



PRESS RELEASE

PYROSEQUENCING SHIFTS EMPHASIS TOWARD NEAR-TERM PROFITABILITY

- Company reduces operating expenses by approximately \$7 million on annual basis -

Uppsala, October 10, 2002 – Pyrosequencing AB (Stockholm Stock Exchange: PYRO A) announces today that in conjunction with a program aimed to accelerate the route to profitability, it has given notice regarding 23 people at the Company's headquarters in Uppsala, Sweden and initiated negotiations in accordance with the Codetermination Act. The program, which reflects the general slow down in the economy, is expected to decrease the cash expenses by approximately \$7 million on an annual basis beginning in 2003. Pyrosequencing anticipates that the Company will accrue approximately \$700,000 in the third quarter related to these reductions.

Over the past three years, Pyrosequencing has introduced a portfolio of products that includes the PSQTM96, the PSQTM96MA, and the PSQTMHS 96A Systems as well as a customized high-throughput system (PTPTM), various software upgrade packages and new sample preparation tools. Pyrosequencing now transitions from this initial product development and introduction phase, and will increase its focus on near-term profitability. The cost-reduction program, announced in the interim report on August 8, is now being extended to include the reductions of operating expenses and personnel in administration, product development and central marketing at the head office in Uppsala, Sweden. At present the Company employs 145 people globally, with 110 in Uppsala.

"We are now ready to move into the next phase of the Company's development. We will continue to bring a high level of innovation to the Life Sciences research market but also to expand our efforts in the clinical applications of our technology, where we continue to experience strong interest from the market," said Erik Walldén, President and CEO of Pyrosequencing AB. "The Company is now focused very strongly on reaching profitability. As one of many measures to decrease costs, we have reduced the headcount in the Uppsala office. We regret the impact that this will have on our employees but we have to create a vigorous and sustainable company," he added.

About Pyrosequencing AB

Pyrosequencing AB develops, manufactures and sells complete solutions for rapid applied genetic analysis based on its proprietary PyrosequencingTM technology, a broadly applicable DNA sequencing technique. Pyrosequencing leads the global market in Applied Genomics with over 180 systems sold to

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major pharmaceutical and biotech companies and prestigious research institutions worldwide. The Company actively collaborates with industry leaders to develop clinical applications of the technology for disease diagnosis, clinical prognosis and pharmacogenomics testing.

Pyrosequencing products include the bench-top PSQ™96, PSQ™96MA and PSQ™HS 96A Systems and a high-throughput 384-well system available through a Preferred Technology Program (PTP™), all of which utilize proprietary software and reagent kits. Among Pyrosequencing's customers are AstraZeneca, GlaxoSmithKline, Merck, Schering-Plough, the NIH, the CDC, Yale University, the Karolinska Institute, Genzyme Corp., Biogen, Oxagen, NASA, DuPont Agriculture, Goethe-Universität, and IMGM Laboratories. The Web address is www.pyrosequencing.com.

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," and "should," 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.

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