THOMABRAVO

# Thoma Bravo, L.P.

Presentation to Pennsylvania State Employees' Retirement System

**February 25, 2022**

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Thoma Bravo is regulated by the DFSA as a Representative Office.

# Thoma Bravo Private Equity at a Glance

| | |
|---|---|
| Strong **PERFORMANCE** | • Realized Software track record: 3.6x Gross MoM and 50% Gross IRR[1] |
| Experienced **ORGANIZATION** | • Focused on Software investing for nearly two decades<br>• Managing Partners have been together for 15+ years<br>• Responsible for around 350 Software acquisitions since 2003[2] representing around $125B[3] of Enterprise Value |
| Expanding Software **MARKET** | • About $9.5T software public market capitalization, +846% increase since 2008[4]<br>• Most mature software companies are privately owned[5]<br>• Market generally lacks operational discipline, allows for Thoma Bravo value-add advantage |
| Differentiated **STRATEGY** | • Strategy centered around accelerating growth through operational excellence |
| Repeatable **PROCESS** | • Consistent execution of the strategy enabled by Thoma Bravo's proprietary processes, business metrics and Operating Partners |

**Thoma Bravo is an organization with over $91B under management[6] and a long history of strong performance in a growing Software market**

Past performance is not an indicator of future results and all data is qualified by the Notes to Presentation. The complete investment history of Thoma Bravo is available upon request. 1) Returns are the result of Realized Investments in Software made by or under the supervision of persons now part of the Thoma Bravo investment staff while at Thoma Bravo or its predecessor firm, Thoma Cressey Bravo, Inc. Since in some cases the investments constituted only a portion of the funds in which they were made, no fund investor could have made such an investment and **no investor received the returns indicated even if an investor invested in all of the funds indicated**. Moreover, fees, expenses and other costs have not been factored into the calculation presented. The performance of an investment and the aggregate performance of investments were calculated using actual cash flows and the Value of Remaining Interests in the investments for the period from closing of the first investment in January 2003 through 9/30/21. The aggregate performance calculations were made as if each investment was made by one continuous fund beginning in January 2003. 2) Includes add-on acquisitions. 3) As of 9/30/21. Although Thoma Bravo's typical strategy is to acquire control positions in its Buyout Funds' portfolio companies, number also represents full value of acquisitions when investments were non-control, minority investments. 4) Source: S&P Capital IQ. Current market capitalizations are based on the end of the trading day on 12/31/2020; 2008 is as of 12/31/08. See note qq in Notes to Presentation. 5) Source: S&P Capital IQ. See note qq in Notes to Presentation. 6) Flagship, Discover, Explore, Growth, Co-Invest and Credit Funds have $67.5B, $12.6B, $1.3B, $1.0B, $5.1B and $3.9B AUM respectively as of 9/30/21.

# Performance Summary

## BUYOUT FUND PERFORMANCE SUMMARY AS OF 9/30/21

| FUND | VINTAGE YEAR | FUND SIZE | NET MOM (TVPI) | NET IRR TO LPs[2] |
|---|---|---|---|---|
| **Fund VII** | 2000 | $554M | 2.1x | 24.8% |
| **Fund VIII** | 2005 | $765M | 2.9x | 18.3% |
| **Fund IX** | 2008 | $823M | 3.8x | 44.7% |
| **Fund X** | 2011 | $1,275M | 3.2x | 39.5% |
| ***SOFI***[1] | 2013 | $418M | 3.3x | 36.3% |
| **Fund XI** | 2014 | $3,662M | 3.8x | 32.5% |
| ***SOFII***[1] | 2015 | $1,065M | 2.3x | 20.1% |
| **Discover Fund** | 2015 | $1,074M | 3.1x | 40.8% |
| **Fund XII** | 2016 | $7,604M | 1.8x | 19.1% |
| **Discover Fund II** | 2017 | $2,438M | 2.0x | 56.0% |
| **Fund XIII** | 2018 | $12,595M | 1.8x | 61.5% |
| **Explore Fund** | 2020 | $1,127M | 1.2x | 86.3% |
| **Discover Fund III** | 2020 | $3,929M | 1.0x | NM |
| **Fund XIV** | 2020 | $17,897M | 1.0x | 4.4% |

The historical returns achieved by any prior fund or individual investment are not a prediction of future performance or a guarantee of future results, and there can be no assurance that these or comparable returns will be achieved by investments made by a fund individually or in the aggregate. To the extent values include unrealized investments, Thoma Bravo believes the values used for such investments are reasonable and appropriate for these types of investments; however, there can be no assurance that proceeds will be realized on these investments or that, if and when realized, the proceeds will be equal to the values used. All data is qualified by the Notes to Presentation. 1) See note pp in Notes to Presentation. 2) See note dd in Notes to Presentation.

# Investment Team Leadership and Firm Culture

**Our mission: to deliver superior value to our investors and companies by forming collaborative partnerships**

## INVESTMENT TEAM LEADERSHIP

### Managing Partners

Seth Boro

Orlando Bravo

Scott Crabill

Lee Mitchell

Holden Spaht

Carl Thoma

### Partners

*Flagship*

Andrew Almeida

Tara Gadgil

Mike Hoffmann

Brian Jaffee

Peter Stefanski

Chip Virnig

*Discover*

A.J. Rohde[1]

Hudson Smith

*Explore*

Carl Press

Adam Solomon

*Growth*

Robert (Tre) Sayle

*Credit*

Oliver Thym

## CULTURE

### CULTURE OF COLLABORATION AND RESULTS

- No third-party ownership, creating strong alignment with limited partners
- Over 150 total team members[2] with limited turnover
- Investment Team Leadership responsible for making the Firm's Software investments
- Promotion from within: 12 of the 18 Managing Partners and Partners joined at the level of Vice President or below

As of 1/4/22. 1) A.J. Rohde is a Senior Partner. 2) Excluding Operating Partners and Operating Advisors. See note mm in Notes to Presentation.



THOMABRAVO

# Thoma Bravo Breadth of Software Investing Experience

## APPLICATION SOFTWARE

## INFRASTRUCTURE SOFTWARE

## SECURITY SOFTWARE

**Responsible for around 350 Acquisitions[1] Since 2003 Representing around $125 billion[2] of Enterprise Value**

Representative software-related past and current portfolio companies shown; does not include all investments made by Thoma Bravo Buyout Funds. The companies whose logos appear on this slide include both portfolio companies acquired with an equity investment by a Thoma Bravo fund and add-on investments acquired by a portfolio company without an equity investment by a Thoma Bravo fund. Not all investments have been successful. 1) Includes add-on acquisitions. 2) As of 9/30/21. Although Thoma Bravo's typical strategy is to acquire control positions in its Buyout Funds' portfolio companies, some investments have been non-control, minority investments.



THOMABRAVO

# Thoma Bravo Buyout Strategy

## TARGET COMPANY CHARACTERISTICS

- Market-leading[1]
- Mission-critical software
- High recurring revenue and revenue retention
- Strong existing management teams

## 1 COST REDUCTION

- Seek to Improve Margins at Closing
- Experience Creates Confidence to Change Cost Structure

## 2 PROFITABLE GROWTH

- Reorganize Company into Profit Centers
- Invest in and/or Refocus Sales
- Monitor and Manage Monthly

## 3 ADD-ON ACQUISITIONS

- Accretive
- Debt-Financed
- Acquire Customers and/or Product

## RESOURCES

- Aligned **COMPANY MANAGEMENT**
- Proprietary Best Practices and **OPERATING METRICS**
- Experienced **OPERATING PARTNERS**[2]
- Expertise in **CONSOLIDATION STRATEGY**

**Thoma Bravo has honed its strategy through a highly-repeatable investment process**

1) Based on various criteria. Targets may not be market-leading in all or even most criteria. 2) See note mm in Notes to Presentation.



THOMABRAVO

# Commitment to Diversity & Inclusion and ESG

Thoma Bravo seeks to foster a workplace that attracts and retains high quality and diverse talent

## EMPLOYEE DIVERSITY

**61%**[1] of all Thoma Bravo employees are from underrepresented groups

Investment team hiring initiatives have improved % of new Associates from underrepresented groups:

| Class Year | 2019 | 2020 | 2021 |
|---|---|---|---|
| **% of new Associates from underrepresented groups** | 85% | 83% | 88% |

1) As of October 2021.

Thoma Bravo became a signatory of the Institutional Limited Partners Association (ILPA) Diversity in Action initiative in August 2021 and has partnered with organizations such as SEO and the Kellogg Foundation, joining their Expanding Equity Cohort in 2022.

SEO Seizing Every Opportunity

ilpa

Expanding Equity

WKKF

## ESG PROGRAM PILLARS

| | |
|---|---|
| Training | • Periodically train Thoma Bravo staff on the Firm's approach, policy and relevant ESG factors |
| Metrics | • Developed a set of ESG factors that form the basis of the ESG policy<br>• Periodically review and update ESG factors to ensure appropriate and relevant to our investments |
| Diligence | • Review ESG risks/ opportunities as part of due diligence process<br>• Report material ESG risks or opportunities to the Management Committee |
| Data | • Obtain periodic reporting from portfolio companies on the ESG risks/ opportunities that have been identified<br>• Inquire about new ESG risks or opportunities |
| Reporting | • Report periodically to investors on the ESG policy and both Thoma Bravo's ESG efforts and the ESG efforts of our portfolio companies |

# Thoma Bravo Equity Investment Activity in Pennsylvania

## CURRENT INVESTMENTS

- Award-winning provider of administrative and HR software solutions

- Leading provider of next-generation business intelligence ("BI") software solutions for the Enterprise and SMB markets

- Offers a full suite of clinical trial software solutions

## PAST INVESTMENTS

- Leading technology provider of cloud-based software solutions for the life insurance industry

- Leading Supply Chain Operating Network for the process industries

- Software provider to the distribution industry

**Thoma Bravo Buyout Funds have invested over $2.9[1] billion in Pennsylvania since 2003**

While investments have been made in the Commonwealth of Pennsylvania in the past, there should be no expectation that future investments will be made in the Commonwealth. 1) Includes only software platform investments made by Thoma Bravo and its predecessor firm, Thoma Cressey Bravo, Inc., in the Commonwealth of Pennsylvania.

# Summary

THOMABRAVO

**EXPERIENCED**
Organization

**EXPANDING SOFTWARE**
Market

**DIFFERENTIATED**
Strategy

**REPEATABLE**
Process

Realized Investment
**PERFORMANCE**

| GROSS IRR | GROSS MULTIPLE |
|---|---|
| 50%[1] | 3.6x[1] |

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# Notes to Presentation

Available in Materials Provided to Pennsylvania State Employees' Retirement System Staff

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