

Notification of Annual General Meeting of Hemtex AB

The shareholders of Hemtex AB are hereby notified of the Annual General Meeting to be held on Wednesday, September 5, 2007, at 4:30 p.m. at Pulsen Conference Center, Borås.

Registration

Shareholders who intend to participate in the Annual General Meeting must be listed in VPC AB's shareholder register by Thursday, August 30, 2007 and notify the company not later than 4:00 p.m. on Friday, August 31, 2007 at the following address: Hemtex AB, Årsstämma, P. O. Box 495, SE-503 13 Borås or by telefax at +46 (0)33 - 20 69 91 or e-mail at ir@hemtex.se. The registration must include name, national identity number/corporate registration number, shareholdings, address, daytime telephone number, information on possible deputies and, where applicable, information on representatives or substitutes. With respect to legal entities, for example, registration should also include complete authorization papers such as registration certificates or similar identification documents. The registration certificates must not be more than one year old.

Trustee-registered shares

Shareholders who have trustee-registered shares must temporarily re-register the shares in their own names to be entitled to participate in the Annual General Meeting. Shareholders requiring such re-registration must notify their trustees in ample time prior to Thursday, August 30, 2007, when such re-registration must be executed.

Representatives, etc.

Shareholders that are represented by proxy must submit a dated power of attorney. If the authorization is issued by a legal entity, a signed copy of the registration certificate or similar certificate for the legal entity must be enclosed. The authorization document and registration certificate must not be more than one year old. Prior to the Annual General Meeting, the original of the authorization document and any registration certificate should be sent, in ample time, by mail to the company at the above stated address.

Proposed agenda

1. Opening of the meeting
2. Election of chairman for the meeting
3. Preparation and approval of voting list
4. Approval of the agenda
5. Election of minutes checker
6. Determination that the Meeting has been duly convened
7. Presentation of the Annual Report and Auditors' Report and the the Consolidated Accounts and the Consolidated Auditors' Report for operations for 2006/2007 and, in conjunction with this, the President's address and the report from the Chairman of the Board
8. Resolution on the adoption of the Income Statement and Balance Sheet and the Consolidated Income Statement and Consolidated Balance Sheet
9. Resolution on the disposition of the company's profits in accordance with the adopted balance sheet and determination of the record date for the dividend

10. Resolution on the discharge of the Board of Directors and the President from personal liability
11. Determination of the number of members of the Board of Directors and deputies to be elected by the Meeting. In conjunction with this, the report on the work of the nomination committee
12. Determination of the remuneration to be paid to the Board of Directors and the Remuneration Committee
13. Election of the Board of Directors and any deputies
14. Determination of the principles for the nomination committee
15. Resolution on the guidelines for remuneration to senior executives
16. Resolution on the Board of Directors' proposal for an incentive program
17. Close

The Board of Directors' proposal for the disposition of the company's profits and record date (Item 9)

For operations for 2006/2007, the Board proposes a dividend of SEK 4.85 per share, in total SEK 142,300,000, and that the remaining amount, SEK 113,900,000, be carried forward to a new account. The Board proposes a record date of Monday, September 10, 2007. If the Annual General Meeting votes in accordance with the proposal, dividends are expected to be paid out through VPC AB on Thursday, September 13, 2007.

Election of Chairman (Item 2), determination of the number of Board members and deputies (Item 11), determination of the remuneration to be paid to the Board of Directors and the Remuneration Committee (Item 12), and election of the Board of Directors and any deputies (Item 13)

The Nomination Committee proposes that the Annual General Meeting makes the following resolutions:

- That the Chairman of the Board of Directors, Leif Larsson, be elected as Chairman of the Annual General Meeting (Item 2).
- That the number of Board members be seven, without deputies (Item 11)
- That Board members' fees totaling SEK 1,200,000 be paid for the period prior to the next Annual General Meeting. The Chairman will receive SEK 300,000 and each other Board member will receive SEK 150,000 (Item 12).
- That Remuneration Committee fees totaling SEK 100,000 be paid for the period prior to the next Annual General Meeting. The Chairman will receive SEK 50,000 and each of the other two Committee members will receive SEK 25,000 (Item 12).
- Reelection of the following Board members (Item 13):

Hans Andersson
Ingemar Charleson
Bodil Eriksson
Lars Nilsson

And election of:

Mats Olsson, Chairman
Marita Granberg Ramprecht
Kia Orback Pettersson

Mats Olsson is Chairman of Knowit AB, Knowit Candeo AB, Syrico AB and Mobila Kontoret, and Board member of Fenix Outdoor AB. Mats Olsson was previously active as CEO, President and Senior Advisor of a number of companies.

From 1986 to 2004, Marita Granberg Ramprecht was employed with IKEA, both in the company's stores, as Head of Department and Store Manager, and at its head office in Älmhult, Sweden, as an Executive Assistant and business area manager. For the past three years, Marita Granberg Ramprecht has been responsible for business development at Royal Ahold in Amsterdam.

Kia Orback Pettersson is a Board member of Apoteket AB, Jernhusen AB, Forsen Projekt AB, BoobDesign AB, Tengbom Arkitekter AB and NAI Svefa AB. Kia Orback Pettersson is currently active as a consultant and has been previously active as President and marketing director with a number of companies.

Shareholders are reminded that the Annual General Meeting in 2004 elected the registered firm of auditors KPMG as the company's auditor, with Jan Malm as the principal auditor, and, resolved that the auditors would receive fees on current account for the period up to the end of the Annual General Meeting in 2008.

Determination of the principles for the nomination committee (Item 14)

The nomination committee proposes that the Annual General Meeting determine the current principles for the nomination committee.

Resolution on guidelines for remuneration to senior executives (Item 15)

The Board proposes that the Annual General Meeting determine the following principles for remuneration and other terms of employment for senior executives. Remuneration for the Chief Executive Officer and other senior executives shall consist of basic salary, possible variable remuneration, other benefits and pension. Other senior executives are defined as members of the Group's management group. The total remuneration shall be market based and competitive in the appropriate labor market for the executive concerned. Basic salary and variable remuneration shall be related to the executive's responsibilities and authority. The variable remuneration for the Chief Executive Officer, and the other senior executives, shall be maximized and relate to the basic salary. The variable remuneration shall be based on the outcome in relation to established targets and, as far as possible, be connected to the value growth trend for Hemtex shares, in order to benefit shareholders. At normal termination of employment, the period of notice should be two years for the Chief Executive Officer and one year for other senior executives, if the termination is initiated by the employer. If termination is initiated by the employee, the

period of notice is six months. Pension benefits shall be based on either the defined-benefit or defined-contribution plan, or a combination of both. At resignation prior to retirement age, the executive shall receive a paid-up policy. Issues relating to remuneration to the CEO shall be determined by the Board.

Resolution on the Board of Directors' proposal for an incentive program (Item 16)

At present, the company does not have a share-related incentive program. All warrants in the T01 and T02 warrant programs were subscribed for in June 2007.

The Board of Directors proposes that the Annual General Meeting approve a new incentive program for the management group of the Hemtex Group ("the Group") according to the following. The incentive program entails offering the management group ("the Participants") a combination of warrants and employee stock options that entitle them to acquire shares in the Company in accordance with the principles specified below. To be able to implement an incentive program, the Board of Directors proposes that the Annual General Meeting pass the resolutions listed in Items a - c below. It is proposed that all resolutions be conditional upon each other.

The purpose of the incentive program, and the reason for the departure from the shareholders' preferential rights, is to increase the Participants' level of responsibility for and participation in the Group's development and to ensure that they share the goal of generating profitable growth. It is also intended to motivate the Participants to continue their employment in the company and, when required, to facilitate the recruitment of management personnel.

It is the intention of the Board of Directors to propose similar incentive programs at the next two Annual General Meetings. The Board of Directors will evaluate the appropriateness and expediency of the program annually and, if it is deemed necessary or appropriate, will propose adjustments or amendments to future programs.

Item 16 a. Adoption of the incentive program

The Participants shall be offered the opportunity to acquire warrants at market terms and conditions. For each warrant the Participant acquires, one (1) employee stock option is offered free of charge entitling the Participant to the acquisition of one (1) share in the Company. The subscription price in accordance with the warrants and the acquisition price in accordance with the employee stock options will correspond to 130% of the average volume-weighted mean closing price listed on the OMX Nordic Exchange in Stockholm for the Company's shares during the period from September 12, 2007 to September 25, 2007.

The employee stock options are nontransferable and the exercise of employee stock options requires that the shareholder is an employee of the Group at the time of exercise.

In addition, the right to exercise employee stock options requires that the Group, during the 2007/2008 – 2009/2010 fiscal years and in accordance with adopted annual reports, increased earnings per share (Net profit divided by weighted average number of shares during the year) compared with the preceding fiscal years so that an increase in earnings

per share during the fiscal year in question corresponds to not less than the increase in earnings per share specified in the table below.

| <i>Period</i> | <i>Increase in earnings per share (%)</i> | <i>Proportion of warrants that can be exercised</i> |
|-----------------------|---|---|
| Fiscal year 2007/2008 | 15 | 1/3 |
| Fiscal year 2008/2009 | 15 | 1/3 |
| Fiscal year 2009/2010 | 15 | 1/3 |

Accordingly, if the target for the 2007/2008 fiscal year is achieved, 1/3 of the employee stock options can be exercised irrespective of whether the targets for the 2008/2009 and 2009/2010 fiscal years are achieved. The corresponding principle applies for the other fiscal years. If the target for the 2007/2008 fiscal year is not achieved, but the aggregated target for the 2007/2008 and 2008/2009 fiscal years is achieved, the holder is entitled to exercise 2/3 of all employee stock options. The corresponding principle applies for the other fiscal years.

Under no circumstances may the capital gain derived from the exercise of employee stock options exceed 100% of the acquisition price. The capital gain shall be calculated as the difference between the market value of the Company's share (whereby the market value of the Company's share shall be calculated as the closing price paid on the OMX Nordic Exchange in Stockholm at the date of exercise) and the acquisition price. If the capital gain exceeds 100% of the acquisition price, the acquisition price for the employee stock option should be adjusted upwards so that the capital gain amounts to not more than 100% of the acquisition price.

When comparing earnings per share for each fiscal year, adjustments shall be made for any split, reverse split or bonus issue that has affected the number of shares outstanding so that earnings per share during the 2006/2007 fiscal year is calculated using the same number of shares outstanding during the 2007/2008 – 2009/2010 fiscal years. Furthermore, adjustments shall be made for any changes made to accounting principles.

In accordance with the usual terms and conditions, the early redemption of employee stock options shall be possible in the event of compulsory redemption of shares, merger or liquidation, whereby the Company is incorporated into another company, etc. In the case of early redemption, the number of employee stock options that can be redeemed shall be determined based on the increase in earnings per share adopted in the annual report for the period that has passed until the event that has caused the early redemption.

It is proposed that the scope of the incentive program shall encompass not more than 120,000 warrants and not more than 120,000 employee stock options. The rights of the Participants to acquire warrants shall be differentiated with consideration given to position, responsibility and work performance in the Group. Accordingly, the Participants will be split into two categories: the President and other members of the management group, whereby the President will be given the option to acquire not more than 30,000 warrants and

not more than 30,000 employee stock options, and other members of the management group, who will be given the option to acquire not more than 15,000 warrants and not more than 15,000 employee stock options. The program encompasses a total of seven persons. Board members are not entitled to obtain warrants and employee stock options as specified under the incentive program at hand.

No hedge has been proposed to manage such items as social security contributions. However, an upper limit for the employee stock options has been proposed as specified above.

The maximum dilution effect for the incentive program is estimated to amount to not more than 0.82% of the share capital (entailing the same percentage of dilution of the number of shares), providing there is full subscription and full exercise of all warrants and employee stock options. This dilution has been calculated as the maximum number of shares and votes that can be issued divided by the total number of shares and votes following such an issue. The incentive program is estimated to have a marginal effect on the Company's earnings per share. On full exercise of all warrants and employee stock options, share capital will increase by a total of not more than SEK 624,000.

Item 16 b. Issue of warrants for transfer to employees

The Board proposes that the Annual General Meeting approve the issue of not more than 120,000 warrants free of charge, each of which entitles the holder to subscribe for one (1) share. A subsidiary that is wholly owned by Hemtex AB ("the Subsidiary") is entitled to subscribe and shall transfer the warrants to the Participants pursuant to Item 16a for competitive remuneration as calculated by the generally accepted Black & Scholes model. Shares may be subscribed for based on the warrants from June 1 to May 31, 2010 at 130% of the average weighted mean closing price of the Company's share during the period from September 12, 2007 to September 25, 2007. Accordingly, the Company's share capital may increase by not more than SEK 312,000. The dilution of shares outstanding and votes that such an increase in share capital may give rise to is presented in Item 16 a. The reason for departing from the preferential rights of shareholders is to implement the incentive program described in Item 16 a.

Item 16 c. Issue of warrants to ensure the provision of shares in the event of exercise of employee stock options

The Board proposes that the Annual General Meeting approve the issue of not more than 120,000 warrants free of charge, each of which entitles the holder to subscribe for one (1) share. The Subsidiary is entitled to subscribe. As a result, the Company's share capital may increase by not more than SEK 312,000. The dilution of shares outstanding and votes that such an increase in share capital may give rise to is presented in Item 16 a. The reason for departing from the preferential rights of shareholders is to ensure performance of the Company's commitment pursuant to the employee stock options associated with the incentive program described by Item 16 a.

By way of information, a decision in accordance with Item 16 a may be made by a simple majority. However, decisions concerning the issue of employee stock options shall be conditional on the annual general meeting also approving the issue of warrants pursuant to Items 16 b and c above. Decisions by the annual general meeting pursuant to the Board

proposals according to Items 16 b and c require the support of shareholders who account for at least nine tenths of both votes cast and the shares represented at the meeting.

Documents

The Company's Annual Report and Auditors' Report regarding the 2006/2007 fiscal year, as well as the complete proposals of the nomination committee and Board relating to Items 14 and 16 will be made available on the company's website (www.hemtex.com/ir/) from August 21, 2007, and also at the company's address given above. Documents will also be sent, free of charge, to shareholders who provide their postal addresses. The documents will also be available at the Annual General Meeting.

Borås, August 2007

Hemtex AB
Board of Directors