For your convenience, the text of today's prepared remarks will be posted in the Investor Relations section of our website. Go to: www.learningtree.com/investor.

Good Afternoon. I am David Asai, Chief Financial Officer of Learning Tree International. I am joined today by Richard Spires, our Chief Executive Officer and Magnus Nylund, our Chief Operating Officer. First, I will read the disclaimer on forward-looking statements and then discuss our performance in our second quarter of fiscal year 2018, which ended March 30, 2018. Richard Spires will provide forward-looking information about our third quarter of fiscal year 2018, and our expectations for the remainder of this fiscal year. After those remarks, we'll open the floor for questions and discussion.

Forward Looking Statement Disclaimer:

As a reminder, there are statements in this presentation that are not historical facts and are forward-looking statements within the meaning of the federal securities laws. These forward-looking statements, including the third quarter 2018 financial performance guidance, and any expectations for the third quarter or full year 2018 are based on management's current
expectations, assumptions, available information and beliefs concerning future developments and their potential effects on Learning Tree. Such statements involve inherent risks and uncertainties, many of which are difficult to predict and are generally beyond the control of Learning Tree. There can be no assurance that future developments affecting Learning Tree will be the same as those anticipated. Learning Tree cautions readers that a number of important factors could cause actual results to differ materially from those expressed in, or implied or projected by, such forward-looking statements. Investors should not put undue reliance on these forward-looking statements, since they are based on key assumptions about future risks and uncertainties. Some of the factors discussed in our annual report on Form 10-K, as well as in our other reports filed with the SEC that could affect us include risks associated with:

- Ability to continue as a going concern;
- Ability to reverse our trend of declining year over year revenues and negative cash flows from operations and to maintain sufficient liquidity;
- Ability to obtain additional liquidity in amounts and on terms acceptable to the Company;
- Ability to successfully implement our new strategies including achieving our cost reduction goals;
- Ability to identify and execute upon strategic options for the Company;
- Competition;
- International operations, including currency fluctuations;
- Attracting and retaining qualified personnel;
- Intellectual property, including having to defend potential infringement claims;
- Implementation of partnerships with third party providers of courses and or course material;
• Efficient delivery and scheduling of our courses;
• Technology development, new technology introduction;
• Maintaining cybersecurity;
• The timely development, introduction, and customer acceptance of our courses and other products;
• A majority of our outstanding common stock is beneficially owned by our chairman and his spouse;
• Changing economic and market conditions; and
• Adverse weather conditions, strikes, acts of war or terrorism and other external events.

Learning Tree is not undertaking any obligation to revise or update forward-looking statements contained herein to reflect future events, developments or changed circumstances after the date of this presentation, unless otherwise required by law.

In order to help the reader assess the factors and risks in our business that could cause actual results to differ materially from those expressed in the forward looking statements, please read our 2017 annual report on Form 10-K, including Item 1A “Risk Factors”, which is filed with the SEC, and is available at the SEC's Internet site (www.sec.gov) as well as our other filings with the SEC.

We follow a 52- or 53-week fiscal year. This means that our year-end and quarter-end dates are on the Friday nearest the end of the calendar quarter. This method is used to better align our external financial reporting with the way we operate our business. The second quarter of fiscal years 2018 and 2017 were both comprised of thirteen weeks.
Second Quarter FY 2018 Revenue and Participants

In the second quarter of fiscal 2018, our revenues of $13.6 million were 15.4% lower than our revenues of $16.1 million in the second quarter of fiscal 2017. This principally resulted from a 13.3% decrease in the number of participants and a 2.4% decrease in the average revenue per participant when compared to the second quarter of fiscal 2017. The decrease in the number of course participants is the result of lower enrollments from the U.S. Government sector stemming from the U.S. federal budget uncertainties and from the Easter holiday occurring in our second quarter for fiscal year 2018 compared to occurring in the third quarter for fiscal year 2017. The week before and the week after Easter is historically a weaker period of course enrollments. The decrease in the average revenue per participant was caused primarily by continued pricing initiatives put in place to attract additional customers and was partially offset by changes in foreign exchange rates, primarily in the United Kingdom, which positively impacted revenues by approximately 3.4% quarter over quarter.

Overall, during our second quarter of fiscal 2018, we trained 10,724 course participants, compared to 12,368 course participants in the second quarter of fiscal 2017.

Second Quarter FY 2018 Operations

Cost of Revenues. Cost of revenues was 61.1% of revenues in the second quarter of fiscal 2018 compared to 59.9% in the second quarter of fiscal 2017, and accordingly, our gross profit percentage was 38.9% in the second quarter of fiscal 2018 compared to 40.1% in the second quarter of the prior year. The change in cost of revenues as a percentage of revenues in fiscal 2018 primarily reflects the 2.4% decrease in average revenue per participant that was partially
offset by a 0.5% decrease in cost per participant. The decrease in cost per participant is primarily
the result of a 13.7% decrease in the cost of revenues and the 13.3% decrease in participants.
The decrease in costs of revenues reflects the impact of our continuing Cost Reduction Program.
Changes in foreign exchange rates do not materially affect our gross profit percentage, since
exchange rate changes affect our cost of revenues by approximately the same percentage as they
affect our revenues.

**Course Development Expense.** During the second quarter of fiscal 2018, course development
expense decreased by $0.2 million to $0.6 million compared to $0.8 million in the second quarter
of fiscal 2017. Course development expenses were 4.6% of revenues in the second quarter of
fiscal 2018, compared to 4.7% in the prior year’s second quarter.

Our library of instructor-led courses numbered 335 course titles at the end of our second quarter
of fiscal 2018 compared to 304 course titles at the end of the second quarter of fiscal 2017.

**Sales and Marketing Expense.** In the second quarter of fiscal 2018, our sales and marketing
expense decreased by $0.2 million to $3.3 million from $3.5 million in the second quarter of
fiscal 2017. The decrease was primarily due to decreases in direct marketing costs and personnel
expenses as part of our continuing Cost Reduction Program when compared to the second
quarter of the prior year.

**General and Administrative Expense.** General and Administrative expense during the second
quarter of fiscal 2018 was $3.7 million, compared to $3.9 million in the second quarter of fiscal
2017. The decrease was primarily due to the results of our ongoing Cost Reduction Program.
**Restructuring Charge.** We previously determined our Reston, Virginia facility was surplus classroom space and in March 2017, we re-evaluated the estimated cash flows from sublease rentals and operating expenses of our outstanding restructuring liability. As a result, we recorded an additional $0.4 million non-cash restructuring charge in our second quarter of fiscal year 2017. We did not record any restructuring charge in the second quarter of fiscal 2018.

**Loss from Operations.** In the second quarter of fiscal 2018, we recorded loss from operations of $2.3 million, compared to a loss from operations of $2.1 million, which included the $0.4 million restructuring charge for the second quarter of fiscal 2017.

**Other Income (Expense), Net.** During the second quarter of fiscal year 2018, we had other expense of less than $0.1 million compared to other expense of $0.1 million in the second quarter of fiscal year 2017, primarily from net foreign exchange losses.

**Income Taxes.** We recorded a tax provision for the second quarter of fiscal 2018 of less than $0.1 million compared to a provision of $0.2 million in our second quarter of fiscal year 2017. The provisions for these quarters are primarily related to state income taxes, true-up of estimates to actual returns filed, and the income tax expense of the Company’s foreign subsidiaries.

**Net Loss.** Net loss for the second quarter of fiscal 2018 was $2.4 million compared to a net loss of $2.3 million, which included the $0.4 million restructuring charge, for the second quarter of fiscal 2017.
Liquidity and Capital Resources

As of the second quarter of fiscal year 2018, which ended March 30, 2018, we reported an accumulated deficit of $19.5 million compared to $17.4 million at the end of fiscal year 2017. We have also reported negative cash flow from operations for the six months ended March 30, 2018. At March 30, 2018, our capital resources consisted of cash and cash equivalents of $4.0 million, compared to cash and cash equivalents of $5.1 million at the year ended September 29, 2017. We have entered into a $3.0 million financing agreement with Action Capital Corporation. The agreement is secured by our U.S. operation’s accounts receivable and is subject to limitations based on the amounts of available accounts receivable. There have been no borrowings to date under this financing agreement. While we have, and will continue to take steps to stabilize revenues and decrease our operating costs on a year-over-year basis for fiscal year 2018, unless we are able to improve our liquidity in the future, there continues to be substantial doubt about the Company’s ability to continue as a going concern. Our registered independent public accounting firm’s report issued on our audited financial statements for the year ended September 29, 2017 included an explanatory paragraph expressing substantial doubt in the Company’s ability to continue as a going concern. We recommend everyone read our second quarter Form 10-Q filed today with the SEC for additional information and details.

I will now turn the call over to Richard Spires our Chief Executive Officer, who will first comment on the second quarter performance and then address our projections for the third quarter of fiscal year 2018 and our expectations for the remainder of fiscal year 2018.
This is Richard Spires, the Chief Executive Officer of the Company. Our second quarter performance for fiscal year 2018 missed our guidance in terms of both revenue and operating income estimates. Factored into our guidance was an expectation that the United States federal government would resolve its budget issue for the government’s fiscal year 2018 early in our second quarter. While Congress did ultimately pass an Omnibus bill funding the government for the remainder of the 2018 fiscal year that was signed by the President on March 23rd, we believe this substantial delay to approve a 2018 federal budget had a significant negative impact on the business we conduct with the US federal government. Perhaps due to the concern over a federal government shutdown during most of our second quarter, our commercial customers that serve the US federal government also slowed their spending with us during the second quarter.

On a positive note, during this second quarter we launched our first “bundled training” set of products, which blend different learning methods including live, instructor-led training, on-demand training modules, coaching and mentoring offerings, and in some cases, additional independent exercises. The intent is to provide attendees an immersive learning environment to rapidly gain mastery in a particular subject area. Studies have shown the use of self-paced, on-demand training has very low retention rates, yet we recognize the explosive growth of such training. Learning Tree now offers on-demand training by itself or complemented with additional training modalities that support a learner to more rapidly gain practical and usable skills with the goal of enhancing job performance. We expect to continue our efforts to innovate and broaden our offerings of such “bundled training” products in the near future in order to meet existing and anticipate new customer and market demands.
I will now present projections of select future financial results of the Company for the third quarter of fiscal 2018. These projections are estimates that have been developed based on information currently known to the Company. Accordingly, as a reminder, these estimates of future financial results, and the actual financial results and outcomes may be different and such differences may be material.

**Third Quarter Fiscal 2018 Financial Guidance**

**Effect of Exchange Rates.** Because we currently conduct approximately 45% of our business in currencies other than U.S. dollars, fluctuations in exchange rates will affect revenues and expenses when translated into dollars. If the exchange rates of May 1, 2018 remain constant for the remainder of our third quarter of fiscal 2018, we would expect changes in foreign exchange rates to favorably affect revenues by approximately 1.6% in our third quarter compared to our same quarter of fiscal 2017.

**Third Quarter Revenues.** For our third quarter of fiscal 2018, we currently expect revenues of between $16.2 million and $17.2 million, compared to revenues of $16.4 million in our third quarter of fiscal 2017.

**Third Quarter Gross Profit.** We expect a gross profit percentage in our third quarter of fiscal 2018 of between 45.6% and 46.6% compared to 41.6% in our third quarter of fiscal 2017.

**Third Quarter Operating Expenses.** We expect overall operating expenses for our third quarter of fiscal 2018 to be between $7.4 million and $7.8 million, compared to $7.4 million in the same quarter a year earlier.
Third Quarter Income (Loss) from Operations. As a result of the above factors, we expect to have third quarter operating results of between a loss of $(0.4) million and income of $0.6 million compared with an operating loss of $(0.5) million in our third quarter of fiscal 2017.

Third Quarter Other Income (Expense), Net. We expect third quarter other expense, net to be less than $0.1 million, compared to other expense of $0.3 million in our third quarter of fiscal 2017.

Third Quarter Pre-Tax Income (Loss). Overall, for our third quarter of fiscal 2018, we expect to report pre-tax results of between a loss of $(0.5) million and income of $0.6 million, compared to a pre-tax loss of $(0.8) million in our third quarter of fiscal 2017.

Outlook for Fiscal Year 2018

For the full fiscal year 2018, it is still our objective for the Company to continue to improve profitability and achieve a positive income from operations. While achieving profitability is one objective, it is also our objective to return this Company to growth, in which our revenues, when comparing a quarter’s performance to the same quarter the previous year, is once again growing. We are not currently projecting such revenue growth in fiscal year 2018, but we continue to strive to position the Company to achieve this revenue growth.

Although we are and will continue to work diligently to accomplish our goals and objectives, there is no assurance that we will achieve them and if so, by the expected timing of the end of fiscal year 2018. I also note that due to the recent history of year over year declines in revenue and the current liquidity position of the Company, there are significant risks that we will not accomplish enough of our goals to achieve positive cash flows in the near term.

And now we'd like to open the floor for questions.
Thank you.