

27 March 2017

Sale of Books & Gifts Direct Pty Limited

LONDON, 27 March 2017 - Further to the announcement on 31 January 2017, The Quarto Group Inc. (LSE: QRT), the leading global illustrated book publisher, today announces that it has signed an agreement for the sale of Books & Gifts Direct Pty Limited, its direct sales business in Australia ("BGD Australia"). The sale is expected to complete on 31 March 2017. Based on advice received from corporate advisors in Sydney, the Directors decided to re-structure the original deal and sell the businesses in Australia and New Zealand separately to maximise shareholder value. Books and Gifts Direct Limited, the Group's direct sales business in New Zealand remains for sale, and the Directors are currently discussing a potential sale with a number of interested parties.

BGD Australia has been acquired by Zoom Pty Limited (as trustee for the the Zoom Investment Trust), a company incorporated in Australia and formed for the purposes of acquiring the business by a group comprising certain of the master franchisees and former employees of the business in Australia. The consideration for the sale of the company is A\$1 and Quarto will also take an assignment of certain debts owed by the master franchisees to BGD Australia of A\$1.9m (US\$1.4m) which will be repayable in monthly instalments over two years and are interest bearing. The repayments will be used to reduce the Group's bank debt as they are received. Quarto is entitled to receive 10% of the profit before interest and tax of Zoom Pty Limited for the next 5 years.

For the 12 months ended 31 December 2016, the Group recorded an unaudited Loss Before Tax of US\$8.3m in relation to BGD Australia which included exceptional impairment charges of US\$7.8m relating to the writedown of goodwill and the company's net assets to their recoverable value based on the transaction. It had gross assets of US\$2.5m. As the assets of the business have been written down to their recoverable amount at 31 December 2016, the disposal is expected to result in a total estimated loss for the Group of approximately US\$0.5m, comprising estimated trading losses for 2017 and the estimated costs of disposal.

Marcus Leaver, Chief Executive of The Quarto Group, commented:

"The sale of Books & Gifts Direct Pty Limited will allow Quarto to focus more fully on the financial and operational improvements we require to fulfil our growth ambitions. Looking forward, we believe Quarto has a unique opportunity in our fragmented industry to become the dominant publisher of illustrated books globally."



The completion of the Regent Publishing Services deal announced on Friday and the BGD Australia deal announced above has required significant input from the Group's CFO and Finance department. As a result, The Quarto Group has decided to postpone the release of its 2016 financial results by three days from the previously announced time, 28 March 2016, until 31 March 2016.

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About The Quarto Group

The Quarto Group (LSE: QRT) is the leading global illustrated book publisher. Our mission is to make and sell great books that entertain, educate and enrich the lives of adults and children around the world.

Quarto creates and owns proprietary content, publishing books from a diverse portfolio of imprints that are creatively independent and expert in developing long-lasting content across specific niches of interest.

Quarto sells books across 50 countries and in 39 languages through a variety of traditional and non-traditional channels, while constantly looking for new ways to create and deliver content that people need.

Quarto employs over 400 talented people in the US, UK, Hong Kong, Australia and New Zealand. The group was founded in London in 1976. It is domiciled in the US and listed on the London Stock Exchange.

For more information, visit quartoknows.com or follow us on Twitter at [@TheQuartoGroup](https://twitter.com/TheQuartoGroup).