



***LION, Inc. Announces  
Financial Results and Profitability  
For Second Quarter 2001***

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**Immediate Release:**

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**Seattle, WA** - LION, Inc. (OTC Bulletin Board: LINN), a premier provider of Internet products and services for the mortgage industry, today announced the financial results for the second quarter ended June 30, 2001 and profitability for the first time in the Company's history.

Net income for the second quarter was \$40,461 or \$0.001 per share as compared to a net loss of \$266,766 or \$0.008 per share for the same quarter in the prior year. Revenue for the second quarter increased 5.4% to \$1,563,196 compared to \$1,483,772 for the second quarter of 2000.

"We are pleased with the efforts of the past quarter. To see this type of turnaround in the operations of the organization in just two quarters is a testimony to the hard work and commitment of our employees," said David Stedman, LION, Inc.'s President. "Our strategy has been to strengthen our core business and sustain current revenue while developing new products and services to support long-term revenue growth. Our operating results are a strong indication of the success of that effort," continued Stedman.

The net loss for the six-month period ended June 30, 2001 narrowed significantly to \$11,081 as compared to a net loss of \$680,621 for the same period in the prior year. Revenue for the six-month period ended June 30, 2001 increased to \$3,054,331 compared to revenue of \$3,025,854 for the same period in the prior year.

"We will continue our efforts in the third quarter to strengthen profitability and build the potential for long term revenue growth. While our main focus will be on increasing sales, we will also continue to look for cost efficiencies within the Company. Two recent examples are the consolidation of the lender sales division

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into our Denver office (which places all sales and support activities in one location) and the move of our Corporate headquarters from Renton to a more efficient space in West Seattle in July of this year.”

“Plans are on schedule to introduce a number of product improvements in the third quarter. These improvements will be made in product lines targeted to each of our primary markets of consumers, realtors, originators, and lenders.”

### About LION and Lioninc.com

LION, Inc. has been a pioneer of online business-to-business products and services since 1995. It has emerged as a premier provider of 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 4700-42<sup>nd</sup> 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).

### LION, Inc. Condensed Statements of Operations (Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2001	2000	2001	2000
Revenues	\$ 1,563,196	\$ 1,483,772	\$ 3,054,331	\$ 3,025,854
Expenses				
Direct costs	260,887	163,312	521,065	371,499
Selling and marketing	450,340	532,991	920,664	1,057,141
General and administrative	619,317	856,936	1,229,773	1,518,385
Compensation from stock options issued under fair market value	-	(79,680)	-	101,580
Research and development	45,737	113,357	103,863	335,360
Depreciation and amortization	145,185	122,982	293,297	234,770
	<u>1,521,466</u>	<u>1,709,898</u>	<u>3,068,662</u>	<u>3,618,735</u>
Operating income (loss)	41,730	(226,126)	(14,331)	(592,881)
Other income (expense) - net	<u>(1,269)</u>	<u>(40,640)</u>	<u>3,250</u>	<u>(87,740)</u>
NET INCOME (LOSS)	<u>\$ 40,461</u>	<u>\$ (266,766)</u>	<u>\$ (11,081)</u>	<u>\$ (680,621)</u>
Net income (loss) per common share	<u>\$ .001</u>	<u>\$ (.008)</u>	<u>\$ (.001)</u>	<u>\$ (.021)</u>

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LION, Inc.  
Condensed Balance Sheets

ASSETS

	June 30, 2001 (Unaudited)	December 31, 2000
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 302,017	\$ 117,254
Accounts receivable - net	420,148	457,705
Prepaid expenses and other	137,641	92,615
Total current assets	859,806	667,574
PROPERTY AND EQUIPMENT, net	811,717	861,847
<b>OTHER ASSETS</b>		
Goodwill - net	603,428	706,873
Other assets	70,199	45,377
	\$ 2,345,150	\$ 2,281,671
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 154,385	\$ 236,836
Accrued liabilities	368,658	381,087
Deferred revenue	271,520	305,100
Total current liabilities	794,563	923,023
STOCKHOLDERS' EQUITY	1,550,587	1,358,648
	\$ 2,345,150	\$ 2,281,671

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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 31, 2001, 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, 2000, 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 or to be filed with the Securities and Exchange Commission.