

Uppsala, Sweden, February 22, 2001



PYROSEQUENCING AB

Pyrosequencing AB Reports Results for Fourth Quarter and Year Ended December 31, 2000

--PSQ™96 System leads DNA sequencing market--

Uppsala, Sweden, February 22, 2001, Pyrosequencing AB (PYRO A: Stockholm) today reported financial results for the fourth quarter and year ended December 31, 2000. Commenting on the results, Erik Walldén, President and CEO stated,

"We are pleased to be able to report that we met our objectives for 2000. This year we launched the PSQ™96 System and received orders for 60 systems from large pharmaceutical customers, genomics companies, the agbio industry and many prestigious academic institutions. We also established a direct sales force in the United States and all the major European markets, as well as a strong distribution network in the remainder of Europe and Japan."

Accomplishments for 2000 include:

- Received orders for 60 PSQ™96 Systems; 53 were recognized as revenue in 2000
- Q4 Net Sales exceeded total sales for the first nine months of the year
- Successfully completed an initial public offering, raising \$99 million
- Sold PSQ™96 Systems to renowned academic institutes, including the NIH, Harvard Center for Cancer Prevention, the Max Planck Institute and the Karolinska Institute
- Increased sales to major pharmaceutical customers, including AstraZeneca, Bayer, and GlaxoSmithKline
- Generated strong reagent kit sales
- Increased the number of repeat sales, with six customers installing two or more systems
- Established U.S. and European sales and support organizations
- Developed new software applications and reagent kits including allele frequency and other sequence analysis applications

Company awards based on 2000 performance include:

- *Forbes 300 Best Small Company* – chosen from over 20,000 companies worldwide
- *Spin-off Company of the Year* – chosen by the Royal Swedish Academy of Engineering Sciences from over 80 companies nationwide

Summary financial group data (in millions except share data)

	Twelve months ended December 31, 2000			Three months ended December 31, 2000		
	2000 USD*	2000 SEK	1999 SEK	2000 USD*	2000 SEK	1999 SEK
Net sales	4.9	46.2	1.3	2.7	25.8	1.1
Gross profit	3.8	35.6	1.1	2.0	19.1	0.9
Gross margin, %	77.0	77.0	80.7	74.3	74.3	77.4
Operating result	-10.9	-103.0	-70.6	-3.1	-29.0	-19.3
Results after financial items	-8.3	-78.1	-69.5	-2.0	-18.5	-18.8
Net result per share	-0.32	-3.04	-5.78	-0.06	-0.53	-1.57
As of December 31,						
	2000 USD*	2000 SEK	1999 SEK			
Cash, cash equivalents and short term investments	41.3	389.6	100.7			
Non current investments	48.4	457.1				
Total assets	101.0	953.5	134.0			
Current liabilities	5.1	51.0	26.3			
Total shareholders' equity	95.6	902.4	107.6			
Weighted average shares outstanding	25663	12000				
Total number of common shares outstanding	34767	14000				

* Convenience translation rate: SEK 9.440 = USD

Financial Position

For the year ended December 31, 2000, the Company reported revenues of \$4.9 million compared to \$0.1 million in the prior year. The increase in sales was due to the commercial launch of the PSQ 96 System in February of 2000. Revenue in 1999 reflects the sale of two systems. In the twelve months ended December 31, 2000 the Company sold 53 instruments and reported a backlog of 7 orders.

The Company reported a net loss of \$2.0 million, or \$0.06 per share, for the quarter ended December 31, 2000, compared to a net loss of \$2.0 million or \$0.17 per share, for the same period last year. Net sales for the fourth quarter of 2000 were \$2.7 million and were generated by sales of the PSQ™ 96 System and related reagent kits. Launched in February 2000, the PSQ™ 96 System is the first commercially available dedicated sequencing system for applied genetic analysis.

Pyrosequencing also reported net sales for the quarter ended December 31, 2000 that were in excess of total sales for the first nine months of the year. Operating expenses increased from \$2.1 million in the fourth quarter of 1999 to \$5.1 million in the fourth quarter of 2000. The increase in operating expenses reflects the costs associated with the Company's development of a worldwide sales organization and increased research and development costs.

At December 31, cash, cash equivalents and investments in high-grade debt and equity securities, including investments with maturity dates exceeding twelve months, totaled \$89.7 million as compared to \$95.0 million at September 30, 2000. Pyrosequencing has no debt financing and total equity amounted to \$95.6 million and \$97.9 million at December 31, 2000 and September 30, 2000, providing an equity to assets ratio of 95% and 96% respectively.

Capital expenditures for the full year ended December 31, 2000 amounted to \$3.2 million compared to \$0.6 million for the previous year.

Marketing and Sales

"We believe that in the first year of sales we have established the PSQ™96 System as the dominant offering in the moderate throughput segment of the DNA sequencing market," said Erik Walldén. "With the introduction of our Preferred Technology Program (PTP), we now have a strong product offering for high throughput applications. We are the only company able to offer customers a scalable solution for all aspects of applied genomics. During 2001, we expect demand to increase for the PSQ 96 and we anticipate working with a number of customers to implement PTP applications."

Launched earlier this year, Pyrosequencing's PSQ™96 System for applied genetic analysis, is rapidly penetrating all major geographies and target markets. Based on the Company's patented Pyrosequencing™ technology, the product performs rapid and accurate, reproducible Single Nucleotide Polymorphism (SNP) analysis, and offers a high capacity, cost-effective solution for SNP analysis and other sequence analysis used to identify gene-specific sequences. PSQ™96 Systems include a sequencing instrument, software, and reagent kits necessary to conduct SNP analysis. The Company is the leading supplier of systems for applied genetic analysis based on the fact that it has sold 53 instruments this year, including 30 in the fourth quarter, and has firm orders for another 7 instruments. Customers that purchased the PSQ™96 System during 2000 included AstraZeneca, Bayer, Glaxo SmithKline, Genomics Collaborative, the National Institutes of Health, the Max-Planck Institute, and approximately 40 other customers from the major market segments. During 2000, six customers purchased

multiple machines. The majority of year 2000 sales were the result of extra-budgetary purchasing decisions made by customers.

Pyrosequencing AB increased global access throughout the year by expanding the Company's own sales force in the United States and building a sales and support organization in the United Kingdom, France, Germany and Scandinavia. The Company also strengthened its distribution network through agreements with Sumitomo in Japan, B&L Biosystems for the BeNeLux countries and Paul Bucher for Switzerland. Pyrosequencing continues to pursue additional distribution partners for other target markets.

Research and Development

The Company plans to enhance its PSQ™ 96 System, which includes a SNP kit and dedicated software for automatic SNP scoring, to also feature reagents and software for other types of sequence analysis, such as bacterial typing. Expected to be commercially available during the second quarter of 2001, these products will address a new market segment with a rapidly increasing demand for using short stretches of DNA as a means of identifying gene-specific sequences.

During 2000, Pyrosequencing also advanced development of its high throughput offering for SNP analysis, which is based on 384 well microplates and the same patented 'sequencing by synthesis' technology as the Company's PSQ™ 96 System. In addition to new software and reagent kits, the Company's Preferred Technology Program (PTP) also includes sample preparation robotics, for a fully automated operation that can score up to 100,000 SNPs per day. The Company announced the first PTP sale in February 2001, to the newly founded Swedish consortium for functional genomics, the Wallenberg Consortium North.

Additional software modules enhancing the functionality of the SNP analysis system will be released early next year.

The Company has recently embarked on an evaluation of the molecular diagnostics field and formed a worldwide business unit to conduct that evaluation. Pyrosequencing believes that a unique aspect of the Pyrosequencing™ technology is its utility across a broad array of molecular diagnostics applications.

Human Resources

At the end of the year the total number of employees in the Pyrosequencing group was 86 compared to 38 at December 31, 1999.

This report has not been subject to examination by the Company's auditors.

Interim Report for the quarter ended March 31, 2001 and Annual General Meeting

The results for the first quarter of 2001 will be published on May 2, 2001, the same day as the Company's Annual General Meeting, which will be held in Uppsala, Sweden.

The printed version of the annual report will be published and available at the Company's premises in Uppsala, the beginning of April 2001.

Pyrosequencing AB (publ)
Erik Walldén, President and CEO

About Pyrosequencing AB

Pyrosequencing AB develops, manufactures and sells applied genetic analysis systems based on its Pyrosequencing™ technology, a simple-to-use DNA sequencing technique for accurate and consistent analysis. In the post-genome era, Pyrosequencing's technology addresses the increasing demand for applied genetic analysis across various markets, including research and routine clinical testing, as well as large-scale customized industrial applications, such as drug development by pharmaceutical companies. The Company's growing list of customers includes AstraZeneca, GlaxoSmithKline, the National Institutes of Health and DuPont Agriculture. The Company is headquartered in Uppsala, Sweden with North American operations located in Massachusetts, USA. Pyrosequencing AB also has sales offices and distribution partners in the United Kingdom, Germany, France, Spain, Portugal, Italy, BeNeLux, Switzerland, Scandinavia, Eastern Europe, and Japan. Pyrosequencing AB is listed on the OM Stockholm Exchange. The Company's Web site is WWW.PYROSEQUENCING.COM

Pyrosequencing AB

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Certain statements in this press release are forward-looking. These may be identified by the use of forward-looking words or phrases such as "believe," "expect," "intend," "anticipate," "should," "planned," "estimated," and "potential," among others. These forward-looking statements are based on Pyrosequencing's current expectations. The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for such forward-looking statements. In order to comply with the terms of the safe harbor, Pyrosequencing notes that a variety of factors could cause actual results and experience to differ materially from the anticipated results or other expectations expressed in such forward-looking statements. Such uncertainties and risks include, but are not limited to, risks associated with management of growth and international operations (including the effects of currency fluctuations), variability of operating results, the commercial development of the DNA sequencing and genomics market, nucleic acid-based molecular diagnostics market, and genetic vaccination and gene therapy markets, competition, rapid or unexpected changes in technologies, fluctuations in demand for Pyrosequencing's products (including seasonal fluctuations), difficulties in successfully adapting the Company's products to integrated solutions and producing such products, and the Company's ability to identify and develop new products and to differentiate its products from competitors.

Pyrosequencing AB (publ)
2000-01-01--2000-12-31

INCOME STATEMENT

SEK (in thousands)	The group		Parent company	
	2000-01-01	1999-01-01	2000-01-01	1999-01-01
	2000-12-31	1999-12-31	2000-12-31	1999-12-31
Net sales	46223	1310	51901	1252
Cost of goods sold	-10621	-253	-13792	-253
	35602	1057	38109	999
Selling expenses	-44563	-7797	-24409	-7380
Administrative expenses	-35519	-20929	-27192	-20342
Research and development costs	-55698	-41771	-55428	-41502
Other operating income	1233	756	1233	756
Other operating expenses	-4028	-1945	-2824	-1946
	-138575	-71686	-108620	-70414
Operating loss	-102973	-70629	-70511	-69415
<i>Result from financial investments</i>				
Interest income from group companies	-	-	1289	-
Interest income from other securities				
accounted for as fixed assets	10733	-	10733	-
Other interest income	14215	1155	14180	1219
Interest expense and similar profit/loss items	-83	-23	-77	-19
	24865	1132	26125	1200
Loss after financial items	-78108	-69497	-44386	-68215
Tax on profit for the year	63	99	252	-
Loss for the year	-78045	-69398	-44134	-68215

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Pyrosequencing AB (publ)
2000-01-01--2000-12-31

BALANCE SHEET

SEK (in thousands)	The group		Parent company	
	2000-12-31	1999-12-31	2000-12-31	1999-12-31
Assets				
Fixed assets				
<i>Intangible assets</i>				
Patents and license rights	11851	12754	11514	12148
	11851	12754	11514	12148
<i>Tangible assets</i>				
Leasehold improvements	2459	1076	1788	1076
Plant and machinery	2503	1928	2503	1928
Equipment, tools, fixtures and fittings	13343	7379	9751	7324
Construction in progress and advance payments for tangible assets	17654	36	17654	36
	35959	10419	31696	10364
<i>Financial assets</i>				
Participations in group companies	-	-	18214	3492
Receivables from group companies	-	-	15406	5201
Other securities held as fixed assets	457148	-	457148	-
Other long-term receivables	159	-	-	-
	457307	-	490786	8693
Total fixed assets	505117	23173	533978	31205
Current assets				
<i>Inventories</i>				
Raw materials and consumables	6343	840	6343	840
Work in progress	312	-	312	-
Finished products and goods for resale	5810	649	4359	649
	12465	1489	11014	1489
<i>Current receivables</i>				
Accounts receivable-trade	18381	1481	9777	1481
Receivables from group companies	-	-	24512	-
Other receivables	9911	6503	9554	6274
Prepaid expenses and accrued income	18038	740	19280	817
	46330	8724	63123	8572
<i>Investments</i>				
Other short term investments	370000	70350	370000	70000
	370000	70350	370000	70000
<i>Cash and bank balances</i>				
	19561	30302	10501	29452
Total current assets	448356	110865	454638	109 513
Total assets	953473	134038	988616	140718

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Pyrosequencing AB (publ)
2000-01-01--2000-12-31

BALANCE SHEET

	The group		Parent company	
	2000-12-31	1999-12-31	2000-12-31	1999-12-31
SEK (in thousands)				
Equity and liabilities				
Equity				
Restricted equity				
Share capital	34768	16792	34767	16792
New share issue in progress	2	-	2	-
Restricted reserves/Share premium reserve	1053762	198916	1059976	207475
	1088532	215708	1094746	224267
Non-restricted equity				
Accumulated deficit	-108123	-38757	-110802	-43235
Loss for the year	-78045	-69398	-44134	-68215
	-186168	-108155	-154936	-111450
Total equity	902364	107553	939810	112817
Provisions				
Provision for taxes	121	198	-	-
	121	198	-	-
Current liabilities				
Accounts payable – trade	27860	19751	27546	19752
Liabilities to group companies	-	-	2302	1646
Other liabilities	4281	1843	3666	1288
Accrued expenses and deferred income	18847	4693	15292	5215
Total current liabilities	50988	26287	48806	27901
Total equity and liabilities	953473	134038	988616	140718

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Pyrosequencing AB (publ)
2000-01-01--2000-12-31

CONSOLIDATED STATEMENTS OF CASH FLOW

SEK (in thousands)	The group		Parent company	
	2000-01-01 2000-12-31	1999-01-01 1999-12-31	2000-01-00 2000-12-31	1999-01-01 1999-12-31
Operating activities				
Operating loss before financing items	-78108	-69497	-44386	-68215
<i>Adjustments for items not affecting cash flow</i>				
Depreciation	5332	2814	4457	2545
Other items	1303	86	173	-18
	-71473	-66597	-39756	-65688
Taxes paid	-65	-203	-65	-29
Cash used in operating activities before changes in working capital	-71538	-66800	-39821	-65717
Changes in working capital				
Increase in inventories	-10976	-1489	-9525	-1489
Increase in accounts receivable - trade	-16900	-1472	-8296	-1481
Increase in other current assets	-20641	-3437	-46190	-3368
Decrease in other current liabilities	24702	15612	20906	16211
Cash used in operating activities	-95353	-57586	-82926	-55844
Investing activities				
Purchase of Pyro BV	-21	-	-187	-
Purchase of intangible assets	-200	-8565	-200	-8565
Purchase of tangible assets	-29769	-7223	-25150	-7170
Sale of tangible assets	22	-	22	-
Purchase of short-term investments	-456000	-109686	-456000	-109686
Sale of short-term investments	156350	69292	156000	69292
Purchase of long-term investments	-457307	-	-481988	-5201
Cash provided by (used in) investing activities	-786925	-56182	-807503	-61330
Financing activities				
New share issue	958000	120039	958000	120039
New share issue expenses	-86569	-7136	-86569	-3636
Options to employees	47	-	47	-
Cash flow from financing activities	871478	112903	871478	116403
Net change in cash and cash equivalents	-10800	-865	-18951	-771
Cash and cash equivalents beginning of year	30302	31167	29452	30223
Exchange rate difference in liquid funds	59	-	-	-
Cash and cash equivalents end of year	19561	30302	10501	29452