

LUMINANCE DILIGENCE USE CASE

Initial Public Offering (IPO)

An Initial Public Offering (IPO) is a hugely significant step for any business and requires quick, clear and comprehensive advice from lawyers around many aspects of pre-listing preparation and requirements. Due diligence will be regularly carried out to confirm the accuracy of information in a publicly available securities prospectus which provides relevant information to potential investors.



All information based on due diligence investigations in the prospectus must be complete and correct. In case of false information, the issuers and those supporting the issue (banks) may be liable to the investors for substantial damages. Not only must lawyers review all material to ensure its accuracy to investors, but both in-house teams and external counsel will be working to make any changes are often very stretched in pre-IPO periods, reviewing their corporate documentation understand a company's structure to see whether any large-scale corporate changes should be made whilst the company is still private and therefore subject to far less scrutiny and disclosure rules. Further, since corporate governance procedures and practices to prepare the company for the governance requirements which will apply post-listing, the company's articles of association or equivalent document will then generally be amended. Likewise the governing laws of company's legal documentation and locations of areas of the business (to surface jurisdictions with inflexible laws and regulations) so that they can reorganise if necessary.

Faced with reviewing such a large amount of corporate data which often cover multiple jurisdictions and complex regulations, it is becoming increasingly challenging for lawyers to deliver effectively, both to budget and to deadline. Indeed, if all of this data was to be reviewed manually, the cost is often prohibitive for firms looking to price competitively, and indeed their clients, whilst the timescales that would be needed for such a project would be far too long for companies preparing to float. Some lawyers may choose to sample documents, but this is inherently risky and many lawyers and clients do not feel comfortable not knowing what is within their enterprise data ahead of a public listing when critical examination of the company and its operations inevitably increases.

Many lawyer are turning to legal AI in order to increase efficiency and gain a comprehensive understanding of key information related to the company to confirm that information in the prospectus is accurate and not overstated ahead of an IPO. Luminance's supervised and unsupervised machine learning developed by mathematicians from Cambridge University reads and forms an understanding of all documents within a dataset. Luminance is deployed via the cloud and, unlike legacy technologies that require lengthy set-up or pre-programming, Luminance is ready to use almost immediately; in fact, most lawyers begin their first review within a matter of hours.

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By reading and forming an understanding of all documents within a dataset, such as governance procedures or laws in the case of an IPO, Luminance ensures that all relevant results are rapidly surfaced to the lawyer. Luminance helps lawyers to rapidly understand key elements within their documents, for example identifying material agreements with suppliers and clients, employee and stockholder agreements and debt agreements. Luminance's supervised machine learning allows lawyers to show the system one example of a given key provision, and in one click, Luminance will highlight other instances of it across the entire dataset. It will also show conceptually similar results so that lawyers get complete visibility into other instances where this provision might be present. Luminance's 'Bulk Note' feature then enables lawyers to apply a note across every instance of a particular clause, flagging them as being in need of revisions or further review.

Luminance's advanced AI technology also allow lawyers to compare documents and clauses against one another quickly and easily, rapidly highlighting how they differ from one another. This might be useful when comparing templated board minutes, for example, to see the progression of issues quarter by quarter, or to look at changes in capitalisation tables over time. Users can also mark any version of documents or clauses as their 'model' – this compares the rest of the data set against them and quickly highlights non-compliance within documents that might need to be addressed prior to listing.

Luminance's Insight Visualise and Details screens display a graphical overview of the documents, giving lawyers immediate insight into key subjects like the governing law of different contracts which might impede listing progress. Using this screen, lawyers can determine where to initially focus their review, by identifying and filtering down to relevant information. To ensure multiple layers of review and optimise efficiency, Luminance's project management tools and live collaboration features enable teams across offices and countries to effectively work together, whilst ensuring that no documents are overlooked or misplaced in the process.

Luminance's machine learning technology assists lawyers in their IPO preparations to gain maximum certainty that all information given in the prospectus is complete, and fairly and accurately represents the current state of the business. This helps lawyers and their clients to avoid the risk associated with sampling the dataset or manual reviews and that subsequent false or inaccurate disclosures can bring.



“Luminance’s technology allows lawyers to be the trusted advisors they trained to become.”

Steve Cooke, Senior Partner

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Luminance Project Guide

Guide IPO

Scenario

You are a lawyer working in the Corporate team of a leading law firm. You have been tasked with conducting a time-sensitive exercise for a key client, reviewing over 10,000 documents. You have been instructed to identify and report on any information that is likely to cause material damage to the business ahead of the IPO. You have been given a very strict deadline and it is vital that the review is consistently completed in an efficient and cost effective manner,

Given the time pressure and the volume of documents under review, you will be deploying Luminance's market-leading artificial intelligence technology to assist the team in completing this review quickly and effectively across the whole data set.



Key Benefits

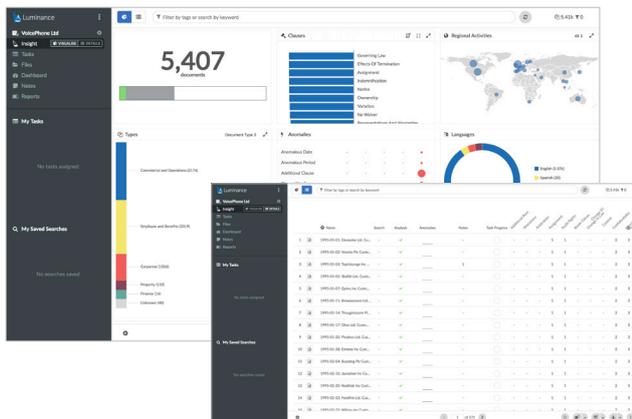
- ✓ Achieve significant time savings
- ✓ Quickly identify potentially materially damaging clauses
- ✓ Achieve a more comprehensive review with confidence in the results

Review Process

After the documents have been uploaded into Luminance, the workflow for conducting the review comprises 5 key steps:

1. Prioritise your project using the global overview of the data room
2. Assign documents to team members to review via a Task
3. Use key word search functionality to identify relevant information
4. Tag clauses and create bulk notes
5. Use the clause analysis function to identify problematic clauses and areas of risk

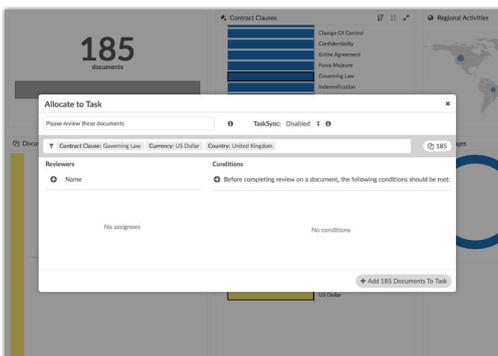
Step 1: Prioritise your project using the global overview of the data room



Luminance's Insight Visualise and Details screens provides lawyers with a global overview of the contracts and the ability to drill down into the key areas of the documents.

Using this screen, lawyers can determine where to initially focus their review, by identifying and filtering down to relevant information, such as contract and document types, governing laws, locations, languages, anomalies and more.

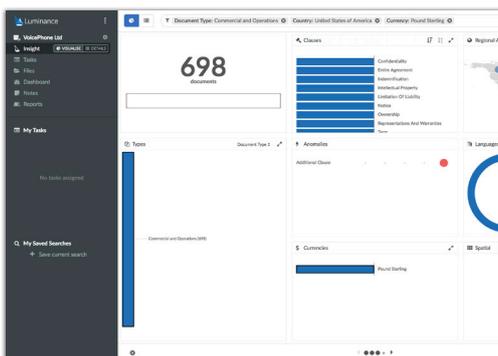
Step 2: Prioritise your project using the global overview of the data room



Using Luminance's project management tools, documents can be allocated into Tasks, allowing lawyers to focus their review. For example, if you are working with a team of lawyers, you may allocate documents to them in different tasks. This means that the lawyers will know exactly what documents they need to work on and can keep track of the progress of their review. Equally, if you are working on a redaction exercise alone, you can allocate documents to yourself via a task. A user can open a task that has been allocated to them by selecting the

Task from the left-hand side navigation panel. Opening the Insight Details screen, the user can click on a document to open it. Once the review is complete the user can tick through documents which have been reviewed, using the 'tick' button in the top right-hand corner of the document. The Tasks page will show an up-to-date view of the status of review, indicating how many documents have been completed.

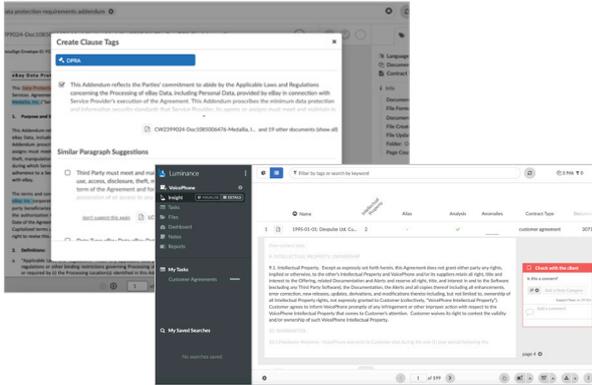
Step 3: Use key word search functionality to identify relevant information



To identify the key clauses that you'd like to review, simply type relevant keywords into the search bar (for example, 'Primary offering', or 'flotation'. Luminance will search across the entire project and present all instances where these keywords appear. Customise the Insight Details screen, using the 'cog' in the bottom left hand corner to include the 'Search' column. Using the 'Search' column from Insight Details, users can quickly identify the documents they need to open to redact information in. Once you have identified a document you wish to review click on the name of the document from Insight Details. This will open the document up for you.

Step 4: Tag clauses and create bulk notes

Once a clause or concept is identified, click on the page number to be taken to the relevant paragraph in Document View. When you add a tag to the clause (e.g. 'Data Protection' or 'Personal Information'), Luminance will suggest similar paragraphs that exist within the document set that follow similar patterns in language, resulting in conceptually similar meanings. By selecting similar paragraphs, you are speeding up the time it takes to identify the concept across all documents.



As you review the documents and clauses, add a note or bulk note to clauses to flag areas of interest to a colleague or include your analysis into a report later on. You can use notes to categorise the issues as red, orange or green – these usually represent the severity of the issue. Analysis is collated in the 'Notes' page, allowing each lawyer to understand, at a glance, all potential issues that exist across the project. Trends in the review and common issues can be observed prior to including these notes in a report.

Step 5: Use the clause analysis function to identify problematic clauses and areas of risk

After identifying and tagging documents that contain relevant clauses, use Clause Assessments to compare multiple clauses within the context of your workflow: one click on any clause allows you to compare the clause in question with all the other forms of this clause that exist in the Assessment.



To do this, filter down to the documents within the scope of your review and create a task including these documents. As a condition of the task, select the clause that you would like to assess. For example, you may wish to further assess the Confidentiality clauses within the outside counsel guidelines you are reviewing.

Once the task has been created you will be able to see on a percentage basis how similar each Confidentiality clause is compared to other examples of the clause in your review and where those differences exist with each version of the provision. Moreover, you are able to Green or Red flag provisions depending on whether they meet the standard of your review