earnings guidance to be reissued as follows:

- › Revenue of approximately \$54 million, and
- › EBITDA of approximately \$9 million (after application of AASB 16 Leases).

Despite the challenging global environment, the resilience of existing clients and their investment approach as well as new revenue coming on board has held up second half revenue. This is illustrated by the strength in Funds under Administration (FUA) reported on 22<sup>nd</sup> April 2020, where our quarterly FUA fell \$400 million rather than \$40 billion if it had fallen in line with global equity markets. The strength of the Company's 85%+ recurring revenue, combined with the implementation of previously disclosed cost control initiatives, means the Board now has renewed confidence in the short term outlook. The FY20 earnings guidance does remain sensitive to material market movements.

Mainstream provides the following further comments:

- › Mainstream remains focused on safeguarding the health of our employees while maintaining client service levels and business continuity. The Company will continue to respond to future changes in government health guidelines.
- › Mainstream is focused on executing its strategy of growth in core markets for fund services.
- › Mainstream continues to see new business demand, particularly in Australia, US and Asia, although some consolidation of clients is expected. We expect further success in signing larger clients, building on our brand recognition and business development activities.
- › Mainstream has applied for, and begun to receive, COVID-19 related employer stimulus packages in some jurisdictions where it operates. Outside of those markets, Mainstream is focused on discretionary cost control, rather than redundancies, as we expect to need this capacity and by working as one team we share the load.
- › The Company is in final negotiations with its bank to extend the maturity of its existing \$6 million debt facility beyond the current maturity date of January 2021.
- › As part of cost control measures, CAPEX has been cut back to focus on exploiting established investments (quoted funds, custody, online web services and US private equity services). We expect this reduction to continue during FY21.

In closing, the Company has a clear path forward to weather current conditions and remains confident in its business growth plans for FY21.

This announcement was authorised by the Board of Directors.

## More information

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## About Mainstream Group Holdings

Mainstream Group Holdings Limited (ASX: MAI) provides fund and superannuation administration services underpinned by investment in people, processes and technology.

As at March 2020 the Group provides administration services to 1,042 funds and more than 88,000 investors with funds under administration in excess of AUD \$187 billion.

Mainstream employs 274 people, with operations in Australia, Singapore, Hong Kong, the United States, the Isle of Man, Malta, Ireland and the Cayman Islands.

For more information, please visit: [www.mainstreamgroup.com](http://www.mainstreamgroup.com).