

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

Statements of Operations:

For the Three Month Periods Ended

	February 29, 2004	February 28, 2003
Revenue	\$ 2,768	\$ 3,156
Income from operations	(490)	(180)
Net loss	(745)	(494)
Loss per share	(.06)	(.04)

For the Nine Month Periods Ended

	February 29, 2004	February 28, 2003
Revenue	\$ 9,021	\$ 7,103
Loss from operations	(712)	(349)
Net loss	(1,469)	(1,239)
Loss per share	(.12)	(.10)

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

	February 29, 2004	February 28, 2003
Net loss	\$ (745)	\$ (494)
Plus: Non-cash amortization	<u>610</u>	<u>635</u>
Pro Forma net income (loss)	(135)	141
Plus: Non-cash depreciation	22	91
Less: Capital expenditures	<u>(14)</u>	<u>(50)</u>
Free Cash Flow	\$ (127)	\$ 182

For the Nine Month Periods Ended

	February 29, 2004	February 28, 2003
Net loss	\$ (1,469)	\$ (1,239)
Plus: Non-cash amortization	<u>1,835</u>	<u>1,405</u>
Pro Forma net income	366	166
Plus: Non-cash depreciation	108	298
Less: Capital expenditures	<u>(38)</u>	<u>(83)</u>
Free Cash Flow	\$ 436	\$ 381