
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): February 25, 2015

STEREOTAXIS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-36159
(Commission
File Number)

94-3120386
(IRS Employer
Identification No.)

4320 Forest Park Avenue, Suite 100, St. Louis, Missouri
(Address of Principal Executive Offices)

63108
(Zip Code)

(314) 678-6100

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition

On February 25, 2015, Stereotaxis, Inc. (the “Company”) issued a press release (the “Press Release”) setting forth its financial results for the fourth quarter of fiscal year 2014 and the year ended December 31, 2014. A copy of the Press Release is being filed as Exhibit 99.1 hereto, and the statements contained therein are incorporated by reference herein.

Forward-Looking Statements and Additional Information

Statements are made herein or incorporated herein that are “forward-looking statements” as defined by the Securities and Exchange Commission (the “SEC”). All statements, other than statements of historical fact, included or incorporated herein that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future are forward-looking statements. These statements are not guarantees of future events or the Company’s future performance and are subject to risks, uncertainties and other important factors that could cause events or the Company’s actual performance or achievements to be materially different than those projected by the Company. For a full discussion of these risks, uncertainties and factors, the Company encourages you to read its documents on file with the SEC. Except as required by law, the Company does not intend to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

In accordance with General Instruction B.2. of Form 8-K, the information contained in Item 2.02 and Exhibit 99.1 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 8.01 Other Events

On February 25, 2015, the Company announced the following 2014 fourth quarter and full year financial results:

Fourth Quarter 2014

- Total revenue of \$9.8 million compared to \$9.1 million in the prior year quarter, an 8% improvement. System revenue of \$3.2 million included \$2.2 million on two Niobe® ES systems, \$0.1 million on Vdrive® system sales and \$0.9 million in Odyssey® solution sales. Recurring revenue was \$6.6 million in the fourth quarter of 2014. This compares to \$2.7 million and \$6.3 million for system and recurring revenues, respectively, in the prior year fourth quarter.
- The Company generated new capital orders of \$2.9 million on two *Niobe ES* system orders, including a second system order from Japan, three *Odyssey* solution orders and one *Vdrive* system order in the fourth quarter, compared to \$3.9 million in the prior year fourth quarter. Ending capital backlog was \$5.7 million.
- Gross margin in the quarter was \$7.5 million, or 76.6% of revenue, versus \$6.2 million, or 68.7% of revenue, in the fourth quarter of 2013.
- Operating expenses of \$7.2 million compared to \$8.7 million in the year ago period.
- Operating income in the fourth quarter was \$0.3 million, compared to an operating loss of (\$2.4) million in the prior year fourth quarter.
- Interest expense was consistent year over year at approximately \$0.8 million.

- Net income of \$0.9 million, or \$0.04 per share, compared to a net loss of (\$4.0) million, or (\$0.23) per share, reported in the fourth quarter 2013. Excluding mark-to-market warrant revaluation, the Company would have reported a net loss of (\$0.5) million, or (\$0.03) per share, for the 2014 fourth quarter compared to (\$3.3) million, or (\$0.19) per share, for the 2013 fourth quarter.
- Cash burn for the fourth quarters of 2014 and 2013 was \$1.4 million in each quarter.

Full Year 2014

- Revenue of \$35.0 million, compared to \$38.0 million in the 12 months ended December 31, 2013. System revenue was \$7.8 million on three *Niobe ES* system sales, six *Vdrive* system sales and \$2.8 million in *Odyssey* solution sales in 2014. Recurring revenue was \$27.2 million in 2014. This compares to \$12.7 million and \$25.3 million for system and recurring revenues, respectively, during 2013.
- New capital orders for the full year 2014 totaled \$6.3 million, compared to \$12.1 million in 2013.
- Gross margin in the full year 2014 was \$26.8 million, or 77% of revenue, compared with \$27.0 million, or 71% of revenue, in 2013.
- Operating expenses of \$32.2 million, a 10% reduction compared to \$35.9 million in 2013.
- Operating loss of (\$5.4) million, a 39% improvement from the prior year.
- Interest expense in full year 2014 was \$3.3 million, compared to \$12.6 million in the prior year, which was primarily related to a one-time, non-cash expense in the 2013 third quarter as a result of the extinguishment of the Company's convertible debt.
- Net loss for the full year 2014 was (\$5.2) million, or (\$0.26) per share, which included \$3.5 million in income for mark-to-market warrant revaluation, compared to a net loss for the full year 2013 of (\$68.8) million, or (\$5.95) per share, which included \$53.9 million in one-time charges related to transactions with convertible note holders and other equity investors. Excluding these adjustments, the net loss for 2014 would have been (\$8.7) million, or (\$0.44) per share, and the net loss for 2013 would have been (\$14.9) million, or (\$1.29) per share.
- Cash burn for 2014 was \$9.2 million, compared to \$6.3 million in the prior year, a 46% increase.

Financial Position

At December 31, 2014, Stereotaxis had cash and cash equivalents of \$7.3 million, compared to \$13.8 million a year ago. During 2014, the Company received gross proceeds of approximately \$3.1 million as a result of a controlled equity offering. At year end, total debt was \$18.4 million related to HealthCare Royalty Partners debt.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

99.1 Stereotaxis, Inc. Press Release dated February 25, 2015.

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 hereunto duly authorized.

STEREOTAXIS, INC.

Date: February 25, 2015

By: /s/ Karen Witte Duros

Name: Karen Witte Duros

Title: Sr. Vice President, General Counsel and Secretary

EXHIBIT INDEX

**Exhibit
No.**

Description

99.1 Stereotaxis, Inc. Press Release dated February 25, 2015



Stereotaxis Reports 2014 Fourth Quarter and Full Year Financial Results

- Achieves First Quarterly Operating Income in Company History-*
- Increases Fourth Quarter Revenue 8% Year over Year and 10% Sequentially-*
- Reports Record Annual Recurring Revenue of \$27.2 Million-*
- Reduces Annual Operating Loss to \$(5.4) Million and Net Loss to \$(5.2) Million, the Lowest Since 2004 Initial Public Offering-*
- Improves Quarterly Procedure Volume 9% Year over Year and 12% Sequentially-*
- Receives FDA Clearance of Vdrive® with V-CAS™ System, Japan Approval of Odyssey® Solution-*
- Hosts Conference Call Today at 4:30 p.m. Eastern Time-*

ST. LOUIS, MO, February 25, 2015—Stereotaxis, Inc. (NASDAQ: STXS), a global leader in innovative technologies for the treatment of cardiac arrhythmias, today reported financial results for the fourth quarter and full year ended December 31, 2014.

William C. Mills, Stereotaxis Chief Executive Officer, said, “We achieved an operating profit in the fourth quarter, the first in Company history, reflecting our ongoing emphasis on both operational efficiencies and clinical adoption through technological innovation, as well as a sequential improvement in quarterly capital sales. Our focus on these objectives over the course of the year resulted in record recurring revenue and our lowest reported annual operating loss and net loss since our IPO, despite challenges in new Niobe® system sales for much of the year.”

“Our leadership in robotic navigation solutions for the cardiac ablation market was further affirmed in December, when we surpassed 75,000 worldwide procedures performed with our remote magnetic navigation system,” Mr. Mills continued. “During 2014, we aggressively worked to drive clinical adoption and awareness around the efficacy of our technologies and successfully improved utilization in the fourth quarter by 9% year over year and 12% sequentially. We continue to focus on helping physicians realize the significant clinical benefits of a fully remote, computer-assisted procedure environment.”

Mr. Mills concluded, “As we move into 2015, we look forward to building on our positive momentum in Japan, where we secured a second system order during the quarter, along with leveraging the release of our Vdrive® robotic navigation platform in the U.S. and continuing to develop powerful software features that further enhance our platform. We have proven we can achieve profitability and believe we can drive increased market penetration and long-term shareholder value with our commitment to improve the practice of cardiac interventional medicine.”

Fourth Quarter 2014 Financial Results

Revenue for the fourth quarter of 2014 totaled \$9.8 million, an increase of 8% from \$9.1 million in the prior year fourth quarter and up 10% sequentially from \$8.9 million in the third quarter 2014. System revenue was \$3.2 million, up 16% from \$2.7 million in the prior year quarter and 45% sequentially from \$2.2 million in the third quarter. During the fourth quarter, the Company recognized revenue of \$2.2 million on two *Niobe* ES systems, \$0.9 million in *Odyssey*® solution sales and \$0.1 million in *Vdrive* system sales. Recurring revenue was \$6.6 million in the fourth quarter, compared to \$6.3 million in the prior year quarter and \$6.7 million in the third quarter 2014. Procedures increased 9% from the same quarter last year and 12% sequentially.

The Company generated new capital orders of \$2.9 million on two *Niobe* ES system orders, including a second system order from Japan, three *Odyssey* solution orders and one *Vdrive* system order in the fourth quarter, compared to \$3.9 million in the prior year fourth quarter and \$1.5 million in the third quarter of 2014. Ending capital backlog for the 2014 fourth quarter was \$5.7 million.

Gross margin in the quarter was \$7.5 million, or 76.6% of revenue, versus \$6.2 million, or 68.7% of revenue, in the fourth quarter of 2013. Operating expenses in the fourth quarter were \$7.2 million, a 17% improvement compared to \$8.7 million in the prior year quarter and a record low since the Company's initial public offering in 2004.

Operating income in the fourth quarter, the first reported operating income in Company history, was \$0.3 million, compared to an operating loss of \$(2.4) million in the prior year fourth quarter. Interest expense was consistent year over year at approximately \$0.8 million.

Net income for the 2014 fourth quarter was \$0.9 million, or \$0.04 per share, compared to a net loss of \$(4.0) million, or \$(0.23) per share, reported in the fourth quarter of 2013. Excluding mark-to-market warrant revaluation, the Company would have reported a net loss of \$(0.5) million, or \$(0.03) per share, for the 2014 fourth quarter compared to \$(3.3) million, or \$(0.19) per share, for the 2013 fourth quarter. The weighted average diluted shares outstanding for the fourth quarters of 2014 and 2013 totaled 20.6 million and 17.2 million, respectively.

At December 31, 2014, Stereotaxis had cash and cash equivalents of \$7.3 million, compared to \$8.7 million at September 30, 2014 and \$13.8 million a year ago. Cash burn for the fourth quarters of 2014 and 2013 was \$1.4 million. At year end, total debt was \$18.4 million related to HealthCare Royalty Partners long-term debt.

Full Year Financial Results

Revenue for the full year ended December 31, 2014 was \$35.0 million compared to \$38.0 million for 2013. System revenue in 2014 was \$7.8 million on three *Niobe* ES system sales, six *Vdrive* system sales and \$2.8 million in *Odyssey* solution sales, compared to \$12.7 million in 2013. Recurring revenue was \$27.2 million, an increase of 7% over 2013. Procedure volume was unchanged from total year 2013, but increased 6% in the second half of 2014 compared to the second half of 2013.

New capital orders for the full year 2014 totaled \$6.3 million, compared to \$12.1 million in 2013.

Gross margin in the full year 2014 was \$26.8 million, or 77% of revenue, compared with \$27.0 million, or 71% of revenue, in 2013. Operating expenses for 2014 were \$32.2 million, a 10% reduction compared to \$35.9 million in 2013, and a record low for the Company since going public.

Operating loss was \$(5.4) million, the lowest full year operating loss since going public and a 39% improvement from the prior year.

Interest expense in full year 2014 was \$3.3 million, compared to \$12.6 million in the prior year, which was primarily related to a one-time, non-cash expense in the 2013 third quarter as a result of the extinguishment of the Company's convertible debt.

Net loss for the full year 2014 was \$(5.2) million, or \$(0.26) per share, which included \$3.5 million in income for mark-to-market warrant revaluation, compared to a net loss for the full year 2013 of \$(68.8) million, or \$(5.95) per share, which included \$53.9 million in one-time charges related to transactions with convertible note holders and other equity investors. Excluding these adjustments, the net loss for 2014 would have been \$(8.7) million, or \$(0.44) per share, and the net loss for 2013 would have been \$(14.9) million, or \$(1.29) per share.

Cash burn for 2014 was \$9.2 million, compared to \$6.3 million in the prior year.

Conference Call and Webcast

Stereotaxis will host a conference call and webcast today, February 25, 2015, at 4:30 p.m. Eastern Time, to discuss fourth quarter and full year results. To access the conference call, dial 1-888-468-2440 (US and Canada) or 1-719-325-2455 (International) and give the participant pass code 5077183. Participants are asked to call the above numbers 5-10 minutes prior to the start time. To access the live and replay webcast, please visit the investor relations section of the Stereotaxis website at www.stereotaxis.com.

About Stereotaxis

Stereotaxis is a healthcare technology and innovation leader in the development of robotic cardiology instrument navigation systems designed to enhance the treatment of arrhythmias and coronary disease, as well as information management solutions for the interventional lab. Over 100 issued patents support the Stereotaxis platform, which helps physicians around the world provide unsurpassed patient care with robotic precision and safety, improved lab efficiency and productivity, and enhanced integration of procedural information. Stereotaxis' core *Epoch*TM Solution includes the *Niobe*[®] ES remote magnetic navigation system, the *Odyssey*[®] portfolio of lab optimization, networking and patient information management solutions and the *Vdrive*[®] robotic navigation system and consumables.

The core components of Stereotaxis systems have received regulatory clearance in the U.S., European Union, Canada, China, Japan and elsewhere. The *V-Sono*TM ICE catheter manipulator, *V-Loop*TM variable loop catheter manipulator and *V-CAS*TM catheter advancement system have received U.S. clearance. For more information, please visit www.stereotaxis.com.

This press release includes statements that may constitute "forward-looking" statements, usually containing the words "believe," "estimate," "project," "expect" or similar expressions. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, the Company's ability to raise additional capital on a timely basis and on terms that are acceptable, its ability to continue to manage expenses and cash burn rate at sustainable levels, its ability to continue to work with lenders to extend, repay or refinance

indebtedness on acceptable terms, continued acceptance of the Company's products in the marketplace, the effect of global economic conditions on the ability and willingness of customers to purchase its systems and the timing of such purchases, competitive factors, changes resulting from the recently enacted healthcare reform in the U.S., including changes in government reimbursement procedures, dependence upon third-party vendors, timing of regulatory approvals, and other risks discussed in the Company's periodic and other filings with the Securities and Exchange Commission. By making these forward-looking statements, the Company undertakes no obligation to update these statements for revisions or changes after the date of this release. There can be no assurance that the Company will recognize revenue related to its purchase orders and other commitments in any particular period or at all because some of these purchase orders and other commitments are subject to contingencies that are outside of the Company's control. In addition, these orders and commitments may be revised, modified, delayed or canceled, either by their express terms, as a result of negotiations, or by overall project changes or delays.

Company Contact:

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STEREOTAXIS, INC.
STATEMENTS OF OPERATIONS
(Unaudited)

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|------------------------------------|-----------------------|-------------------------------------|------------------------|
| | 2014 | 2013 | 2014 | 2013 |
| Revenue | | | | |
| Systems | \$ 3,169,782 | \$ 2,742,292 | \$ 7,839,006 | \$ 12,743,218 |
| Disposables, service and accessories | 6,585,186 | 6,325,734 | 27,172,270 | 25,287,863 |
| Total revenue | <u>9,754,968</u> | <u>9,068,026</u> | <u>35,011,276</u> | <u>38,031,081</u> |
| Cost of revenue | | | | |
| Systems | 1,246,051 | 1,738,947 | 4,204,719 | 6,870,954 |
| Disposables, service and accessories | 1,035,550 | 1,098,197 | 4,018,661 | 4,130,347 |
| Total cost of revenue | <u>2,281,601</u> | <u>2,837,144</u> | <u>8,223,380</u> | <u>11,001,301</u> |
| Gross margin | 7,473,367 | 6,230,882 | 26,787,896 | 27,029,780 |
| Operating expenses: | | | | |
| Research and development | 1,127,737 | 1,358,468 | 5,158,331 | 5,672,058 |
| Sales and marketing | 3,723,851 | 3,918,565 | 15,168,940 | 17,132,093 |
| General and administrative | 2,308,246 | 3,377,987 | 11,845,289 | 13,066,103 |
| Total operating expenses | <u>7,159,834</u> | <u>8,655,020</u> | <u>32,172,560</u> | <u>35,870,254</u> |
| Operating income (loss) | 313,533 | (2,424,138) | (5,384,664) | (8,840,474) |
| Other income (expense) | 1,370,721 | (689,038) | 3,510,439 | (47,349,378) |
| Interest income | 1,419 | 1,827 | 7,084 | 5,800 |
| Interest expense | (829,458) | (850,859) | (3,335,300) | (12,573,537) |
| Net income (loss) | <u>\$ 856,215</u> | <u>\$ (3,962,208)</u> | <u>\$ (5,202,441)</u> | <u>\$ (68,757,589)</u> |
| Net earnings (loss) per common share: | | | | |
| Basic | \$ 0.04 | \$ (0.23) | \$ (0.26) | \$ (5.95) |
| Diluted | <u>\$ 0.04</u> | <u>\$ (0.23)</u> | <u>\$ (0.26)</u> | <u>\$ (5.95)</u> |
| Weighted average shares used in computing net earnings (loss) per common share: | | | | |
| Basic | 20,471,730 | 17,235,096 | 19,945,038 | 11,554,566 |
| Diluted | <u>20,636,656</u> | <u>17,235,096</u> | <u>19,945,038</u> | <u>11,554,566</u> |

STEREOTAXIS, INC.
BALANCE SHEETS

| | <u>December 31,</u> 2014 <u>(Unaudited)</u> | <u>December 31,</u> 2013 |
|--|---|-----------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 7,270,301 | \$ 13,775,130 |
| Accounts receivable, net of allowance of \$131,464 and \$383,077 in 2014 and 2013, respectively | 6,480,499 | 7,558,152 |
| Inventories | 6,371,903 | 4,879,039 |
| Prepaid expenses and other current assets | 1,094,837 | 1,479,956 |
| Total current assets | <u>21,217,540</u> | <u>27,692,277</u> |
| Property and equipment, net | 894,728 | 1,184,589 |
| Intangible assets, net | 1,379,653 | 1,679,486 |
| Long-term receivables | — | 20,431 |
| Other assets | 388,850 | 499,613 |
| Total assets | <u>\$ 23,880,771</u> | <u>\$ 31,076,396</u> |
| Liabilities and stockholders' deficit | | |
| Current liabilities: | | |
| Current maturities of long-term debt | \$ — | \$ 49,733 |
| Accounts payable | 2,353,133 | 3,512,339 |
| Accrued liabilities | 5,505,142 | 7,069,759 |
| Deferred contract revenue | 6,658,170 | 7,519,754 |
| Warrants | 2,134,187 | 5,644,626 |
| Total current liabilities | <u>16,650,632</u> | <u>23,796,211</u> |
| Long-term debt, less current maturities | 18,388,764 | 18,481,478 |
| Long-term deferred contract revenue | 976,165 | 491,080 |
| Other liabilities | 414,928 | 9,622 |
| Stockholders' deficit: | | |
| Preferred stock, par value \$0.001; 10,000,000 shares authorized, none outstanding at 2014 and 2013 | — | — |
| Common stock, par value \$0.001; 300,000,000 shares authorized, 20,480,874 and 19,311,390 shares issued at 2014 and 2013, respectively | 20,481 | 19,311 |
| Additional paid-in capital | 446,241,703 | 441,888,155 |
| Treasury stock, 4,015 shares at 2014 and 2013 | (205,999) | (205,999) |
| Accumulated deficit | (458,605,903) | (453,403,462) |
| Total stockholders' deficit | <u>(12,549,718)</u> | <u>(11,701,995)</u> |
| Total liabilities and stockholders' deficit | <u>\$ 23,880,771</u> | <u>\$ 31,076,396</u> |