

## FOR IMMEDIATE RELEASE

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### **LION ANNOUNCES RESULTS FOR SECOND QUARTER 2003**

*14% Revenue Growth Compared to Second Quarter 2002*

**Seattle, WA – July 29, 2003—LION, Inc.** (OTC Bulletin Board: LINN), a leader in online services for connecting mortgage brokers with consumers and lenders, today announced its financial results for the second quarter ended June 30, 2003.

For the second quarter of 2003, revenue was \$1,831,000, up 14% from \$1,606,000 for the second quarter of 2002. Net income for the quarter was \$131,000 as compared to a net loss of \$325,000 for the same quarter in the prior year. The net loss for the prior year included \$507,000 of settlement charges and legal fees related to litigation that was settled in July 2002.

For the six-month period ended June 30, 2003, revenue increased to \$3,618,000, up 16% from \$3,117,000 for the same period in the prior year. Net income for the six-month period in 2003 was \$286,000 compared to a net loss of \$366,000 for the same period in the prior year. The net loss for the prior year included \$633,000 of settlement charges and related legal fees.

“Building a company that will produce increased value for our shareholders remains our top priority,” states David Stedman President and CEO of LION, Inc. “We continue to make progress in supporting improved revenue growth and sustained profitability. At the same time, we are making investments in LION that will accelerate revenue growth and support increased values in the future. We continue to achieve higher levels of performance as our initiatives gain traction.”

“With profit margins improving, we began executing strategies in the second quarter to improve services to customers through hardware and software upgrades. These improvements not only increased the speed and reliability in which customers access LION services but also strengthened our database infrastructure to accommodate an increase in future customers. We have also started to more aggressively promote LION through more effective marketing efforts, illustrated by increased attendance at industry trade shows and supported by more frequent advertising and promotional campaigns. Considerable progress has also been made in strengthening the LION brand by creating better continuity within a number of our web properties.”

“Expanding the LION marketplace and continuing to strengthen our product offering remains paramount to our future success. Over the past three months, we have made improvements to a variety of our key products lines. We successfully launched a new version of our widely used LION Pro internet software. This new product includes enhancements to LION’s industry leading lender pricing engine and a new suite of online tools to manage leads, websites, lender loan programs, and price adjustments. Mortgage companies seeking to increase productivity can give their employees access to these tools through a custom web site. This new product will allow their users to quote correspondent and risk-based pricing, expanding the product’s potential market to over 100,000 originators. Fourteen of the nation’s fastest growing mortgage companies have selected this new product in the second quarter alone.”

“Some of the new companies using this LION Pro Corporate product include: Franklin Bank [www.franklin-bank.com](http://www.franklin-bank.com), Cherry Creek Mortgage [www.cherrycreekmortgage.com](http://www.cherrycreekmortgage.com), SLM Financial [www.slm mortgage.com/home.html](http://www.slm mortgage.com/home.html), Premier Mortgage Group [www.premiermort.net](http://www.premiermort.net), and Prime Financial Lending Group [www.primefinancialgroup.net](http://www.primefinancialgroup.net).”

“LION is also planning to launch a new single user version of LION Pro in August 2003 and has two more releases scheduled for later this year. We anticipate market adoption of this new product which is targeted to bolster revenue generated by this product line.”

“We are continuing to build our performance based business model through Mortgage101, our industry-leading network of consumer web sites. During the second quarter, the network of sites grew from approximately 22,600 to over 26,000 real estate affiliates. Other achievements this quarter include obtaining the highly coveted number one position in the Google search engine for industry specific key words. During the next six months, we anticipate further increases in revenue by improving our ability to refer qualified borrowers to participating mortgage lending companies.”

“To accelerate potential revenue opportunities generated through the Mortgage 101 product line, Chuck Aikens will be relinquishing his duties as the COO to devote 100% of his energies to managing this initiative. We believe that there is a strong potential for success through this product line.”

“The second quarter saw further revenue growth in a number of our core business product lines, specifically with our lead generation and Mortgage 101 toolsets. We believe that with the improvements to the LION Pro product, we should begin to see improvements in performance in the third and fourth quarters of this year.”

“Overall, I am very pleased with our performance in the second quarter. We achieved solid growth in revenue, continued to add more lenders to our growing database, launched a new product with good results, are staged to release a new product in August, saw increasing numbers in our marketplace, and have reached a number of key milestones that should support higher performance levels in the third and fourth quarters of the year. Over the next two quarters, we will continue to further invest in LION to support stronger performance over the long term.”

**About LION, Inc.**

LION, Inc. is a leader in online services that connect mortgage brokers with lenders and consumers more efficiently. We serve mortgage originators with online broker loan productivity tools and websites powered by a database of over 100,000 regionalized wholesale and correspondent loan programs nationwide. LION also provides the foundational architecture and database for co-branded and private label web sites that connect consumers to leading companies in the over \$2 trillion mortgage industry. LION, Inc. has offices in two locations: Seattle, at 4700-42nd Ave. SW, Seattle, WA 98116, and Denver, at 2000 S Colorado Blvd, Denver, CO, 80222. For more information, please visit [www.lioninc.com](http://www.lioninc.com).

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This press release contains forward-looking statements that involve risks and uncertainties concerning our expected performance (as described without limitation in the quotations from current management in this release). Actual results may differ materially from the results predicted and reported results should not be considered as an indication of our future performance. We believe that these potential risks and uncertainties include, without limitation: our substantial dependence on mortgage brokers and the mortgage broker industry; mortgage market trends; interest rate changes; housing and consumer trends effecting home purchases; the management of our potential growth; risks of new business areas and new Internet technology; joint-marketing and sales agreements; our need for additional financing; our ability to attract and retain high quality employees; changes in the overall economy and in technology; and the number and size of our Internet competitors. Statements in this release should be evaluated in light of these important factors. All information set forth in this release is as of July 29, 2003, and LION undertakes no duty to update this information. More information about these and other important factors that could affect our business and financial results is included in our Annual Report on Form 10-KSB for the fiscal year ended December 31, 2002, including (without limitation) under the captions, "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", which is on file with the Securities and Exchange Commission. Additional information may also be set forth in those sections in our quarterly reports on Form 10-QSB previously filed with the Securities and Exchange Commission.

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LION, Inc.  
CONDENSED STATEMENTS OF OPERATIONS  
(Unaudited)

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues	\$ 1,830,974	\$ 1,606,313	\$ 3,617,694	\$ 3,117,276
Expenses				
Direct costs	338,381	236,620	653,937	455,970
Selling and marketing	586,612	435,045	1,160,080	917,069
General and administrative	565,399	703,345	1,105,052	1,341,982
Research and development	91,128	81,394	178,529	171,199
Depreciation and amortization	114,734	123,002	225,736	242,684
	<u>1,696,254</u>	<u>1,579,406</u>	<u>3,323,334</u>	<u>3,128,904</u>
Operating income (loss)	134,720	26,907	294,360	(11,628)
Other expense - net	<u>(3,942)</u>	<u>(351,741)</u>	<u>(7,879)</u>	<u>(354,102)</u>
NET INCOME (LOSS)	<u>\$ 130,778</u>	<u>\$ (324,834)</u>	<u>\$ 286,481</u>	<u>\$ (365,730)</u>
Net income (loss) per common share, basic and diluted	<u>\$ -</u>	<u>\$ (.01)</u>	<u>\$ .01</u>	<u>\$ (.01)</u>

(MORE)

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LION, Inc.  
CONDENSED BALANCE SHEETS

ASSETS

	June 30, 2003 (Unaudited)	December 31, 2002
CURRENT ASSETS		
Cash and cash equivalents	\$ 717,993	\$ 403,917
Accounts receivable - net	432,613	347,661
Prepaid expenses and other	<u>144,127</u>	<u>71,388</u>
Total current assets	1,294,733	822,966
PROPERTY AND EQUIPMENT, net	963,359	940,372
OTHER ASSETS		
Goodwill – net	273,955	273,955
Other assets	<u>37,908</u>	<u>37,908</u>
	<u>\$ 2,569,955</u>	<u>\$ 2,075,201</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	\$ 148,905	\$ 111,340
Accrued liabilities	426,497	329,671
Current maturities of long-term obligations	51,057	35,330
Deferred revenue	<u>324,254</u>	<u>295,497</u>
Total current liabilities	950,713	771,838
LONG-TERM OBLIGATIONS, less current maturities	56,598	52,495
STOCKHOLDERS' EQUITY	<u>1,562,644</u>	<u>1,250,868</u>
	<u>\$ 2,569,955</u>	<u>\$ 2,075,201</u>