



## ***LION, Inc. Announces Financial Results for Year End 2000***

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**Immediate Release:**

February 22, 2001

**Renton, WA** - LION, Inc. (OTC Bulletin Board: LINN), dba LionInc.com, today announced the financial results for the year ended December 31, 2000.

Revenues for 2000 were \$6,115,316, up 44 percent from \$4,241,277 for 1999. For the fourth quarter of 2000, revenues were \$1,514,857, up 8 percent from \$1,403,552 in the fourth quarter of 1999. The net loss for 2000 was \$1,297,849, or \$0.04 per share. The net loss in 1999 was \$3,997,151, or \$0.15 per share. For fourth quarter 2000, the net loss was \$257,424 compared with a net loss of \$2,943,713 for fourth quarter 1999.

LION's mortgage broker subscriptions accounted for 46 percent of revenues while its broker web site development, hosting services and broker lead generating services including broker ad banners provided 26 percent. The company's lender services segment, which includes automated underwriting, its LoanCAT product, wholesale lender ad banners and lender web site development and hosting contributed 28 percent of total revenues.

"This has been an exciting and challenging quarter," said David Stedman, President of LionInc.com.

"Profitability is important to this company, and our focus continues to be on issues that will not only support profitability but sustain it long-term. During the fourth quarter, we made significant progress in key areas to strengthen the company for future growth, including consolidating and restructuring our operations and developing new products and strategic alliances."

"Factors that contributed to our fourth quarter loss include slower than expected revenue growth in the first two months of the quarter and additional expenses related to the consolidation of our operating and parent companies. Additionally, anticipated sales of our ASP product were impacted by consolidation in the lender industry."

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Stedman continued, "Our operating company, LionInc.com, was within \$35,000 of profitability for the fourth quarter prior to consolidating our results with the parent company."

"We are aggressively working toward our goal of sustained profitability and have made important strides during the fourth quarter. We merged our subsidiary, Lioninc.com, with our parent company, LION, Inc., moved our state of domicile from Minnesota to Washington, and have reorganized the company's senior management team," continued Stedman. "We also initiated the consolidation of our originator sales and service organizations and have developed several new products including the eMortgageCenter rate and lead management system. We successfully completed three LoanCAT projects during the fourth quarter and have packaged our Lender ASP initiative into product modules that will help lenders more easily move into LoanCAT technology. Additionally, we are hopeful for commitments on large ASP contracts during the first quarter of 2001 that were postponed in late 2000 due to lender mergers.

"With these challenges behind us and with our recent accomplishments, we are like a brand new company going forward. As the mortgage industry gains momentum in 2001, we are strategically positioned for success in the near future."

**About LION, Inc.**

LION, Inc. has been a pioneer of online business-to-business products and services since 1995. It has emerged as a premier provider of cutting-edge Internet products and services for the over \$1 trillion mortgage industry, creating one of the largest mortgage marketplaces in the country. LION, Inc. brings together borrowers, real estate companies, mortgage brokers, mortgage lenders and financial institutions, enabling them to facilitate home loans in an easy, efficient and quick manner.

LION, Inc. has offices in two locations: Seattle, at 2201 Lind Ave. SW, Renton, WA 98055, 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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## LION, Inc. and Subsidiary

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended December 31,		For the Year Ended December 31,	
	2000	1999	2000	1999
Revenues	\$ 1,514,857	\$ 1,403,552	\$ 6,115,316	\$ 4,241,277
Expenses				
Direct costs	167,808	213,948	695,356	589,499
Selling and marketing	590,581	727,392	2,343,677	2,071,970
General and administrative	715,134	930,133	3,050,505	2,734,526
Compensation from stock options issued below fair market value	-	2,190,989	101,580	2,190,989
Research and development	127,226	145,001	577,550	300,738
Depreciation and amortization	145,184	105,835	516,214	241,351
	<u>1,745,933</u>	<u>4,313,298</u>	<u>7,284,882</u>	<u>8,129,073</u>
Operating loss	(231,076)	(2,909,746)	(1,169,566)	(3,887,796)
Other expense – net	<u>(26,348)</u>	<u>(33,967)</u>	<u>(128,283)</u>	<u>(109,355)</u>
NET LOSS	<u>\$ (257,424)</u>	<u>\$(2,943,713)</u>	<u>\$(1,297,849)</u>	<u>\$(3,997,151)</u>
Loss per common share, basic and diluted	<u>\$ (.01)</u>	<u>\$ (.10)</u>	<u>\$ (.04)</u>	<u>\$ (.15)</u>

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LION, Inc. and Subsidiary  
CONDENSED CONSOLIDATED BALANCE SHEETS

December 31,

ASSETS

	<u>2000</u>	<u>1999</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 117,254	\$ 368,649
Accounts receivable - net	457,705	380,547
Prepaid expenses and other	<u>92,615</u>	<u>236,584</u>
Total current assets	667,574	985,780
PROPERTY AND EQUIPMENT, net	861,847	981,530
<b>OTHER ASSETS</b>		
Goodwill – net	706,873	500,674
Other assets	<u>45,377</u>	<u>37,177</u>
	<u><u>\$2,281,671</u></u>	<u><u>\$2,505,161</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

<b>CURRENT LIABILITIES</b>		
Line of credit	\$ -	\$ 587,550
Accounts payable	236,836	434,922
Accrued liabilities	381,087	415,152
Deferred revenue	305,100	289,930
Related party payables	<u>-</u>	<u>60,500</u>
Total current liabilities	923,023	1,788,054
COMMITMENTS	-	-
STOCKHOLDERS' EQUITY	<u>1,358,648</u>	<u>717,107</u>
	<u><u>\$2,281,671</u></u>	<u><u>\$2,505,161</u></u>

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Actual results will vary because of factors such as mortgage market trends, interest rate changes, housing/consumer trends effecting home purchases, internet competition, risks of system interruption, management of potential growth, risks of new business areas, new internet technology, joint-marketing and sales agreements, strategic alliances and other issues discussed in the company's Form 10-KSB and 10-QSB reports which are on file with the Securities and Exchange Commission.