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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

In re:

INVITAE CORPORATION, *et al.*,

Debtors.¹

Chapter 11

Case No. 24-11362 (MBK)

(Jointly Administered)

**NOTICE OF FILING LIQUIDATION ANALYSIS
AS AN EXHIBIT TO THE DISCLOSURE STATEMENT**

¹ The last four digits of Debtor Invitae Corporation’s tax identification number are 1898. A complete list of the Debtors in these chapter 11 cases and each such Debtor’s tax identification number may be obtained on the website of the Debtors’ claims and noticing agent at www.kccllc.net/invitae. The Debtors’ service address in these chapter 11 cases is 1400 16th Street, San Francisco, California 94103.



PLEASE TAKE NOTICE that on May 9, 2024, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed the *Debtors’ Motion for Entry of an Order Approving (I) the Adequacy of the Disclosure Statement, (II) the Solicitation and Voting Procedures, (III) the Forms of Ballots and Notices in Connection Therewith, and (IV) Certain Dates with Respect Thereto* [Docket No. 470] (the “Disclosure Statement Motion”) seeking approval of the *Disclosure Statement Relating to the Joint Plan of Invitae Corporation and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 472] (the “Disclosure Statement”).

PLEASE TAKE FURTHER NOTICE that the Debtors hereby submit the following document as an additional exhibit to the Disclosure Statement, as may be modified, amended, or supplemented from time to time:

Exhibit C Liquidation Analysis

PLEASE TAKE FURTHER NOTICE that a hearing on the Disclosure Statement Motion will be held on **June 11, 2024, at 10:00 a.m., prevailing Eastern Time**, before the Honorable Michael B. Kaplan, Chief United States Bankruptcy Judge, in Courtroom 8 of the United States Bankruptcy Court for the District of New Jersey, located at 402 East State Street, Trenton, New Jersey 08608.

PLEASE TAKE FURTHER NOTICE that copies of the Disclosure Statement, the Disclosure Statement Motion, and all other documents filed in these chapter 11 cases may be obtained free of charge by visiting the website of Kurtzman Carson Consultants LLC at <https://www.kccllc.net/invitae>. You may also obtain copies of any pleadings by visiting the Court’s website at <https://www.njb.uscourts.gov> in accordance with the procedures and fees set forth therein.

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Dated: May 22, 2024

/s/ Michael D. Sirota

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Exhibit C

Liquidation Analysis

Liquidation Analysis¹

I. Introduction

Section 1129(a)(7) of the Bankruptcy Code (also known as the “Best Interests Test”) requires that each holder of an impaired Claim or Equity Interest either (a) accept the Plan, or (b) receive or retain under the Plan property of a value, as of the Plan’s Effective Date, that is not less than the value such non-accepting holder would receive or retain if the Debtors were to be liquidated under chapter 7 of the Bankruptcy Code on the Effective Date (the “Liquidation Analysis”). In determining whether the Best Interests Test has been met, the first step is to determine the dollar amount that would be generated from a hypothetical liquidation of the Debtors’ assets in chapter 7. The gross amount of Cash available includes the proceeds from the disposition of the Debtors’ assets and the cash held by the Debtors at the commencement of its hypothetical chapter 7 case. Such amount is reduced by the amount of any Claims secured by such assets, the costs and expenses of the liquidation, and such additional administrative expenses and priority claims that may result from the use of chapter 7 for purposes of liquidation. Any remaining net cash would be allocated to creditors and shareholders in strict priority in accordance with section 726 of the Bankruptcy Code.

This Liquidation Analysis was prepared by the Debtors with assistance from their financial advisors and represents the Debtors’ best estimate of the cash proceeds, net of liquidation related costs, which would be available for distribution to the Holders of Claims and Interests if the Debtors were to be liquidated via a chapter 7 liquidation.

A general summary of the assumptions used in preparing this Liquidation Analysis follows.

THE INFORMATION SET FORTH IN THIS LIQUIDATION ANALYSIS IS PRELIMINARY AND IS SUBJECT TO MODIFICATION AND SUPPLEMENTATION BY THE DEBTORS AT ANY TIME UP TO THE CONFIRMATION HEARING. THERE CAN BE NO ASSURANCE THAT THE VALUES REFLECTED IN THE LIQUIDATION ANALYSIS WOULD BE REALIZED IF THE DEBTORS WERE, IN FACT, TO UNDERGO SUCH A LIQUIDATION UNDER CHAPTER 7, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HERE.

THE FINANCIAL INFORMATION CONTAINED HEREIN WAS NOT EXAMINED BY ANY INDEPENDENT ACCOUNTANTS AND NO INDEPENDENT APPRAISALS WERE CONDUCTED IN PREPARING THE LIQUIDATION ANALYSIS. THE PRESENTATION OF CLAIMS REPRESENT ESTIMATES WHICH ARE PRELIMINARY AND SUBJECT TO MATERIAL CHANGE.

II. Overview and General Assumptions

Hypothetical chapter 7 recoveries set forth in this Liquidation Analysis were determined through multiple steps, as set forth below. The basis of the Liquidation Analysis is the Debtors’ projected cash balance and assets as of August 2, 2024 (the “Conversion Date”) and the net costs to execute the administration of the wind-down of the Estates. The Conversion Date occurs immediately following closing of the approved sale to Labcorp Genetics Inc. (“Labcorp”). Terms of the sale are consistent with those set forth in the Asset Purchase Agreement. The Liquidation Analysis assumes that the Debtors would commence a chapter 7 liquidation on or about the Conversion Date under the supervision of a court

¹ Capitalized terms used but not otherwise defined in this Liquidation Analysis shall have the meanings ascribed to them in the *Disclosure Statement Relating to the Joint Plan of Invitae Corporation and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* (the “Disclosure Statement”) or the *Joint Plan of Invitae Corporation and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* (the “Plan”), as applicable.

appointed chapter 7 trustee. The Liquidation Analysis reflects the wind-down and liquidation of the Debtors' remaining assets not included in the sale, and the distribution of available proceeds to Holders of Allowed Claims during the period after the Conversion Date (the "Wind-Down").

Estimate of Costs. The Debtors' estimated liquidation costs under chapter 7 would include the fees payable to a chapter 7 trustee, as well as those that might be payable to attorneys and other professionals that a trustee may engage. Further, costs of liquidation would include any obligations and unpaid expenses incurred by the Debtors during the chapter 11 case and allowed in the chapter 7 case, such as compensation for attorneys, financial advisors, appraisers, accountants, and other professionals.

Distribution of Net Proceeds under Absolute Priority Rule. The foregoing types of claims, costs, expenses, fees and such other claims that may arise in a liquidation case would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay pre-chapter 11 priority and unsecured claims. Under the absolute priority rule, no junior creditor would receive any distribution until all senior creditors are paid in full, and no equity holder would receive any distribution until all creditors are paid in full.

After consideration of the effects that a chapter 7 liquidation could have on the ultimate proceeds available for distribution to creditors, including (i) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a trustee in bankruptcy and professionals advisors to such trustee, and (ii) substantial increases in claims which would be satisfied on a priority basis, the Debtors have determined that confirmation of the Plan will provide each creditor with a recovery that is not less than such creditor would receive pursuant to a liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

Assumptions. Underlying this Liquidation Analysis are numerous estimates and assumptions that are subject to significant operational, economic, and competitive uncertainties. Many of these uncertainties are beyond the control of the Debtors or a chapter 7 trustee. Additionally, various liquidation decisions upon which certain assumptions are based are subject to change. Therefore, there can be no assurance that the assumptions and estimates employed in determining the liquidation values of the Debtors' assets will result in an accurate estimate of the proceeds which would be realized were the Debtors to undergo an actual liquidation. The actual amounts of claims against the estate could vary significantly from the Debtors' estimate, depending on the claims asserted during the pendency of the chapter 7 case. This Liquidation Analysis does not include liabilities that may arise as a result of litigation, certain new tax assessments, or other potential claims.

Summary Notes to Liquidation Analysis

- 1. Statement of Limitations.** The Debtors do not maintain financials on a legal entity-by-entity basis. Therefore, this Liquidation Analysis is presented on a consolidated basis. The Liquidation Analysis does provide estimates for subsidiary claims arising from contract cures, 502(b)(6) damages and other litigation asserted by counterparties at the ArcherDX, LLC subsidiary. While subsidiaries do possess patents and intellectual property, no value is ascribed to these assets in a liquidation.
- 2. Dependence on Assumptions.** Underlying this Liquidation Analysis are numerous estimates and assumptions that are subject to significant operational and economic uncertainties. Many of these uncertainties are beyond the control of the Debtors. Further, this Liquidation Analysis does not include estimates for the tax consequences that may be triggered upon the liquidation of the Debtors in a manner described herein.
- 3. Chapter 7 Liquidation Process.** Illustratively, the Wind-Down assumes a chapter 7 trustee is appointed in lieu of a Plan Administrator. During the Wind-Down, it is assumed the chapter 7 trustee will oversee nearly identical activities to that of the Plan Administrator. This includes auditing and

validating contingent earnouts due to the Estate, validating accounts receivable collected on the Estate's behalf, and pursuing other causes of action. The Wind-Down also assumes retention of select staff and external advisors to assist with these activities and with any final administrative requirements. The Debtors believe appointment of a Plan Administrator will ultimately maximize value for the Estates given the Wind-Down requires oversight of a number of activities which are operational in nature. Appointment of a Chapter 7 trustee without institutional knowledge of the operations of the Debtors could increase the time required to effectuate the Wind-Down or risk the contemplated recoveries.

4. **Claims Estimates.** In preparing the Liquidation Analysis, the Debtors have preliminarily estimated an amount of Allowed Claims for each Class based on the filed Schedules. Additional Claims were estimated to include certain chapter 7 administrative obligations incurred after the Conversion Date. The estimate of all allowed claims in this Liquidation Analysis is based on the book value of those claims. No order or finding has been entered or made by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims set forth in this Liquidation Analysis. The estimate of the amount of Allowed Claims set forth in the Liquidation Analysis should not be relied upon for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of Allowed Claims under the Plan. The actual amount of Allowed Claims could be materially different from the amount of Claims estimated in this Liquidation Analysis.
5. **Distribution of Net Proceeds.** Any available net proceeds would be allocated to the applicable Holders of Claims and Interests of each Debtor in strict priority in accordance with section 726 of the Bankruptcy Code. For the purposes of the Best Interests Test, the Claims will be satisfied in the following order:
 - I. Secured Claims
 - a. \$305mm 2028 Senior Secured Notes due March 2028
 - b. Other Secured Claims
 - II. Administrative Claims
 - a. Administrative Professional Fees
 - b. Employee Related Administrative Claims
 - c. Other Administrative Claims
 - d. Adequate Assurance
 - III. Priority Claims
 - a. Priority Employee Claims
 - b. Priority Tax Claims
 - IV. Unsecured Claims
 - a. Parent Unsecured Claims
 - i. \$350mm 2024 Convertible Notes due September 2024 (\$27.4mm outstanding)
 - ii. \$1,150mm 2028 Convertible Notes due April 2028
 - iii. Trade Claims
 - iv. 502(b)(6) Claims
 - v. Payor and Other Litigation Claims (Parent)
 - b. Subsidiary Unsecured Claims
 - i. Trade Claims
 - ii. 502(b)(6) Claims
 - c. Contingent Subsidiary Unsecured Claims
 - i. Other Contingent, Unliquidated, or Disputed Litigation Claims

Based on the estimated recoveries set forth in the following Liquidation Analysis, it is management's (and their advisors') opinion that the current Plan satisfies the Best Interests Test. Under the Plan, each Class of creditors will receive equal or greater value than they would receive pursuant to a liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

III. Liquidation Analysis Results

Results of Best Interests Test by Plan Class

| Class Name | Class | Plan Recovery | Chapter 7 Recovery | | Pass / Fail |
|--|--------------|----------------|--------------------|--------|-------------|
| | | | Low | High | |
| 2028 Senior Secured Notes Claims | Class 3 | 97.8% – 100.0% | 100.0% | 100.0% | Pass |
| Other Secured Claims | Class 1 | 100.0% | n/a | n/a | Pass |
| Administrative Claims | Unclassified | 100.0% | 89.1% | 100.0% | Pass |
| Other Priority Claims | Class 2 | 100.0% | – | 100.0% | Pass |
| Priority Tax Claims | Unclassified | 100.0% | – | 100.0% | Pass |
| Convenience Class Claims | Class 4 | 100.0% | – | 0.2% | Pass |
| Subsidiary Unsecured Claims | Class 5 | 100.0% | – | 0.2% | Pass |
| Parent Unsecured Claims | Class 6 | 0.0% – 0.6% | – | 0.2% | Pass |
| Contingent Subsidiary Unsecured Claims | Class 11 | 0.0% – 0.6% | – | 0.2% | Pass |
| Intercompany Claims | Class 7 | n/a | n/a | n/a | n/a |
| Intercompany Interests | Class 8 | n/a | n/a | n/a | n/a |
| Section 510(b) Claims | Class 9 | n/a | n/a | n/a | n/a |
| Equity Interests | Class 10 | n/a | n/a | n/a | n/a |

Net Proceeds Available for Distribution

(\$ thousands)

| | <u>Book Value</u> | <u>Low (%)</u> | <u>High (%)</u> | <u>Low (\$)</u> | <u>High (\$)</u> |
|--|-------------------|----------------|-----------------|------------------|------------------|
| DISTRIBUTABLE VALUE | | | | | |
| Sale Value | \$239,000 | 100.0% | 100.0% | \$239,000 | \$239,000 |
| Cash & Cash Equivalents | 75,939 | 100.0% | 100.0% | 75,939 | 75,939 |
| Accounts Receivable | 73,838 | 85.0% | 90.0% | 62,762 | 66,454 |
| Contingent Earnout from Sale of Women's Health | 15,000 | 25.0% | 75.0% | 3,750 | 11,250 |
| Total Other Estate Value | \$164,777 | 86.5% | 93.2% | \$142,452 | \$153,643 |
| Total Distributable Value, Gross | \$403,777 | | | \$381,452 | \$392,643 |
| Less: Estate Wind-Down Costs | | | | (12,733) | (12,733) |
| Less: Chapter 7 Trustee Fees | | | | (11,444) | (11,779) |
| Less: Chapter 7 Professionals and Sale Transaction Fee | | | | (12,729) | (11,303) |
| Less: 327(a) Professionals Carve Out | | | | (2,500) | (2,500) |
| Total Distributable Value, Net | | | | \$342,046 | \$354,328 |

Claims Waterfall

(\$ thousands)

| | <u>Book Value</u> | <u>Low (%)</u> | <u>High (%)</u> | <u>Low (\$)</u> | <u>High (\$)</u> |
|--|--------------------|----------------|-----------------|------------------|------------------|
| I. SECURED CLAIMS | | | | | |
| \$305mm 2028 Senior Secured Notes due Mar-2028 | 305,357 | 100.0% | 100.0% | 305,357 | 305,357 |
| Other Secured Claims | - | - | - | - | - |
| Total Secured Claims | \$305,357 | 100.0% | 100.0% | \$305,357 | \$305,357 |
| Add: 327(a) Professionals Carve Out | | | | 2,500 | 2,500 |
| Value Available for Distribution to Administrative Claims | | | | \$39,189 | \$51,471 |
| II. ADMINISTRATIVE CLAIMS | | | | | |
| Administrative Professional Fees | 15,025 | 90.3% | 100.0% | 13,573 | 15,025 |
| Employee-Related | 7,028 | 88.4% | 100.0% | 6,214 | 7,028 |
| Other Administrative Claims | 19,126 | 88.4% | 100.0% | 16,909 | 19,126 |
| Adequate Assurance | 2,820 | 88.4% | 100.0% | 2,493 | 2,820 |
| Total Administrative Claims | \$44,000 | 89.1% | 100.0% | \$39,189 | \$44,000 |
| Value Available for Distribution to Priority Claims | | | | - | \$7,471 |
| III. PRIORITY CLAIMS | | | | | |
| Priority Employee Claims | 1,307 | - | 100.0% | - | 1,307 |
| Priority Tax Claims | 3,603 | - | 100.0% | - | 3,603 |
| Total Priority Claims | \$4,909 | - | 100.0% | - | \$4,909 |
| Value Available for Distribution to Unsecured Claims | | | | - | \$2,562 |
| IV. UNSECURED CLAIMS | | | | | |
| \$350mm 2024 Convertible Notes due Sep-2024 | 27,303 | - | 0.2% | - | 57 |
| \$1,150mm 2028 Convertible Notes due Apr-2028 | 1,156,373 | - | 0.2% | - | 2,395 |
| Trade Claims - Parent | 12,304 | - | 0.2% | - | 25 |
| 502(b)(6) Claims - Parent | 34,612 | - | 0.2% | - | 72 |
| Payor and Other Litigation Claims - Parent | C/U/D | - | 0.2% | - | C/U/D |
| Trade Claims - Subsidiary | 2,313 | - | 0.2% | - | 5 |
| 502(b)(6) Claims - Subsidiary | 4,114 | - | 0.2% | - | 9 |
| Contingent Litigation Claims - Subsidiary | C/U/D | - | 0.2% | - | C/U/D |
| Total Unsecured Claims | \$1,237,019 | - | 0.2% | - | \$2,562 |
| Value Available for Distribution to Equity Interests | | | | - | - |

Summary Notes to Net Proceeds Available for Distribution

1. **Sale Value.** The terms of the sale are consistent with those set forth in the Asset Purchase Agreement.
2. **Cash and Cash Equivalents.** The estimated bank Cash as of the Conversion Date is per the Cash Collateral Budget delivered April 10th, 2024.
3. **Accounts Receivable.** The Asset Purchase Agreement stipulates a reverse TSA construct for the collection and remittance of accounts receivable. Illustratively, recoveries range between 85% – 90%.
4. **Contingent Earnout from Sale of Women’s Health.** The Debtors are entitled to a contingent, volume-based retention earnout from the prepetition sale of their Women’s Health business.
5. **Estate Wind-Down Costs.** Estate wind-down costs assumes 12-month support for accounts receivable collection, as well as general estate wind-down costs. The Debtors assume an additional 3-months of wind-down costs are incurred relative to the Wind-Down Budget on account of the chapter 7 trustee’s lack of institutional knowledge of the Debtors’ affairs.
6. **Chapter 7 Trustee Fees.** Based on section 326 of Bankruptcy Code, chapter 7 trustee fees are calculated at 3.0% of all gross liquidation proceeds in excess of \$1 million. For convenience, the same rate was calculated on amounts under \$1 million.
7. **Chapter 7 Professionals and Sale Transaction Fee.** Chapter 7 professionals and sale transaction fee includes professionals supporting the chapter 7 trustee during the estate wind-down and a 2% sale transaction fee from the Distributable Value, gross payable to Moelis & Company.
8. **Carve Out 327(a) Professionals Claims.** The carve out includes a \$2.5 million post-carve out trigger notice cap pursuant the Cash Collateral Order, carved-out of Distributable Value with recovery applied to Administrative Professional Fees.

Summary Notes to Claims Waterfall

1. **\$305mm 2028 Senior Secured Notes Due Mar-2028.** Secured obligations under the 2028 Senior Secured Notes Indenture; secured component of claim excludes accrued and unpaid interest as well as adequate assurance. Other amounts that could be due and payable under the 2028 Senior Secured Notes Indenture are excluded.
2. **Administrative Professional Fees.** Administrative Professional Fees include: (i) section 327(a) professional fees for advisors to the Debtors including Kirkland & Ellis LLP, Cole Schotz P.C., FTI Consulting, Inc., Kurtzman Carson Consultants, LLC, and Deloitte Tax LLP, and such amounts are accrued but unpaid as of Conversion Date per the Cash Forecast; (ii) section 327(a) professional fees for advisors to the Committee including White & Case LLP and Province, LLC, and such amounts are accrued but unpaid as of the Conversion Date per the Cash Forecast; (iii) U.S. Trustee fees which are accrued but unpaid amounts as of the Conversion Date; (iv) Moelis & Company transaction fees which are transaction/restructuring fees payable to Moelis & Company net of the 2% sale transaction fee and monthly fee crediting; and (v) Perella Weinberg Partners and Ducera Partners LLC transaction fees which are transaction/restructuring fees payable to Perella Weinberg Partners and Ducera Partners net of monthly fee crediting.

3. **Employee-Related.** Employee-related represents two weeks of payroll and employee benefits accrual as well as accrued and unpaid commissions as of the Conversion Date.
4. **Other Administrative Claims.** Other Administrative Claims include: (i) postpetition payables which are accrued but unpaid amounts as of the Conversion Date per the Cash Forecast; (ii) customer refunds which are estimated accrued and unpaid refunds as of the Conversion Date; and (iii) administrative taxes which are accrued but unpaid use, property and other non-income tax estimates as of the Conversion Date.
5. **Adequate Assurance.** Adequate assurance includes fifty-nine (59) days of prepetition accrued but unpaid secured interest, plus two weeks of postpetition adequate assurance.
6. **Priority Employee Claims.** Priority employee claims include postpetition retention payables accrued but unpaid as of the Conversion Date per the Cash Forecast.
7. **Priority Tax Claims.** Priority Tax Claims include accrued but unpaid sales and use taxes and payroll exposure estimates as of the Conversion Date.
8. **Unsecured Claims.** Unsecured Claims include: (i) \$350 million 2024 Convertible Notes due September 2024 which are unsecured obligations under the 2024 Convertible Notes Indenture including accrued interest; (ii) \$1,150 million 2028 Convertible Notes due April 2028 which are unsecured obligations under the 2028 Convertible Notes Indenture including accrued interest; (iii) trade claims representing claimants asserting the full amount of their claims; (iv) section 502(b)(6) claims representing landlords asserting section 502(b)(6) rejection damages; and (v) payor and other litigation claims both against Invitae and its Debtor subsidiaries, which are a placeholder for contingent, unliquidated, and/or disputed claims.