UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-33277

MADRIGAL PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**04-3508648**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Four Tower Bridge 200 Barr Harbor Drive, Suite 400 West Conshohocken, Pennsylvania	**19428**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(484) 380-9263**

Former name, former address and former fiscal year, if changed since last report: **Synta Pharmaceuticals Corp.**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 11, 2016, the registrant had 11,570,149 shares of common stock outstanding.

EXPLANATORY NOTE

Unless the context indicates otherwise, references herein to "Madrigal," the "Company," "we," "our," and "us" mean Madrigal Pharmaceuticals, Inc. and its subsidiaries.

We are filing this Amendment No. 1 to Form 10-Q/A (this "Amended Form 10-Q") to amend our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2016 (the "Original Form 10-Q"), as originally filed with the Securities and Exchange Commission (the "Commission") on November 14, 2016. The purpose of this Amended Form 10-Q is to correct a typographical error contained in the "Liquidity and Capital Resources" section under Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations of the Original Form 10-Q. The typographical error appeared on page 23 of the Original Form 10-Q, in the first sentence of the first paragraph under the table titled "*Cash Flows*." This Amended Form 10-Q corrects the sentence to read as follows: "Net cash used in operating activities was $12.3 million for the nine months ended September 30, 2016 compared to $2.0 million for the nine months ended September 30, 2015."

We are not amending any other part of the Original Form 10-Q. This Amended Form 10-Q speaks as of the date of the Original Form 10-Q and there are no events that occurred subsequent to the date of the Original Form 10-Q that require disclosure, other than the matter discussed above. In accordance with applicable Commission rules, this Amended Form 10-Q includes new certifications from our Chief Executive Officer and our Chief Financial Officer dated as of the date of filing this Amended Form 10-Q.

PART I - FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The consolidated financial statements, included elsewhere in this Quarterly Report on Form 10-Q, and this Management's Discussion and Analysis of Financial Condition and Results of Operations should be read together with our audited financial statements and accompanying notes for each of the years in the two year period ended December 31, 2015 included in Exhibit 99.2 of our Current Report on Form 8-K/A. In addition to historical information, this discussion and analysis contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Operating results are not necessarily indicative of results that may occur for the full fiscal year or any other future period. The term "Private Madrigal" refers to Madrigal Pharmaceuticals, Inc. prior to the consummation of the Merger described herein. The term "Synta" refers to Synta Pharmaceuticals Corp. prior to the consummation of the Merger described herein. Unless otherwise indicated, references to the terms "Madrigal," the "Company," "we," "our" and "us" refer to Private Madrigal prior to the consummation of the Merger described herein and Madrigal Pharmaceuticals, Inc. (formerly known as Synta Pharmaceuticals Corp.) upon the consummation of the Merger described herein.

Overview

We are a clinical-stage biopharmaceutical company focused on the development and commercialization of innovative therapeutic candidates for the treatment of cardiovascular, metabolic and liver diseases. Our lead product candidate, MGL-3196, is a proprietary, liver-directed, selective thyroid hormone receptor- ß, or THR-ß, agonist that can potentially be used to treat a number of disease states with high unmet medical need. We are developing MGL-3196 for non-alcoholic steatohepatitis and are planning to conduct a Phase 2 clinical trial in this indication. We are also developing MGL-3196 for dyslipidemia, particularly genetic dyslipidemias such as familial hypercholesterolemia, or FH, including both homozygous and heterozygous forms of the disease. We are planning to conduct a Phase 2 clinical trial in heterozygous FH patients and to conduct a proof-of-concept clinical trial in homozygous FH patients. MGL-3196 is a once-daily oral pill that has been studied in four completed Phase 1 trials in a total of 129 subjects. MGL-3196 appeared to be safe and well-tolerated in these trials, which included a single ascending dose trial, a multiple ascending dose trial, and two drug interaction trials with statins.

Recent Developments

Reverse Merger

On July 22, 2016, Synta completed its business combination with Private Madrigal in accordance with the terms of an Agreement and Plan of Merger and Reorganization, dated as of April 13, 2016, or the Merger Agreement. Pursuant to the Merger Agreement, Synta formed a wholly-owned subsidiary that merged with and into Private Madrigal, with Private Madrigal surviving the merger and becoming a wholly-owned subsidiary of Synta, or the Merger. In connection with, and prior to the consummation of, the Merger, Synta effected a 1-for-35 reverse stock split of its common stock, or the Reverse Stock Split, and, following the Merger, changed its name to "Madrigal Pharmaceuticals, Inc." All shares and per share amounts have been retrospectively adjusted to give effect to the Reverse Stock Split, except as otherwise disclosed. Following the consummation of the Merger, the business being conducted by Synta became the business conducted by Private Madrigal prior to the consummation of the Merger.

Basis of Presentation

Research and Development Expenses

Research and development expenses primarily consist of costs associated with our research activities, including the preclinical and clinical development of our product candidates. We expense our research and development expenses as incurred. We contract with clinical research organizations to manage our clinical trials under agreed upon budgets for each study, with oversight by our clinical program managers. We account for nonrefundable advance payments for goods and services that will be used in future research and development activities as expenses when the service has been performed or when the goods have been received. Manufacturing expense includes costs associated with drug formulation development and clinical drug production. We do not track employee and facility related research and development costs by project, as we typically use our employee and infrastructure resources across multiple research and development programs. We believe that the allocation of such costs would be arbitrary and not be meaningful.

Our research and development expenses consist primarily of:

- external expenses paid to clinical trial sites, contract research organizations, laboratories, database software and consultants that conduct clinical trials;
- expenses related to development and the production of nonclinical and clinical trial supplies, including fees paid to contract manufacturers;
- expenses related to preclinical studies;
- expenses related to compliance with drug development regulatory requirements; and
- other allocated expenses, which include direct and allocated expenses for depreciation of equipment and other supplies.

We expect to continue to incur substantial expenses related to our development activities for the foreseeable future as we conduct our Phase 2 clinical program, manufacturing and toxicology studies. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials, additional drug manufacturing requirements, and later stage toxicology studies such as carcinogenicity studies. Our research and development expenses increased between 2015 and 2016, and we expect that our research and development expenses will increase substantially in the future. The process of conducting preclinical studies and clinical trials necessary to obtain regulatory approval is costly and time consuming. The probability of success for each product candidate is affected by numerous factors, including preclinical data, clinical data, competition, manufacturing capability and commercial viability. Accordingly, we may never succeed in achieving marketing approval for any of our product candidates.

Completion dates and costs for our clinical development programs as well as our research program can vary significantly for each current and future product candidate and are difficult to predict. As a result, we cannot estimate with any degree of certainty the costs we will incur in connection with the development of our product candidates at this point in time. We expect that we will make determinations as to which programs and product candidates to pursue and how much funding to direct to each program and product candidate on an ongoing basis in response to the scientific success of early research programs, results of ongoing and future clinical trials, our ability to enter into collaborative agreements with respect to programs or potential product candidates, as well as ongoing assessments as to each current or future product candidate's commercial potential.

General and Administrative Expenses

General and administrative expenses consist primarily of management costs, costs associated with obtaining and maintaining our patent portfolio, professional fees for accounting, auditing, consulting and legal services, and allocated overhead expenses.

We expect that our general and administrative expenses may increase in the future as we expand our operating activities, maintain and expand our patent portfolio and incur additional costs associated with being a public company and maintaining compliance with exchange listing and U.S. Securities and Exchange Commission, or SEC, requirements. We expect these potential increases will likely include management costs, legal fees, accounting fees, directors' and officers' liability insurance premiums and expenses associated with investor relations.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations are based on our financial statements which have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements. On an ongoing basis, we evaluate our estimates and judgments, including those related to accrued research and development expenses. We base our estimates on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions. There have been no significant and material changes in our critical accounting policies and significant judgments and estimates during the three and nine months ended September 30, 2016, as compared to those disclosed in our Current Report filed on Form 8-K/A filed on September 2, 2016.

Results of Operations

Three Months Ended September 30, 2016 Compared with Three Months Ended September 30, 2015

Revenues

The Company had no revenues in each of 2016 and 2015.

The following table provides comparative unaudited results of operations for the three months ended September 30, 2016 and 2015:

	Three Months Ended September 30,		2016 to 2015 Change	
	2016	2015	$	%
	(dollars in thousands)			
Research and Development Expenses	$ 7,805	$ 683	7,122	1043%
General and Administrative Expenses	6,286	197	6,089	3091%
Interest Expense (Income)	(42)	920	(962)	(105)%
	$ 14,049	$ 1,800	12,249	681%

Research and Development Expenses

Our research and development expenses were $7.8 million for the three months ended September 30, 2016 compared to $0.7 million for the three months ended September 30, 2015. Research and development expenses increased in 2016 primarily due to a $5.3 million increase in stock based compensation expense incurred primarily as a result of the merger, of which $4.8 million was related to the Change in Control Bonus Plan. Additional increases were a result of increased expenses for our clinical and preclinical development programs for MGL-3196. With the exception of the onetime Change in Control Bonus Plan related expense, we expect our research and development expenses to increase over time as we advance our clinical and preclinical development programs for MGL-3196.

General and Administrative Expenses

Our general and administrative expenses were $6.3 million for the three months ended September 30, 2016 compared to $0.2 million for the three months ended September 30, 2015. The increase in general and administrative expenses in 2016 was primarily due to a $1.8 million increase in stock based compensation expense incurred primarily as a result of the merger, and expenses related to cost associated with the merger and becoming a public company. With the exception of the merger related expenses, we believe our general and administrative expenses may increase over time as we advance our technology into clinical programs and as a result of becoming a public reporting company, both of which will likely result in an increase in our headcount, consulting services and certain overhead needed to support those efforts.

Interest Expense and Income

Our interest income was approximately $42,000, and our interest expense was $0.9 million for the three months ended September 30, 2016 and 2015, respectively. The decrease in interest expense was primarily driven by lower interest expense on our convertible notes outstanding. On April 13, 2016, we entered into the Restated Purchase Agreement with certain of our investors whereby such investors committed $9.0 million of financing before the consummation of the Merger. Pursuant to the Restated Purchase Agreement, Bay City Capital agreed to waive all accrued interest on the convertible notes incurred prior to April 13, 2016. In addition, the investors, including Bay City Capital, agreed that no interest would accrue on such convertible notes from the date of the Restated Purchase Agreement through the date the Merger was consummated.

Nine Months Ended September 30, 2016 Compared with Nine Months Ended September 30, 2015

Revenues

The Company had no revenues in each of 2016 and 2015.

The following table provides comparative unaudited results of operations for the nine months ended September 30, 2016 and 2015:

	Nine Months Ended September 30,		2016 to 2015 Change	
	2016	2015	$	%
	(dollars in thousands)			
Research and Development Expenses	$ 10,410	$ 1,654	8,756	529%
General and Administrative Expenses	7,058	661	6,397	968%
Interest Expense (Income)	1,171	2,648	(1,477)	(56)%
	$ 18,639	$ 4,963	13,676	276%

Research and Development Expenses

Our research and development expenses were $10.4 million for the nine months ended September 30, 2016 compared to $1.7 million for the nine months ended September 30, 2015. Research and development expenses increased in 2016 primarily due to a $5.3 million increase in stock based compensation expense incurred primarily as a result of the merger, of which $4.8 million was related to expense from the Change in Control Bonus Plan. Additional increases were a result of increased expenses for our clinical and preclinical development programs for MGL-3196. With the exception of the onetime Change in Control Bonus Plan related expense, we expect our research and development expenses to increase over time as we advance our clinical and preclinical development programs for MGL-3196.

General and Administrative Expenses

Our general and administrative expenses were $7.1 million for the nine months ended September 30, 2016 compared to $0.7 for the nine months ended September 30, 2015. The increase in general and administrative expenses in 2016 was primarily due to a $1.8 million increase in stock based compensation expense incurred primarily as a result of the merger, and expenses related to costs associated with the merger and becoming a public company. With the exception of the merger related expenses, we believe our general and administrative expenses may increase over time as we advance our technology into clinical programs and as a result of becoming a public reporting company, both of which will likely result in an increase in our headcount, consulting services and certain overhead needed to support those efforts.

Interest Expense

Our interest expense, net was $1.2 million for the nine months ended September 30, 2016 compared to $2.6 million for the nine months ended September 30, 2015. The decrease in interest expense was primarily driven by lower interest expense on our convertible notes outstanding. On April 13, 2016, pursuant to the Restated Purchase Agreement, Bay City Capital agreed to waive all accrued interest on the $36.9 million of convertible notes incurred prior to April 13, 2016. In addition, the investors, including Bay City Capital, agreed that no interest would accrue on such convertible notes from the date of the Restated Purchase Agreement through the date the Merger was consummated.

Liquidity and Capital Resources

As of September 30, 2016, we had cash, cash equivalents and marketable securities of $39.6 million. To date, the Company has funded its operations primarily through the issuance of convertible debt and the proceeds from the Merger. We believe our cash and cash equivalents will be sufficient to fund our operations for at least the next twelve months.

On July 22, 2016, we completed our Merger with Synta which provided $38.2 million in cash, cash equivalents and marketable securities.

Our primary uses of capital are, and we expect will continue to be, funding research efforts and the development of our product candidates, compensation and related expenses, hiring additional staff, including clinical, scientific, operational, financial and management personnel, and costs associated with operating as a public company. We expect to incur substantial expenditures in the foreseeable future for the development and potential commercialization of our product candidates.

We plan to continue to fund losses from operations and capital funding needs through future equity and/or debt financings, as well as potential additional collaborations or strategic partnerships with other companies. The sale of additional equity or convertible debt could result in additional dilution to our stockholders. The incurrence of indebtedness would result in debt service obligations and could result in operating and financing covenants that would restrict our operations. We can provide no assurance that financing will be available in the amounts we need or on terms acceptable to us, if at all. If we are not able to secure adequate additional funding we may be forced to delay, make reductions in spending, extend payment terms with suppliers, liquidate assets where possible, and/or suspend or curtail planned programs. Any of these actions could materially harm our business.

Cash Flows

The following table provides a summary of our net cash flow activity:

	Nine Months Ended September 30,	
	2016	2015
	(dollars in thousands)	
Net cash used in operating activities	$ (12,327)	$ (2,046)
Net cash provided by investing activities	11,914	—
Net cash provided by financing activities	8,500	1,950
Net increase (decrease) in cash and cash equivalents	$ 8,087	$ (96)

Net cash used in operating activities was $12.3 million for the nine months ended September 30, 2016 compared to $2.0 million for the nine months ended September 30, 2015. The use of cash in these periods principally resulted from our losses from operations, including costs related to the Merger, as adjusted for non-cash charges for depreciation and stock-based compensation, and changes in our working capital accounts.

Net cash provided by investing activities was $11.9 million for the nine months ended September 30, 2016. Net cash provided by investing activities for the nine months ended September 30, 2016 consisted of $5.8 million in cash provided from the merger, and a net increase of $5.6 million from the sales and maturities in our investment portfolio.

Net cash provided by financing activities was $8.5 million for the nine months ended September 30, 2016 compared to $2.0 million for the nine months ended September 30, 2015. Net cash provided by financing activities for the nine months ended September 30, 2016 and 2015 consisted of net proceeds from the issuance of related party convertible notes and advances.

Contractual Obligations and Commitments

No significant changes to contractual obligations and commitments occurred during the nine months ended September 30, 2016, as compared to those disclosed in our Current Report filed on Form 8-K/A filed on September 2, 2016.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements as defined in the rules and regulations of the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MADRIGAL PHARMACEUTICALS, INC.

Date: November 16, 2016

By: /s/ Paul A. Friedman
Paul A. Friedman, M.D.
Chief Executive Officer
(Principal Executive Officer)

Date: November 16, 2016

By: /s/ Marc Schneebaum
Marc Schneebaum
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certifications of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X

* The certifications attached as Exhibit 32.1 accompany this Amended Form 10-Q pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed "filed" by the registrant for purposes of Section 18 of the Exchange Act and are not to be incorporated by reference into any of the registrant's filings under the Securities Act of 1933, as amended, or the Exchange Act, irrespective of any general incorporation language contained in any such filing.

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13A-14(a) AND 15D-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul Friedman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q/A of Madrigal Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; and

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

Date: November 16, 2016

/s/ Paul Friedman
Paul Friedman
Chairman and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13A-14(a) AND 15D-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Marc Schneebaum, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q/A of Madrigal Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; and

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

Date: November 16, 2016

/s/ Marc Schneebaum
Marc Schneebaum
Senior Vice President and Chief Financial Officer
(principal accounting and financial officer)

Exhibit 32.1

CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. Section 1350)), each of the undersigned officers of Madrigal Pharmaceuticals, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q/A for the period ended September 30, 2016 (the "Form 10-Q/A") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q/A fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 16, 2016

/s/ Paul Friedman
Paul Friedman
Chairman and Chief Executive Officer
(principal executive officer)

Dated: November 16, 2016

/s/ Marc Schneebaum
Marc Schneebaum
Senior Vice President and Chief Financial Officer
(principal accounting and financial officer)

A signed original of this written statement required by Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. Section 1350), has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request. These certifications accompany the Form 10-Q/A, are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q/A), irrespective of any general incorporation language contained in such filing.