


**MARKET STATISTICS**

Exchange / Symbol	OTCQB: TALN
Price:	\$0.07
Market Cap (\$mm):	\$6.46
Enterprise Value (\$mm):	\$5.61
Shares Outstanding (mm):	92.34
Float (%):	36%
Volume (3 month avg.):	9,300
52 Week Range:	\$0.06-\$0.18
Industry:	Textile - Apparel Clothing

**CONDENSED BALANCE SHEET**

(\$mm, except per share data)

Balance Sheet Date:	9/30/2017
Cash & Cash Equivalent:	\$4.98
Cash/Share:	\$0.05
Debt:	\$4.12
Equity (Book Value):	\$8.16
Equity/Share:	\$0.09

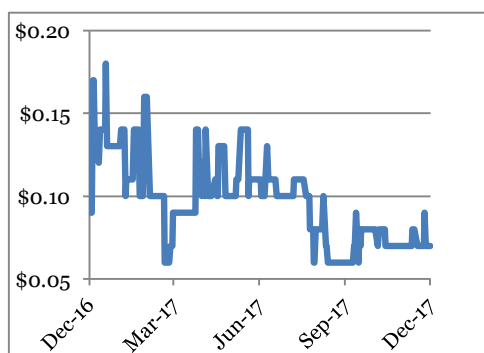
**CONDENSED INCOME STATEMENTS**

(\$mm, except per share data)

FY - 12/31	Revenue	Income	EBITDA	EPS
FY14	\$49.32	\$0.57	\$2.01	\$0.01
FY15	\$48.35	\$0.51	\$2.64	\$0.01
FY16	\$48.26	\$1.00	\$3.01	\$0.01
FY17E	\$45.50	\$0.87	\$2.32	\$0.01

**LARGEST SHAREHOLDERS**

Kutula Holdings Ltd.	38,888,889
Mark Dyne	9,169,000
Perrtech Pty Ltd.	8,333,333
Larry Dyne	5,357,697
North Star Investment Management	5,333,233
Lonnies Schnell	5,218,097
Atlfest L J & Co., Inc.	40,250
Gary Dyne	40,000
Peter Vaz	34,000

**STOCK CHART**

**COMPANY DESCRIPTION**

Talon International, Inc. is a leading supplier of customized zippers and apparel accessories. Talon International has a globally recognized brand backed by 120 years of experience in the industry. The company is responsible for the invention of the sliding zipper device. Talon's product mix is composed of two main categories: zippers and managed trim solutions (i.e. woven & printed labels, buttons & rivets, printed marketing, zippers, thread as well as any other types of trim or accessory products), including Tekfit Stretch Technology™. Tekfit® has exclusive rights to advanced fabric technologies that facilitate the addition of mechanical stretch into most standard fabrics. There are numerous applications, including waistbands that have the ability to stretch out and back, without the need to add costly and unsightly elastics or other components. Talon is headquartered in Woodland Hills, California, a northern suburb of Los Angeles, and currently employs 201 full time employees, including 30 in the United States and 171 in Asia.

**SUMMARY**

Talon plans to capture continuing growth via its integrated business model that provides clients with a "one-stop shop" for their zipper and trim needs. By operating as a fully integrated, single source supplier for its clients, Talon can save clients time and expenses. Furthermore, by leveraging its decades of experience and expertise in engineering, sourcing, manufacturing and assembly, Talon has positioned itself to effectively compete in a highly fragmented industry. The company's ability to deliver superior products, unmatched customer service, and leading customization capabilities is what sets Talon apart from its peers.

- The company has emerged from a multi-year restructuring effort and recent recapitalization that has enhanced its financial flexibility and set the stage for growth; results for FY16 included revenues remaining steady at \$48.3M, with gross margins increasing to 36.5% vs. 33.7% in FY15 and net income increasing to \$995K vs. \$511K in the prior year. Most recently, Q317 saw lower revenues of 9.8% Y-O-Y with both trim and zipper segments seeing decreased sales to mass merchandising brand customers and specialty retail brand customers. Gross profit percentage was comparable Q317 vs. Q316 at ~35%, and net income for the current quarter was (\$78K) vs. \$21K for Q316.
- Talon plans to capitalize on a highly fragmented marketplace where major brands/retailers typically have a large number of suppliers spread across the globe from which they obtain their required components. Creating stickier clients with whom they can become a proven supplier helps insulate Talon's clients from the pricing pressures of larger manufacturers.
- The company seeks specialty retail and premium brand opportunities where customers are more concerned about their brand image, brand awareness, high level of service, and flexibility offered at the right price.
- Talon looks to form strategic product alliances and tuck-in acquisitions that will widen its product offerings and increase its cross-selling opportunities; Talon also has the goal of significantly expanding its online marketing presence, dedicating resources to generate growth among ecommerce retailers.
- Brand differentiation is being achieved with an active R&D program that continues to press for innovative products catering to changing fashion trends. By addressing the industry's increasing appetite for technology, Talon is focused on pursuing disruptive technologies in apparel-related products.
- The company has an effective marketing program for innovative product lines such as Tekfit®, a patented technology that creates a stretchable product that will return to its original size without altering the garment's appearance, and Flex Collar, its most recently patented technology allowing collars to stretch.
- We believe Talon is considerably undervalued based on precedent transactions in its industry. With recent investments in its product segments, including geographical expansion, and steady margins with cost control initiatives, Talon's offerings make it attractive from an acquisition standpoint.

## BUSINESS OVERVIEW

Talon International, Inc. is a global provider of customized zippers and apparel accessories. Talon has a global sales presence that includes a large and diversified customer base of approximately 950+ manufacturers, representing approximately 200 marque U.S. and European brands. Talon's product mix is mainly comprised of two principal product groups:

- Zippers – this includes a complete line of custom metal, coil and plastic zippers
- Trims – this includes trims and accessory products as well as Tekfit® and Flex Collar technology

*Exhibit 1: TALN Product Groups– Zippers & Trims including Tekfit® Stretch Technology*



*Source: Company Reports*

Talon is actually the world's original zipper company, founded in 1893. The company was the inventor of the zipper and is responsible for many of the innovations that have molded the zippers that are used around the globe today. The world's leading apparel companies and designers call on Talon for premium, fashion-forward, and cost-effective zippers.

Talon offers a complete range of customizable zippers including metal, plastic and coil branded with the Talon® name and logo. Talon zippers are used primarily by manufacturers in the apparel industry and are distributed through Talon's distribution facilities in the U.S., Europe, Hong Kong, and China. The company has expanded its distribution of zippers through the establishment of a combination of Talon-owned sales and distribution locations, as well as through strategic manufacturing and distribution relationships. This strategy has allowed the company to improve its time-to-market and to source, finish, and distribute to apparel manufacturers within its local markets. The branded zipper market is dominated by one company, YKK, and Talon is well-positioned to be a viable global alternative to this competitor.

The trims group includes individually customizable woven, leather, synthetic, embroidered and novelty labels, tapes, specialty fasteners, thread and packaging; Talon was a pioneer in the implementation of complex trim outsourcing programs for large apparel manufacturers. Also included in this category is Tekfit®, a patented stretch technology for waistbands, collars and other applications where it is desirable to incorporate stretch into non-stretchable fabrics; this includes Talon's newest patented Flex Collar, which incorporates technology allowing collars to stretch from a minimum of 0.5 inch to over an inch, depending on the fabric.

We note that during the 2015 fiscal year, the Company realigned the reporting of its operating segments into two reporting segments (Zippers and Trims) and has restated prior period results to reflect these product categories. The Tekfit® operating segment results are now aggregated and reported as part of its trims operating segment. In fiscal year 2015, Talon's trim segment posted \$27.1M in revenue (a 10% increase over 2014); in 2016, the trim segment again increased to \$30.7M, a 13% increase year-over-year.

## TEKFIT®

An increasing share of total revenues come from Talon's trim operations, which include Tekfit® sales. Talon's Tekfit® line offers significant revenue growth opportunities for the future of the trims product group. This is an innovative technology that lends stretch to non-stretch fabrics, enhancing their fit and comfort. The technology introduces stretch into regular waistbands, collars, shirts, etc., that enables the stretching of the garment by up to 1/2-1" depending on the brand's individual requirement, without altering the appearance of the garment. The garment will return to its original size after use without losing any additional elasticity.

- Between 2003 and 2006, Levi Strauss sold in excess of 40 million pairs of Dockers pants with Tekfit® technology that were highly successful at retail.
- Starting in 2014, Talon renewed and improved this technology, and agreed to a new licensing agreement to again include its Tekfit comfort stretch waistband in Dockers pants.
- In September of 2015, the Company launched its partnership with PVH to include its Tekfit® Flex Collar in Van Heusen dress shirts; initially these shirts were being sold at three key retailers -- Kohl's, J.C. Penney, and Macy's.
- In October 2017, Talon announced that its Flex Collar had been granted a U.S. patent as a unique invention created using proprietary equipment and processes; the technology has already been adopted by additional names such as Calvin Klein, Geoffrey Beene, Tommy Hilfiger, Arrow, Michael Kors, Chaps, Eagle and Izod.

When initially licensed, the supply of the Tekfit® brand was limited due to a licensing dispute dating back to 2006. However, in March 2012, Talon ended the licensing dispute and acquired all U.S. existing licenses and patents for this product technology, closing all matters of litigation with patent owners and inventors. The revenues derived from this brand were suppressed due to this litigation in the years 2009-2011, but the brand has since rebounded. Tekfit® revenues also responded positively in FY15 as Talon ramped sales for the Phillips Van Heusen Flex Collar shirt and Uniqlo's smart jean application, which started mid-year.

Talon receives a high level of inquiries about the Tekfit® technology, and the most recent news about the Flex Collar should elevate that number even higher; we project Tekfit® to continue its forward momentum, boosting sales for the trim products group as the company increases awareness among major retailers.

Exhibit 2: TALN Tekfit® Applications



Source: Company Reports

## STRONG MANAGEMENT TEAM

Talon's management team has considerable experience in the apparel business.

Larry Dyne, now CEO, also served as Talon's President from 2009 until his appointment as Chief Executive Officer in April 2015. Mr. Dyne has been an employee since 1997 and was an employee of the predecessor company since 1992. Over his tenure, Mr. Dyne has filled a number of roles with the company including Executive Vice President of Sales as well as Vice President of Product Development and Global Sourcing, and Vice President of Trim Sales with responsibility for all domestic print production. Through these positions, Mr. Dyne has established extensive and long-term relationships with the world's top brands and clothing retailers.

Last year, Talon announced in July 2016 that Daniel Ryu had joined the company as its new Chief Strategy Officer. Mr. Ryu has more than 25 years of experience in the apparel and accessory industry, most recently serving as COO of Apparel at Fanatics, Inc., and prior to that in various roles at Oakley, Wet Seal, Riverdeep, and DFS Group.

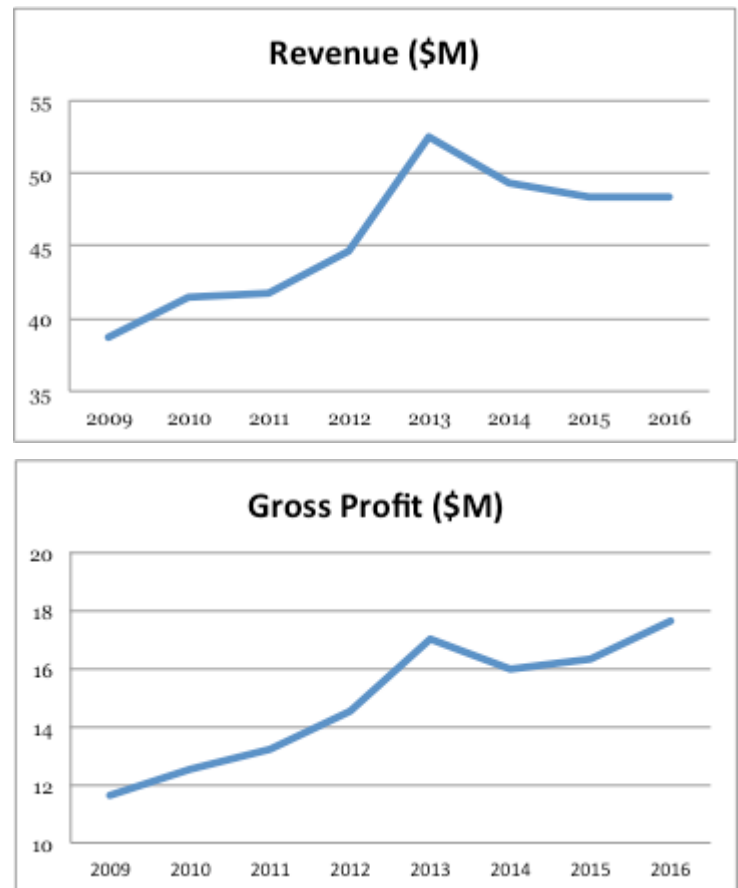
## GROWTH STRATEGY

Since its IPO in January 1998, the company has made significant steps to grow topline revenues and to be known as the one-stop shop for its clients' zipper and trim needs. Talon plans to expand its sales pipeline while maintaining client retention standards and unique product quality. And management plans to be able to capitalize on economies of scale as customer numbers and customer orders grow with larger retailers being brought onboard. The company's continued focus on innovation is also a key pillar in the management team's strategy. With the addition of the Tekfit® brand to its product mix, and the most recent news of the patented Flex Collar, the company is well-positioned to capture more market share and compete for the business of these large retailers. The company has put the expertise, systems and relationships in place, all while maintaining a relatively small operational team with which it can continue to control costs and maximize potential profits to its bottom line. Also, continued investment in its product segments, including expanding geographically in order to be more closely located to its customers' manufacturing facilities, should further growth in 2017 and beyond.

As mentioned, Talon has a clear-cut plan for its sustained long-term growth that includes leveraging already existing relationships through cross-selling strategies and product expansion to attract the larger retail brands and thus extend their customer base. In addition to expansion domestically, the team is hyper-focused on escalating Talon's presence in emerging markets around the world. Countries such as India, Bangladesh, and Vietnam show great promise for potential future revenue growth and margin improvement. Also, management recently noted that another venue for expansion will be through ecommerce retailers; Talon is targeting subscription based services and sports licensing initially.

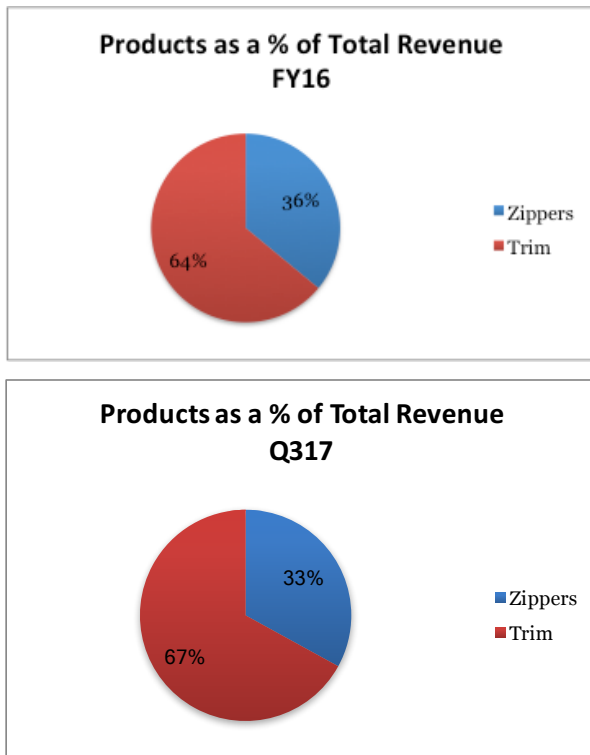
By both improving current products and adding new ones, expanding and further penetrating its customer base, and by also seeking growth opportunities abroad and online, the company fully expects to see increasing top line results as well as improving margins in the years to come.

Exhibit 3: Annual Portfolio Growth – Revenue & Gross Profit



Source: Company Reports

Exhibit 4: Revenue Breakdown by Product



Source: Company Reports

## INDUSTRY OVERVIEW

The zipper has carved a place for itself in the modern life of today, with its use across apparel, luggage, and footwear. The U.S. alone demands 4.5B zippers per year, amounting to 14 zippers for every American annually. Furthermore, Global Industry Analysts estimate the global zipper market at \$8.2B in 2013, with projections to reach \$11.7B by 2018 for a CAGR of 7.4%.

Japan is the largest zipper manufacturing country, accounting for 68% of the global market. Southeast Asia is the second largest zipper-manufacturing region with countries such as Bangladesh, China, and India being the key contributors. From a geographic standpoint, Asia-Pacific is the largest and fastest growing market, with a 9.6% CAGR between 2013 and 2018. The Chinese zipper market has made progress over the last five years, growing at an average annual rate of 18%. Originally, low prices enhanced the competitiveness of Chinese suppliers in the global market. However, with changing times, clients are migrating away from simply low prices towards higher range products. Overall, the Chinese zipper industry houses 200 small to large businesses, with 40% having direct export capability. Furthermore, private participation in China in this segment is high, with 60% private locally owned enterprises, 20% private foreign-owned, 15% joint ventures, and a negligible number of state-owned.

Exhibit 5: List of Major Players in the Industry

Company	Public/Private	Revenues	Country
YKK Group	Private	\$6.7 B	Japan
Coats Plc.	LON: COA	\$1.5 B	UK
Zhejiang Weixing Industrial Development Co. Ltd.	SZSE:002003	\$318.3 M	China
Fujian SBS Zipper Science & Technology Co. Ltd.	SZSE:002098	\$ 170.4 M	China
Max Zipper Co. Ltd.	GTSM:8932	\$ 37.6 M	Taiwan
Kee Zippers Co. Ltd.	Private	\$ 19.6 M	China

Source: Company Reports

The overall industry is highly fragmented with numerous domestic and international players, which leads to an intensely competitive playing field. Furthermore, most players in the zipper business are private. On the zipper side, YKK Group (YKK) is the leading player with an estimated 40%+ market share of the global zipper market. YKK has manufacturing operations spread across ~ 70 countries.

The zipper industry's growth rate is driven by the following factors, in addition to an improving global economy.

- **Prospects in the quality zipper market:** The branded apparel industry demands zippers of a high quality. Currently, the Chinese zipper industry is replete with typically poor quality, highly commoditized products. This opens up large potential in the high-end zipper segment, which is driven by quality and innovation.
- **Consumption pattern modifications with growing purchasing power:** Increasing globalization, urbanization, and higher disposable incomes as a result of sustained economic growth are turning consumer preferences towards branded fashion apparel. The industry thus stands to gain from the rise in the spending propensity of the fashion conscious urban population.
- **Expanding downstream industries:** Zippers find utility in apparel, sports equipment, luggage bags, and bedding goods, among other areas. Consequently, the zipper industry is the direct beneficiary of growth in these downstream sectors. Today, these sectors are likewise growing from the combined effects of higher disposable incomes due to an improving global economy and an increase in fashion awareness.

We note a few other key trends in the industry as well:

- Plastic zippers are replacing metal zippers
- Waterproof zippers are the latest buzz
- Stylish zipper pulls are in demand
- Specialty zippers such as disposable zippers, ultra-heavy duty, special use and application-based zippers are gaining popularity



On the trim side of the business, the industry structure typically involves local businesses and designers (mostly private businesses similar to the zipper segment) working with the retail brands. Given that trim components are typically more about branding, the need to have close and effective communication is important. Additionally, these players are typically highly specialized and deliver one or two types of products.

Again, management has strategically positioned the company with an all-encompassing portfolio of zipper and trim solutions to offer a one-stop shop for clients. We believe this is unique in the industry as zipper manufacturers typically only supply zippers, and trim players are more truly design shops. By integrating the ability to deliver everything but the fabric, supported by its manufacturing and assembly expertise, Talon is well-positioned to effectively compete. Furthermore, Talon has earned the trust of its customers by historically meeting specific requirements and delivering a high level of quality and customer service. Lastly, the Company's innovative Tekfit® stretch technology products are key to helping it stand in a competitive marketplace.

## RISKS

As with any investment, there are certain risks associated with Talon International's operations as well as with the surrounding economic and regulatory environments.

- The apparel industry is unpredictable, with demand cycles that vary periodically. The soft retail, brick & mortar apparel market negatively affected Talon's second and third quarter results.
- Additionally, the industry is heavily dependent on economic sentiment that determines consumers' spending capacity. Historically, economic turmoil has caused the company's clients to delay initial orders and slow down re-orders.
- Talon faces the threat of changing fashion trends and pricing changes by its competitors. These factors add to the uncertainty regarding the company's future order rates and its financial results.
- There is intense competition from the large, generic zipper suppliers. The company faces challenges in gaining ground with price-sensitive customers, who can be enticed by generic zipper suppliers that offer volume discounts. However, Talon strategically targets sales to specialty retail and brand conscious customers who prefer quality that will protect their brand image.
- The apparel industry is teeming with cases of duplicate products that closely resemble their branded counterparts. Although industry organizations and federal laws protect the interests of brands such as Talon's, such products are not always detected or the manufacturers go unpunished in the absence of evidence or if a decision not to pursue litigation is made.
- Part of Talon's business strategy looks at potential tuck-in acquisitions. While tuck-ins imply small acquisitions, all acquisitions entail a degree of risk that may include integration issues, executive management distraction, asset impairments, etc. If acquisitions do not proceed as planned, financial results may be negatively impacted.

## RECENT RESULTS

On 11/14/17, Talon reported its third quarter 2017 results. Highlights included a \$1.1M decrease in revenues to \$9.8M vs. the prior year's comparable quarter of \$10.9, but with gross margins of approximately 34% reported in both quarters. Both trim and zipper segments experienced decreases in revenues in Q317 over the prior year period, but margins held steady as a result of the company's focus on the right mix of product and customers (customers that seek high quality and differentiated products along with superior customer service).

Operating expenses for Q317 were \$3.4M, and the net loss reported for the third quarter of 2017 was (\$78K), or \$0.00 per share, vs. net income of \$21K, or \$0.00 per share, for Q316.

Overall, the company strives to maintain margins over the remainder of 2017 with more favorable product mix and operational cost containment efforts by management. Going forward, Talon also plans to continue focusing on specialty retail branded customers, offering a wider variety of product selections incorporating unique materials with increased margin opportunities. Product innovation in both the trim and zipper segments is a key focus, and the company has plans to increase penetration of ecommerce retailers, such as subscription based services and sports licensing.

## VALUATION

As most competitors are private, we are using a precedent transactions analysis in the apparel industry to help frame valuation. Given the revamped operations, and given the fact that Talon's operating segments are in two different industries (zippers and trim), we believe taking this approach is appropriate. Additionally, given the relatively smaller revenue scale at which Talon currently operates and the significant investments it has made in front of its expected revenue growth, we are taking an EV/EBITDA & EV/Sales approach.

Precedent Transactions - Apparel					Implied	
Date	Target/Equity Stake	Value (\$MM)	Buyer		EV/S	EV/EBITDA
10/2/17	Williamson-Dickie Manufacturing Co.	\$ 820.00	V.F. Corporation		0.9x	11.0x
5/8/17	Kate Spade & Company	\$ 2,379.85	Coach, Inc.		1.7x	10.3x
8/1/16	5.11, Inc.	\$ 396.00	Compass Diversified Holdings, LLC		1.4x	10.5x
7/22/16	Donna Karan International, Inc.	\$ 650.00	G-III Apparel Group, Ltd.		1.4x	-
5/4/16	A and G, Inc.	\$ 109.35	Gildan Activewear Inc.		0.6x	5.8x
3/2/16	Checkpoint Systems	\$ 558.34	CCL Industries		0.7x	9.5x
8/7/14	Lululemon Athletica, Inc.	\$ 845.00	Advent International Corp.		3.2x	11.9x
6/19/14	Doris, Inc.	\$ 110.00	Gildan Activewear Inc.		1.3x	8.6x
12/19/13	Nine West Holdings, Inc.	\$ 1,195.49	Sycamore Partners, LP		0.6x	9.8x
7/15/13	Hudson Clothing, LLC	\$ 143.74	Joe's Jeans Inc.		1.9x	13.5x
9/19/12	San Diego Hat Company	\$ 6.50	Mainland Headwear Holdings Ltd.		0.6x	11.7x
5/3/12	Anvil Holdings Inc.	\$ 88.00	Gildan Activewear Inc.		0.4x	5.2x
2/3/12	Swank Inc.	\$ 57.96	Randa Corporation		0.4x	5.5x
7/18/11	Ahead, Inc.	\$ 22.40	New Wave Group		0.7x	8.3x
4/19/11	Scovill Fasteners	\$ 17.00	Gores Group		-	6.8x
3/16/11	Barry Holding Co.	\$ 33.87	R.G. Barry Corporation		1.9x	6.0x
1/7/11	Rafaella Apparel Group	\$ 195.16	Perry Ellis International Inc.		1.5x	14.6x
8/10/10	GFSI Holdings, Inc.	\$ 228.30	Hanesbrands Inc.		1.0x	7.7x

Average	1.2x	9.2x
Median	1.0x	9.1x
Max	3.2x	14.6x
Min	0.4x	5.2x

Based on the analysis above, we have selected what we believe to be conservative EV/EBITDA & EV/S multiples ranges, and applied them the Talon's current financial position as well as our projections for FY 2017 results.

EV/EBITDA				EV/SALES			
(\$M, except per sh)				(\$M, except per sh)			
	8.0x	10.0x	11.0x		0.5x	1.0x	1.5x
2017E EBITDA	2.3	2.3	2.3	2017E Sales	45.5	45.5	45.5
Projected EV	18.5	23.2	25.5	Projected EV	22.7	45.5	68.2
Less Net Debt	0.9	0.9	0.9	Less Net Debt	0.9	0.9	0.9
<b>Total Market Value</b>	<b>19.4</b>	<b>24.0</b>	<b>26.3</b>	<b>Total Market Value</b>	<b>23.6</b>	<b>46.4</b>	<b>69.1</b>
Shares Outstanding	92.3	92.3	92.3	Shares Outstanding	92.3	92.3	92.3
Stk options/warrants	12.7	12.7	12.7	Stk options/warrants	12.7	12.7	12.7
<b>FD sh out</b>	<b>105.1</b>	<b>105.1</b>	<b>105.1</b>	<b>FD sh out</b>	<b>105.0</b>	<b>105.0</b>	<b>105.0</b>
<b>Total Value per Share</b>	<b>\$ 0.18</b>	<b>\$ 0.23</b>	<b>\$ 0.25</b>	<b>Total Value per Share</b>	<b>\$ 0.22</b>	<b>\$ 0.44</b>	<b>\$ 0.66</b>

We believe Talon is considerably undervalued based on the above precedent transactions. If we assigned Talon's 2017E sales even the smallest EV/S multiple of 0.4x it would value Talon's business at approximately \$18 million. At an enterprise value of approximately \$6 million, Talon is currently trading at 0.12x EV/S, significantly under industry comparables. We believe with organic topline revenue growth and as Tekfit®, international and online sales ramp, Talon could be very attractive from an acquisition standpoint.

Talon is a micro-cap stock burdened with the expenses of a public company. Talon's valuation range on an EV/EBITDA basis is slightly more modest but still positive. By using the average EV/EBITDA multiple of the above apparel transactions of 9.2x, we arrive at an implied valuation of approximately \$21 million.

## INCOME STATEMENT

<b>Talon International, Inc. (OTCQB: TALN)</b> <b>Consolidated Statements of Income (in thousands \$, except per share amounts)</b> <b>Fiscal Year: December</b>				
	FY 2014	FY 2015	FY 2016	FY 2017 E
Revenues				
Zipper	\$ 24,710	\$ 21,284	\$ 17,582	\$ 16,351
Trim & Tekfit	24,613	27,069	30,678	29,144
Total revenues	49,323	48,353	48,260	45,495
Cost of revenues				
Cost of goods sold	33,315	32,070	30,631	28,890
Total cost of revenues	33,315	32,070	30,631	28,890
<b>Gross profit (loss)</b>	<b>16,008</b>	<b>16,283</b>	<b>17,629</b>	<b>16,606</b>
Operating expenses				
Sales and marketing expenses	6,330	6,415	6,786	6,100
General and administrative	7,938	7,483	8,132	8,500
Total operating expenses	14,268	13,898	14,917	14,600
<b>Income (loss) from operations</b>	<b>1,740</b>	<b>2,385</b>	<b>2,712</b>	<b>2,006</b>
Other income (expense)				
Interest expense	(415)	(516)	(619)	(625)
Interest income	4	3	-	-
Other income (expense), net	-	-	-	-
Total other income (expense)	(411)	(513)	(619)	(625)
<b>EBT excl. unusual items</b>	<b>1,329</b>	<b>1,872</b>	<b>2,092</b>	<b>1,381</b>
Legal settlements	-	-	-	-
Other unusual items	-	(1,099)	-	-
<b>EBT incl. unusual items</b>	<b>1,329</b>	<b>773</b>	<b>2,092</b>	<b>1,381</b>
Provision for taxes (benefit)	756	262	1,097	511
<b>Net income (loss)</b>	<b>\$ 573</b>	<b>\$ 511</b>	<b>\$ 995</b>	<b>\$ 870</b>
Preferred stock deemed dividend	-	-	-	-
<b>Net income (loss) available to common</b>	<b>573</b>	<b>511</b>	<b>995</b>	<b>870</b>
<b>Basic EPS (loss)</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>
<b>Diluted EPS (loss)</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>
Basic shares outstanding	92,154	92,268	92,272	92,364
Diluted shares outstanding	94,301	93,522	93,325	92,671
<b>EBITDA</b>	<b>\$ 2,005</b>	<b>\$ 2,643</b>	<b>\$ 3,013</b>	<b>\$ 2,316</b>
<b>Margin Analysis</b>				
Gross margin	32.5%	33.7%	36.5%	36.5%
Sales and marketing expenses	12.8%	13.3%	14.1%	13.4%
General and administrative	16.1%	15.5%	16.8%	18.7%
Operating margin	3.5%	4.9%	5.6%	4.4%
EBITDA margin	8.1%	12.4%	6.2%	5.1%
Pre-tax margin	2.7%	3.9%	4.3%	3.0%
Net income margin	1.2%	1.1%	2.1%	1.9%
Tax rate	56.9%	33.9%	52.4%	37.0%

Source: Company Reports, Stonegate Capital Partners

## CORPORATE TIMELINE

**October 9, 2017** – The company is awarded patent for the “Flex Collar”, expandable and flexible shirt collar that incorporates Talon’s unique stretch technology

**July 18, 2017** – Talon collaborates with Dr. Romanelli to create a limited edition vintage zipper collection DRxTalon

**March 7, 2017** – Talon “Unzips LA Fashion Week” with the world’s longest zipper installation, a record-breaking zipper unveiled at the event

**August 29, 2016** – The company receives UL Certification of Compliance for select metal zipper products, significantly expanding its list of potential target customers

**July 8, 2016** – Talon becomes a bluesign® system partner, joining an initiative focused on reduction of harmful chemicals within the manufacturing process

**December 28, 2015** - The company enters into restated credit agreement with Princess Investment Holdings, Inc., among other things, to increase the borrowing availability under the loan agreement from \$3M and to \$6M and extend the maturity date of the loan to December 21, 2020

**April 13, 2015** - Larry Dyne is appointed as the new Chief Executive Officer and to the Talon Board

**May 11<sup>th</sup>, 2015** - PVH Corp. selects Talon’s Tekfit® technology for the Van Heusen Flex Collar men’s dress shirt

**June 23, 2014** - The company provides Levi Strauss & Company a Tekfit license and agrees to co-branding agreement

**June 18, 2014** - The company reports renewing for another two-years its agreement with Fat Face Group to supply all of its apparel trim and zipper products

**March 5, 2014** - Company announces the appointment of Nancy Agger-Nielsen as CFO

**January 7, 2014** - Talon enters into a Commercial Credit Agreement with Union Bank; the agreement provides for a revolving loan commitment up to \$3.5M

**October 8, 2012** - First two year agreement with Fat Face Group is announced to supply all apparel trim and zipper products

**September 19, 2012** - Talon ends litigation and secures patented technology for Tekfit® from Pro-Fit Holdings; the company has now completed the process of securing those patent rights within the U.S. as well as the ability to market this technology worldwide

## TALON MANAGEMENT TEAM

**Larry Dyne, CEO & Director** - Mr. Dyne served as Talon’s President from 2009 until his appointment as Chief Executive Officer in April 2015. Mr. Dyne has been an employee since 1997 and was an employee of the predecessor company since 1992. Over his tenure, Mr. Dyne has filled a number of roles with the company including Executive Vice President of Sales, as well as Vice President of Product Development and Global Sourcing, and Vice President of Trim Sales with responsibility for all domestic print production. Through these positions, Mr. Dyne has established extensive and long-term relationships with the world’s top brands and clothing retailers.

**Jamey Johns, Chief Accounting Officer, Vice President & Corporate Controller** – Jamey Johns has the CAO, Vice President & Corporate Controller at Talon since March 2016. Prior to this, he was Controller of K-Swiss Global Brands, Inc. from 2015 – 2016 and Vice President of Finance and Corporate Controller for Reiter Affiliated Companies from 2010 – 2014. Mr. Johns is licensed as a CPA in the state of California. He completed his MBA program in Finance with the College of Business and Economics at California State University East Bay in 2002, and he earned a BS in Accounting at the University of Redlands in Redlands, California in 1989.

**Daniel Ryu, Chief Strategy Officer & Secretary** - Mr. Daniel Ryu has been Chief Strategy Officer and Secretary of Talon International, Inc. since July 19, 2016 and July 29, 2016, respectively. Mr. Ryu has over 25 years of experience in business operations, leadership, finance and strategic planning. Most recently, Mr. Ryu served as the Chief Operating Officer of Apparel at Fanatics, Inc. from 2013 to 2016. Previously, from 2010 to 2013, Mr. Ryu served as Head of Operations and Planning at Oakley, Inc., a wholly owned subsidiary of Luxottica Group SpA (NYSE: LUX), for its global apparel, footwear and accessories businesses. He holds Bachelor of Science from Massachusetts Institute of Technology and Master of Science in Management from M.I.T. Sloan School of Management.

**Gary Dyne, Executive Vice President Global Sales** - Gary Dyne was appointed Executive Vice President Global Accounts in April 2015. He has been Talon’s employee since 2002 and previously served as Vice President of Sales and Marketing. Mr. Dyne is responsible for driving and accelerating sales strategies from implementation thru to execution. Mr. Dyne has extensive knowledge of the industry and leadership expertise managing a global sales team, and he is also responsible for managing many of the company’s key accounts. He has developed long-term key relationships with customers both domestically and internationally.

**Peter Vaz, Executive Vice President Asia Operations** - Peter Vaz was appointed as Talon’s Executive Vice President Asia in May 2015 and has served as Vice President Asia Sales since January 2011. Mr. Vaz has been with Talon since September 2006 and was formerly Director of Trims Operations until December 2010, overseeing Product Development, Supply Chain Management, Quality Assurance and Logistics. With over 20 years of industry experience, Mr. Vaz has fostered relationships across Asia with supply chain partners, clothing manufacturers and global brands. Mr. Vaz earned his Master in Business Administration from the University of Western Sydney, Australia after completing his Bachelor in Commerce with an accounting focus from Bombay University.

## BOARD OF DIRECTORS

**Mark Dyne, Chairman of the Board** – Mr. Dyne has served as Chairman of the Board of Directors since 1997. Mr. Dyne currently serves as the Chief Executive Officer and the Managing Partner of Europlay Capital Advisors, LLC, a merchant banking and advisory firm. Mr. Dyne previously served on the Board of Directors of Skype Global S.a.r.l., the world’s leader in V.O.I.P. communications. Mr. Dyne was also previously Chairman and Chief Executive Officer of Sega Gaming Technology, Inc. (USA), and Chairman and Chief Executive Officer of Virgin Interactive Entertainment Ltd. Mr. Dyne was a founder and former director of Sega Ozisoft Pty Ltd.

**David Ellis, Director** - David Ellis has served on the Board of Directors since October 2010. Mr. Ellis is a co-founder of GemCap, a provider of asset-based loans, ranging from \$1 million to \$10 million, as a senior-secured lender. Through 2006, Mr. Ellis served as the President of Buxbaum Group. Mr. Ellis has twenty years of experience in the acquisition, insolvency and turnaround management businesses during which he built several international businesses, with an emphasis in the apparel industry.

**Robert L. Golden, Director** - Robert Golden joined the Board of Directors in September 2013. Mr. Golden has served as a partner at the accounting firm of Cohen, Bender & Golden, LLP in Los Angeles, California since 2015. Mr. Golden has also served as a partner at the accounting firm of Fenton & Ross in Los Angeles, California during 2013-2015. Mr. Golden also served as Chief Financial Officer, since 2008, for Promo Shop, Inc., a promotional merchandising and marketing services company that provides creative branded merchandise and custom premiums. From 2004 to 2012, Mr. Golden was a Principal with the accounting firm of Saffer & Flint A.C. in Los Angeles. Prior to 2004, Mr. Golden spent nearly 20 years with national and regional accounting firms beginning with Ernst & Young in 1984. Mr. Golden is licensed as a Certified Public Accountant. Mr. Golden earned his Bachelor of Science in Business Administration with an emphasis in Accounting from the University of Southern California.



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### CONTACT INFORMATION

**Talon International, Inc.**  
Daniel Ryu, Chief Strategy Officer  
21900 Burbank Boulevard, Suite 270  
Woodland Hills, CA 91367  
Phone: 818-444-4100

**Investor Relations**  
Stonegate Capital Partners  
8201 Preston Rd., Suite 325  
Dallas, TX 75229  
Phone: 214-987-4121