

24 February 2015

Acquisition of Lewes Holdings Ltd.

The Quarto Group Inc. ("Quarto" or "the Group"), the leading global illustrated book publisher and distribution group, is pleased to announce that its wholly-owned subsidiary, Quarto Publishing plc, has entered into a conditional agreement for the acquisition of Lewes Holdings Ltd, the owner of The Ivy Press Limited, which will become part of the Quarto International Co-Editions division. The acquisition is conditional on the approval of Bank of Scotland, lenders to The Ivy Press Limited, to the proposed change of ownership.

Since its foundation in 1996, Ivy has gained worldwide renown for its original titles and high-quality editorial, design and production values. Ivy's titles have gone from strength to strength in the international co-edition markets, with over 2.5 million copies of the 30-Second Series now in print in 23 languages. Distributed by Thames & Hudson since 2012, Ivy has emerged as a trade publisher of some note, its titles regularly featured and reviewed in the national and trade press.

The total consideration payable is up to £1.3m plus the assumption of up to £200,000 of debt. Excluding initial one-off/non-recurring costs in the order of \$0.5m, the acquisition is earnings enhancing. The consideration will be paid in three tranches: on completion, 1 July 2015, and 4 January 2016.

The Acquisition is deemed to constitute a related party transaction under LR 11.1.5 of the FCA's Listing Rules in relation to one of the Non Executive Directors of Quarto, Bob Morley, whose wife, Jenny Manstead, has a 47.5 per cent holding in Lewes Holdings Ltd. The Acquisition qualifies as a "smaller related party transaction" under Listing Rule 11.1.10 R and so does not require shareholder approval.

Commenting on the acquisition, Marcus Leaver, Chief Executive Officer of Quarto, said:

"We are delighted to welcome the Ivy team to The Quarto Group. We have long admired their creativity and innovation. Ivy's presence will further underline our Quarto International Co-Editions division as the market leader. Further, we are pleased that Jenny Manstead, one of Ivy's co-founders, is returning to Quarto after spending time with us earlier in her career."

Jenny Manstead, co-founder of Ivy Press, said:

"This is exactly the right move for Ivy at the right time. Becoming part of Quarto gives us a solid, secure platform from which to develop our publishing programme with the right resources and the right support."

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About The Quarto Group, Inc.

The Quarto Group (LSE: QRT) is the leading global illustrated book publisher and distribution group and is listed on the London Stock Exchange. Quarto employs about 400 talented and creative people in four distinct but complementary businesses - Quarto International Co-Editions Group; Quarto Publishing Group USA; Quarto Publishing Group UK and Books & Gifts Direct, Australia & New Zealand.

The Group is well positioned in resilient segments of book publishing with rich reserves of Intellectual Property. Quarto is uniquely positioned for growth as the industry adapts to new means of marketing, sales and routes to market. The Group's headquarters are in London where the Company was founded in 1976.