

Press release, February 21, 2007

Hemtex to open volume store in Stockholm

At the end of October, Hemtex will open the doors to its first volume store. The store will be located on Sergelgatan in Stockholm and the opening will mark the beginning of an investment in larger stores offering a wider range. The contract for the new store was signed during the past few days.

The volume store on Sergelgatan will be followed by others throughout Sweden and the Nordic region. They will be established in city locations, traditional shopping centers and other retail locations and, compared with the Hemtex stores of today, will have a significantly larger sales area, ranging from 700 to 1,000 square meters. The store on Sergelgatan will have approximately 1,000 square meters of sales area.

"Expansion through new store formats and a broadening of the range is an important part of our growth strategy," says Anders Jansson, President and CEO of Hemtex. "We see conditions as favorable for establishing 40 to 50 volume stores in the Nordic region, including about 25 in Sweden. There may be a call to move some of our present stores if we feel that this would lead to increased sales volume."

The volume stores will not just be larger than the current stores but will also offer a new range of products. The basis will be Hemtex's inspirational textile products, which will be supplemented by a broader and deeper assortment of textile products, home accessories such as vases and candles, and practical accessories such as glasses, cups, mugs and storage products. Small pieces of furniture may also be included.

A so-called "season square," which is a complete environment showcasing the latest products, will serve as a central department for each volume store. The environment will change with the seasons to keep the shopping experience fresh. The concept also includes a bedcover and pillow studio and an expanded department for children's fabrics. As part of the new plan, all existing Hemtex stores with more than 300 square meters of sales area will set aside space for this new assortment. About 50 stores will need to be expanded.

"We expect that a wider assortment of exciting accessories will entice customers to renew their homes just as our present assortment of textile products inspires them today," says Anders Jansson. "Home-furnishing trends are changing at an ever faster pace and more customers are demanding coordinated assortments, so the timing of this concept is right."

The planned volume stores will mainly be accommodated within the framework of the 290 Hemtex stores that current assessments indicate could be established within the Nordic market.

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Please visit the Hemtex web site: www.hemtex.com

Hemtex is the leading home textile retail chain in the Nordic region, with a total of 183 stores, of which 136 are in Sweden, 32 in Finland, nine in Denmark and six in Norway. Currently, 159 of the stores are owned by the Hemtex Group and 24 by franchise companies. All stores outside Sweden are owned by the Hemtex Group. Under a common brand, the stores sell home decorating products, with an emphasis on home textiles. Sales within the consumer operations (including franchise stores) amount to SEK 1.5 billion annually, excluding VAT. For the fiscal year ended October 31, 2006, the Hemtex Group's annual sales totaled SEK 1.3 billion.