

07 July 2017

Sale of Books & Gifts Direct Limited (New Zealand)

LONDON, 7 JULY 2017 - The Quarto Group Inc. (LSE: QRT), the leading global illustrated book publisher, today announces that it has completed the sale of the trade and selected assets of Books & Gifts Direct Limited ("BGD New Zealand"), its direct sales business in New Zealand and last remaining non-publishing business.

The business has been acquired by Etailer BGD (2017) Limited, a company incorporated in New Zealand and formed for the purposes of acquiring the business. It is part of the established online retail group Etailer Limited in New Zealand.

The cash consideration for the sale is US\$0.6m (NZ\$0.8m) payable over the next two years. In addition, Quarto is entitled to receive 50% of debtor receipts for the next year and 15% of the profit before interest and tax of the business for the next three years. The cashflows will be used to reduce the Group's bank debt as they are received.

On 31 December 2016, BGD New Zealand had gross assets of US\$1.7m (NZ\$2.4m). The estimated trading losses and transaction costs for the 2017 period to disposal are approximately US\$0.5m (NZ\$0.7m). We are in the process of determining the final loss on disposal of this business, however, following the exceptional impairment charges reported in The Quarto Group's 2016 results, any additional loss now recognised on this disposal is expected to be minimal. We expect to report the loss on disposal and the trading result within Discontinued Operations for The Quarto Group for the year ending 31 December 2017.

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

"This is a transitional year for Quarto as we refocus the Group on our publishing business. With the disposal of Books & Gifts Direct New Zealand - our last non-core business - Quarto starts a new chapter as a publishing-only business with a unique platform to become the dominant publisher of illustrated books worldwide. In the short-term, everyone across the Group remains focused on delivering our plans for 2017."

Inside information

The information contained in this announcement is inside information. If you have any queries on this, then please contact Anne Crompton, Company Secretary (responsible for arranging the release of this announcement) at The Quarto Group, Inc., The Old Brewery, 6 Blundell Street, London, N7 9BH on +44 (0)20 7700 6700.

For further information, please contact:

The Quarto Group

Marcus Leaver, Chief Executive

Dorothee de Montgolfier, Group

Director of Communications

+44 (0)20 7700 9002

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 and Hong Kong. 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 quarto.com or follow us on Twitter at [@TheQuartoGroup](https://twitter.com/TheQuartoGroup).