

SOFTECH, INC.
FINANCIAL SUMMARY
(in thousands, except per share data)

Statements of Operations:

For the Three Month Periods Ended

	November 30, 2004	November 30, 2003
Revenue	\$ 3,221	\$ 3,310
Income from operations	126	3
Net loss	(90)	(246)
Loss per share	(.01)	(.02)

For the Six Month Periods Ended

	November 30, 2004	November 30, 2003
Revenue	\$ 5,998	\$ 6,253
Loss from operations	(83)	(222)
Net loss	(549)	(724)
Loss per share	(.04)	(.06)

Reconciliation of Net Loss to Pro Forma Net Income and Free Cash Flow:

The net loss calculated in accordance with GAAP is adjusted below by non-cash expenses related to amortization and depreciation and by capital expenditures. It is management's view that these non-GAAP financial measures of cash flow provide important information in understanding the Company's financial performance.

For the Three Month Periods Ended

	November 30, 2004	November 30, 2003
Net loss	\$ (90)	\$ (246)
Plus: Non-cash amortization	610	610
Pro Forma net income	520	364
Plus: Non-cash depreciation	20	38
Less: Capital expenditures	(4)	(12)
Free Cash Flow	\$ 536	\$ 390

For the Six Month Periods Ended

	November 30, 2004	November 30, 2003
Net loss	\$ (549)	\$ (724)
Plus: Non-cash amortization	<u>1,221</u>	<u>1,225</u>
Pro Forma net income	672	501
Plus: Non-cash depreciation	41	86
Less: Capital expenditures	<u>(11)</u>	<u>(24)</u>
Free Cash Flow	\$ 702	\$ 563