

SOFTECH INC
Form 424B3
January 14, 2015

Filed Pursuant to Rule 424(b)(3)

Registration Statement No. 333-174818

PROSPECTUS SUPPLEMENT NO. 6

(to Prospectus dated December 28, 2011, as amended and supplemented)

SofTech, Inc.

380,455 Shares of Common Stock

This Prospectus Supplement No. 6 supplements and amends our Prospectus dated December 28, 2011, as amended (including by Post-Effective Amendment No. 3 to Form S-1 filed with the Securities and Exchange Commission on November 24, 2014 and declared effective on November 26, 2014) and supplemented. This Prospectus Supplement No. 6 includes our attached Quarterly Report on Form 10-Q for the quarter ended November 30, 2014, as filed with the Securities and Exchange Commission on January 14, 2015.

The Prospectus and this Prospectus Supplement No. 6 relate to the disposition from time to time by the selling shareholders identified in the Prospectus, including their donees, pledgees, assignees, transferees and other successors-in-interest, of up to 380,455 shares of our common stock. We are not selling any common stock under the Prospectus and this Prospectus Supplement No. 6, and we will not receive any of the proceeds from the sale of the shares by the selling shareholders.

Our common stock is quoted on the OTCQB market maintained by OTC Market Groups, Inc. under the symbol SOFT . On January 14, 2015, the last quoted sale price for our common stock as reported on the OTCQB market was \$1.93 per share.

This Prospectus Supplement No. 6 should be read in conjunction with the Prospectus and any prospectus supplements filed before the date hereof. Any statement contained in the Prospectus and any prospectus supplements filed before the date hereof shall be deemed to be modified or superseded to the extent that information in this Prospectus Supplement No. 6 modifies or supersedes such statement. Any statement that is modified or superseded shall not be

deemed to constitute a part of the Prospectus except as modified or superseded by this Prospectus Supplement No. 6.

Investing in our common stock involves certain risks. You should review carefully the risks described under Risk Factors beginning on page 2 of the Prospectus and under similar headings in any amendments or supplements to the Prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if the Prospectus or this Prospectus Supplement No. 6 is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement No. 6 is January 14, 2015.

* * * * *

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended November 30, 2014

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

For the transition period from _____ to _____

0-10665

Commission File Number

SOFTECH, INC.

(Exact name of the Registrant as specified in its charter)

Massachusetts

(State or other jurisdiction of
incorporation or organization)

04-2453033

(I.R.S Employer Identification
No.)

650 Suffolk Street, Suite 415, Lowell, MA 01854

(Address of principal executive offices and zip code)

Telephone (978) 513-2700

(Registrant's telephone number, including area code)

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 (Sec. 232.405) 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 definitions of accelerated filer, large accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer . Accelerated filer .
Non-accelerated filer . (Do not check if a smaller reportingSmaller reporting company .
company)

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

The number of shares outstanding of registrant s common stock at January 10, 2015 was 893,724 shares.

SOFTECH, INC.

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PART I FINANCIAL INFORMATION**Item 1. Financial Statements.****SOFTECH, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

	<i>(in thousands)</i>	
	November 30,	May 31,
	2014	2014
	(Unaudited)	
<u>ASSETS</u>		
Cash	\$ 517	\$ 1,209
Accounts receivable (less allowance for uncollectible accounts of \$18 as of November 30, 2014 and May 31, 2014)	733	666
Holdback payment and earn-out payments from CADRA sale, current portion	304	547
Debt issuance costs, net	26	139
Prepaid and other assets	188	204
Total current assets	1,768	2,765
Property and equipment, net	76	95
Goodwill	948	948
Capitalized software development costs, net	263	319
Capitalized patent costs	108	106
Earn-out payments from CADRA sale, net of current portion	331	348
Other assets	143	143
TOTAL ASSETS	\$ 3,637	\$ 4,724
<u>LIABILITIES AND SHAREHOLDERS (DEFICIT) EQUITY</u>		
Accounts payable	\$ 283	\$ 483
Accrued expenses	303	607
Deferred maintenance revenue	1,172	1,462
Capital lease, current	19	19
Current maturities of long-term debt	851	973
Total current liabilities	2,628	3,544

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Capital lease, net of current portion	40	47
Long-term debt, net of current maturities	120	-
Other accrued liabilities	15	-
Total liabilities	2,803	3,591
Commitments and contingencies		
Redeemable common stock, \$0.10 par value, 170,000 and 50,000 shares issued and outstanding at November 30, 2014 and May 31, 2014, respectively.	1,190	275
Shareholders (deficit) equity :		
Common stock, \$0.10 par value 20,000,000 shares authorized, 723,724 and 825,135 issued and outstanding at November 30, 2014 and May 31, 2014, respectively.	73	83
Capital in excess of par value	27,001	27,338
Accumulated deficit	(27,033)	(26,081)
Accumulated other comprehensive loss	(397)	(482)
Total shareholders (deficit) equity	(356)	858
TOTAL LIABILITIES AND SHAREHOLDERS (DEFICIT) EQUITY \$	3,637	\$ 4,724

See accompanying notes to unaudited consolidated financial statements

SOFTECH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	<i>(in thousands, except for share and per share data)</i>	
	For the Three Months Ended	
	November 30, 2014	November 30, 2013
Revenue:		
Products	\$ 199	\$ 376
Services	828	1,038
Total revenue	1,027	1,414
Cost of revenue:		
Products	33	28
Services	436	264
Total cost of revenue	469	292
Gross margin	558	1,122
Research and development expenses	222	304
Selling, general and administrative expenses	645	866
Gain on CADRA sale	-	(649)
Change in fair value of earn-out payments and holdback payment	(21)	-
Operating (loss) income	(288)	601
Interest expense	63	104
Other expense (income), net	28	(17)
Net (loss) income	\$ (379)	\$ 514
Basic and diluted net (loss) income per share:	\$ (0.44)	\$ 0.59
Weighted average common and redeemable shares outstanding-basic and diluted	866,911	875,135

See accompanying notes to unaudited consolidated financial statements

SOFTECH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(in thousands, except for share and per share data)

	For the Six Months Ended	
	November 30, 2014	November 30, 2013
Revenue:		
Products	\$ 270	\$ 618
Services	1,621	2,172
Total revenue	1,891	2,790
Cost of revenue:		
Products	86	62
Services	791	572
Total cost of revenue	877	634
Gross margin	1,014	2,156
Research and development expenses	494	639
Selling, general and administrative expenses	1,362	1,747
Gain on CADRA sale	-	(649)
Change in fair value of earn-out payments and holdback payment	(60)	-
Operating (loss) income	(782)	419
Interest expense	127	199
Other expense (income), net	43	(28)
Net (loss) income	\$ (952)	\$ 248
Basic and diluted net (loss) income per share:	\$ (1.08)	\$ 0.28
Weighted average common and redeemable shares outstanding-basic and diluted	881,653	888,140

See accompanying notes to unaudited consolidated financial statements

SOFTECH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
COMPREHENSIVE (LOSS) INCOME (UNAUDITED)

(in thousands, except for share and per share data)

	For the Three Months Ended	
	November 30,	November 30,
	2014	2013
Net (loss) income	\$ (379)	\$ 514
Other comprehensive income (loss):		
Foreign currency translation adjustment	28	(25)
Comprehensive (loss) income	\$ (351)	\$ 489

See accompanying notes to unaudited consolidated financial statements

SOFTECH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
COMPREHENSIVE (LOSS) INCOME (UNAUDITED)

	<i>(in thousands, except for share and per share data)</i>	
	For the Six Months Ended	
	November 30, 2014	November 30, 2013
Net (loss) income	\$ (952)	\$ 248
Other comprehensive income (loss):		
Foreign currency translation adjustment	85	(45)
Comprehensive (loss) income	\$ (867)	\$ 203

See accompanying notes to unaudited consolidated financial statements

SOFTECH, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

	<i>(in thousands)</i>	
	For the Six Months Ended	
	November 30, 2014	November 30, 2013
Cash flows from operating activities:		
Net (loss) income	\$ (952)	\$ 248
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization expense	189	111
Gain on CADRA sale	-	(649)
Stock-based compensation	59	4
Non-cash interest expense	18	6
Change in fair value of earn-out payments and holdback payment	(60)	-
Change in current assets and liabilities:		
Accounts receivable	(67)	(196)
Prepaid expenses and other assets	16	159
Restricted cash	-	(1,306)
Accounts payable and accrued expenses	(489)	402
Deferred maintenance revenue	(290)	(538)
Net cash used in operating activities	(1,576)	(1,759)
Cash flows from investing activities:		
Proceeds from sale of product line, net of direct expenses	-	2,432
Capital expenditures	(2)	(37)
Capitalized software development costs	-	(57)
Capitalized patent costs	(2)	(2)
Net cash provided by (used in) investing activities	(4)	2,336
Cash flows from financing activities:		
Cost of repurchase of common stock	 	