

ICTV Brands, Inc.

Moderator: Ernest P. Kollias, Jr.
Chairman & Chief Executive Officer: Kelvin Claney
President: Rich Ransom
Chief Financial Officer: Ernest P. Kollias, Jr.

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4:30 p.m. ET

Operator: Good day ladies and gentlemen and welcome to the ICTV Brands' Third Quarter 2016 Conference Call. At this time all participants are in a listen only mode. Later we will conduct a question and answer session and instructions will be given at that time. If anyone requires assistance during the call, please press * then 0 on your touchtone telephone. As a reminder, today's call is being recorded. I would now like to turn the conference over to your host, Ernest Kollias. Sir, you may begin.

Ernest Kollias: Thank you very much and welcome to our conference call to discuss ICTV Brands' financial results for the quarter ended September 30, 2016. On the call we have Kelvin Claney, our Chairman and Chief Executive Officer; Rich Ransom, our President; and myself, our Chief Financial Officer. Rich will review the company's business operations as well as give a general update on the recently announced definitive agreement for ICTV to purchase a consumer assets of PhotoMedex Inc. which includes the no!no! brand. I will review the company's financials and discuss the progress on the announced private placement and Kelvin will give an update on the company's future strategic goals as it relates to the integration of the acquired assets into ICTV's global sales platform. Immediately thereafter we will take questions from our call participants.

I'd like to take a quick moment to read the Safe Harbor Statement. During the course of this conference call, we will make certain forward looking statements. All statements that address expectations, opinions, or predictions about the future are forward looking statements. Although they reflect our current expectations and are based on our best view of the industry and of our business as we see them today, they are not guarantees of future performance. The statements involve a number of risks and assumptions, and since those elements can change, we would ask that you interpret them in that light. We urge you to review ICTV's Form 10-K and other SEC filings for a discussion of the principal risks and uncertainties that affect our performance and other factors that could cause our actual results to differ materially. With that, I would like to turn the call over to Rich Ransom.

Rich Ransom:

Thank you, Ernie and thank you all who have joined us on today's call. On today's call we will give a general overview of the highlights of the third quarter and our continued progress in expanding our digital marketing platform and expansion of our retail distribution in North America. In addition, we will also discuss the details of two recently announced definitive asset purchase agreements detailed in our October 5, 2016 8-K filing with the SEC. Some specific highlights and updates that we will further discuss on this call include the introduction of our new CFO, Ernest P. Kollias Jr., who was hired on October 6th; updates on our US direct to consumer and retail sales channels; the long awaited launch of the UK market for DermaWand; progress on the new DermaWand unit; further details on the announcement to acquire all the consumer assets of PhotoMedex Inc., which include the no!no! brand; details on the definitive assets purchase agreement to acquire the assets of Ermis Labs including a previously licensed CoralActives line and a variety of medicated soap bars; and an update on the progress of our net announced private placement of \$7 million to fund the announced acquisitions. One year ago on our third quarter 2015 conference call, our management team was very

honest about the challenges we face as an organization. We laid out a plan to change our strategic direction. We knew to stay relevant in the direct to consumer space we were going to have to change our approach to marketing. Over the last year our whole team has been focused on building and expanding our digital marketing platform to include a strong focus in programmatic video and display advertising, social media marketing, and email marketing. We also knew that we needed to expand our sales channels beyond the traditional DRTV, drive to call center or direct website model. I'm pleased to report that ICTV now sells our brands with over ten major North American retailers that we've previously not worked with this time last year. We have also been talking for several quarters about expanding our marketing platform across the pond. I'm pleased to announce today that ICTV launched DermaWand into the United Kingdom about four weeks ago after spending the better part of the summer building and setting up a sales and distribution platform that mimics what we do in North America. A major investment has been made by our team over the last year to build ICTV the sales and marketing infrastructure to succeed both now and in the future. As a management team, we continue to assess the challenges we face to take ICTV to the next level of sustained growth and profitability. The conclusion we have come to is that the company needs more products to feed into the platform so that we can generate substantial sales. This conclusion is what has led to the announcement of what we believe to be two transformative asset acquisitions that we announced on October 5th. In a few minutes we will give you more details on these acquisitions and what we believe it will mean for the future of ICTV and its shareholders, but for now, I would like to hand the call over to our newly appointed CFO, Ernie Kollias, who will introduce himself to you and give an update on the results from the third quarter.

Ernest Kollias:

Thank you, Rich. It is an honor to join ICTV at such an exciting time. Before getting into the results from the third quarter, I wanted to take a

few moments to introduce myself to the ICTV shareholders. I joined ICTV as the new CFO on October 6th. As you may have read on the 8-K that was filed with the SEC on October 11th, I received my Bachelor of Science Degree in Business Administration from Drexel University in 1996 and a Master of Science Degree in Taxation from Widener University in 2001. Also in 2001, I formed Freedom Financial Advisory and Capital Management Inc., a tax management and financial consulting practice where I served as the Chief Executive Officer and President. I'm a Certified Financial Planner professional with over 22 years of experience in growing and developing businesses. I worked for various Fortune 100 companies including General Electric, SmithKline Beecham, Pfizer, and PNC Bank, and have held positions in finance, accounting, international operations, taxation, financial services, and insurance. I also worked in public accounting for Elko Fisher, McCabe, and Rudman, a globally recognized CPA firm before starting my own business over 15 years ago. My areas of expertise include strategic business planning, capital and asset management, comprehensive financial planning, budgeting and forecasting, tax management, venture capital, and corporate business structuring. My financial and tax practice has benefited companies that conduct business both domestically and internationally. I have provided services to over 350 companies and 1,200 individuals over the past 15 years. During this time, I've assisted in the establishment of over 300 corporate business entities and structured their tax and accounting practices. I'm excited about the opportunity to join ICTV as CFO at this transformative time in the company's history.

Just before this call ICTV filed its 10-Q for the quarter ended September 30, 2016. I would like now to go through a few of the key financial highlights from the quarter. Revenues for the three months ended September 30, 2016 were \$4.2 million compared to \$3.6 million in the prior year quarter and \$4.5 million in the second quarter of 2016. We are encouraged by our ability to broaden the company's media footprint as we

continue to build out our digital marketing platform and diversify our sales channels with additional e-commerce and retail outlets in the fourth quarter. Our revenue from brick and mortar sales was \$78,000 compared to \$0 in the prior year quarter. While our e-commerce sales revenue for the online marketplaces such as bedbathandbeyond.com and walmart.com amounted \$163,000 compared to \$15,000 in the prior year quarter. We are confident that these new revenue streams will continue to grow throughout the remainder of the year and our e-commerce sales will help drive the push to significant in store placement within North America. International third party distributor sales were approximately \$865,000 compared to \$613,000 in the prior year quarter. As we continue to get our distribution partners selling additional brands such as our Ultimate Pedi, Jidue, and Spin Force, we believe sales in this channel will rise in the quarters to come. The Latino Media Services, (LMS) Group, comprised of distributors from Chile, Argentina, Peru, Columbia, El Salvador, and Ecuador accounted for approximately \$247,000 compared to \$158,000 in the prior quarter and sales to our third party distributor located in Mexico, Inova, were approximately \$389,000 compared to \$0 in the prior quarter. We are continuing to work on a new model and marketing campaign for DermaWand as well as further diversifying its international product portfolio in order to grow this segment in the future. Significant quarterly increases include media expense of \$238,000, internet marketing costs of \$153,000 which were offset by decreases in production expense of \$78,000. Total general and administrative expenses decreased to \$1.0 million from \$1.2 million in the prior year quarter as a result of travel expenditure decreases of \$15,000, payroll and employee benefit expense decreases of \$40,000, consulting expense reductions of \$9,000, and stock based compensation decreases of the \$102,000. Net loss was (\$262,000) compared to a net loss of (\$822,000) in the prior year quarter. Earnings per share was a loss of (\$0.01) as compared to a loss of (\$0.03) in the comparable prior year quarter. Adjusted earnings before interest, taxes, depreciation, and amortization - adjusted EBITDA - with a loss of

(\$140,000) compared to EBITDA loss of (\$663,000) in the prior year quarter. For the nine months ended September 30, 2016 we had positive cash flow from operating activities of \$104,000 compared to cash flow used by operating activities of \$974,000 for the same period in 2015, a positive swing of \$1,078,000. Adjusted earnings before interest, taxes, depreciation, and amortization - adjusted EBITDA - was a loss of (\$470,000) compared to EBITDA loss of (\$314,000) for the nine months ended September 30, 2015. We are committed to maintaining appropriate liquidity levels and believe we have a plan in place to do so. As discussed in the Note 10 of the 10-Q we filed today; on October 4, 2016 ICTV entered into an asset purchase agreement with PhotoMedex to acquire substantially all of the consumer assets of PhotoMedex and its subsidiaries. Under the terms of the agreement, ICTV is required to pay a purchase price of \$9.5 million consisting of: \$3 million cash payment on closing, a \$2 million cash payment due on the 90th day following the closing, and \$4.5 million capped royalty based on the future net sales of the acquired product lines. This asset purchase will include the respective product trademarks, patents, and other intellectual product property along with manufacturing tooling and PhotoMedex's Hong Kong and Brazilian subsidiaries. ICTV will also receive a minimum of \$6 million of GAAP inventory; \$3 million of the purchase price has already been deposited into an escrow account that is governed by an escrow agreement among our company, PhotoMedex, certain investors in our securities, and the escrow agent and will be released at the closing of the PhotoMedex acquisition. We expect to be able to pay the \$3 million and the \$2 million cash payments out of the proceeds of a private placement of our common stock pursuant to a securities purchase agreement that we entered into with certain investors on October 4, 2016 relating to the sale of up to \$7 million of our common stock at a price of \$0.34 per share. This private placement is also discussed in Note 10. On October 4, 2016, we delivered to PhotoMedex a letter of credit from the Leo Group that secures our obligation to make the \$2 million payment in the event that we do not

raise enough capital to cover the \$2 million payment from our private placement. We expect that the closing of PhotoMedex acquisition and the closing of the acquisition of Ermis Labs, which is also discussed in Note 10, we will begin to generate a higher level of revenues and net income as revenues and income from the sale of these new products are added to our current mix of products. I'd like to turn the call back over to Rich who will provide further details on these transactions.

Rich Ransom:

Thank you, Ernie. I'm going to spend a few minutes giving you an update on the major events of the third quarter and some exciting developments that we've been working on through the first half of the fourth quarter then Kelvin and I will give updates on the acquisitions and our plans for integration of the new assets into ICTV's platform.

The third quarter is traditionally the toughest quarter for our direct to consumer business and North America as the weather is at its annual peak and many distractions are vying for our target audience's attention. This summer presented additional distractions with the Summer Olympics spanning 16 days in August and two weeks of political conventions during late July and early August. The political campaigns definitely had an effect on our media rates, which caused us to scale back our television media during the second half of the quarter. On our second quarter call I announced that our management team had made the strategic decision to mimic the sales platform we have created in North America in the United Kingdom. During the third quarter our team worked very hard setting up all the necessary elements to launch a direct to consumer marketing campaign in the United Kingdom. I'm very pleased to report to you today that during the week of October 10th DermaWand had officially launched in the United Kingdom via digital marketing and print media. To date we've spent approximately \$28,000 dollars US on digital media in the UK across Facebook and Google AdWords and approximately \$6,200 on print media across three publications. The total return on the \$34,000 in spend

has been just over \$100,000 in revenue, resulting in a contribution to profit of about \$15,000 since we launched in the UK. The DermaWand is currently selling for £150 pounds, which includes the 20% value added tax we're required to collect in the net. We have initially set up to sell DermaWand as a single payment option, unlike North America where we offer a free trial and installment payments. We intend in the future to offer an installment payment option, which will be three payments of £50. Our marketing team is confident this change will result in a higher conversion and a higher media efficiency ratio or MER which is exciting considering we're already at almost three MER. In regards to expanding our sales distribution in the UK, we plan to follow the same model of working with major retailers, both online and in-store, to give customers more options of where to buy our products. We also plan to work with live shopping channels. On the last call I had announced that we had an airdate with IdealWorld, which is one of the major live shopping channels in England. For a variety of reasons, the September airdate that was announced was postponed. We now have resolved the issues that prevented us from airing and are working on a date to launch DermaWand on ideal shopping in December.

The last item I want to discuss with you today in relation to the third quarter results is our efforts in expanding our retail footprint. North American online retail sales continue to thrive throughout the third quarter. The two most notable are Walmart US and Costco Canada. Walmart launched in the second quarter of this year, but hit its stride in the third quarter, steadily increasing from selling between 15 to 30 DermaWands a week to consistently selling between 40 to 60 units a week throughout the third quarter. Walmart has taken notice of this success and as a result, we have been selected to participate in one of their Black Friday - Cyber Monday promotions which will showcase DermaWand as one of their four selected beauty items in a site wide campaign selected amongst thousands of other products. We are very excited to see this type of exposure for

DermaWand from this retail giant during the most shop time of year. A little further North in Canada, DermaWand launched on costco.ca in September. Sales started strong out of the gate with 10 to 15 orders per week in the first two weeks. To further promote DermaWand to the Costco members, we have participated in their weekly email blast promotions that have increased sales significantly. The most recent blast yielded over 70 orders in one week. To capitalize on this success, we will be participating in their Black Friday - Cyber Monday promotions that will be paired with another email blast. We expect to easily sell in the triple digits during this promotional period.

The online retail expansion continues to spread as we enter the fourth quarter with multiple brands launching on cvs.com and kohls.com which is already yielding 40+ DermaWand orders a week. We have also been approved to launch on target.com and our hope is to be live with a DermaWand listing before Black Friday. In addition to the online retail environment, we continue to expand our footprint into traditional brick and mortar retail. In October we began a relationship with the Canadian retail network of over 1,300 Banner pharmacies called McKesson. By DermaWand being included in the product portfolio of McKesson, each pharmacy can independently order product. In the first month, 15 pharmacies ordered DermaWands which we consider a great start. In the US, we have now completed production of the in store retail displays for Bed, Bath and Beyond and are just awaiting the order for the exact stores. We expect to have DermaWand placed in 30 stores. If sales are strong in those stores, we would expect Bed, Bath and Beyond to begin rolling us out chain-wide in the first half of 2017.

There many other exciting projects that our sales and marketing teams are working on to expand the awareness and sales of our brands and I wish I had more time to share them all with you, however at this point in the call I want to transition to a discussion on the recently announced acquisitions.

As mentioned earlier, on October 5th ICTV filed an 8-K with the SEC detailing two definitive asset purchase agreements. The first agreement called for ICTV to purchase the consumer assets of PhotoMedex Inc., trading symbol PHMD. This agreement includes the acquisition of the proprietary products and services that address skin diseases and conditions or pain reduction using home used devices for various indications including hair removal, acne treatment, skin rejuvenation, and lower back pain. Their products are currently sold and distributed to traditional retail, online, and infomercial outlets and include no!no! Hair, no!no! Skin, no!no! Glow, Made You Look, no!no! Smooth Skin Care, Kyrobak, and ClearTouch, which is a device that uses photo therapy to treat nail fungus. In addition to acquiring the intellectual property of the aforementioned brands, as part of the agreement ICTV will also acquire \$6 million of GAAP inventory, meaning that the product is salable and not reserved on PhotoMedex's books. We'll also be acquiring subsidiaries of PhotoMedex in Brazil and Hong Kong. In the same 8-K I referenced above, we also announced acquisition of all the assets of Ermis Labs Inc. in exchange for 2.5 million shares of ICTV common stock and a 5% royalty cap at \$1.75 million with a minimum guaranteed payment of \$175,000 per year. The assets of Ermis Labs include the patent for our previously licensed acne treatment system branded CoralActives as well as a variety of formulas for the medicated soap bars that treat conditions such as acne, dermatitis, psoriasis, and dandruff. As part of the acquisition, ICTV will be acquiring inventory of approximately 60,000 medicated soap bars as well as the web domain medicatedbars.com. Our team believes both of these acquisitions fit perfectly into our marketing and distribution platform. Now I'd like to turn the call over to Kelvin who will give you some more specifics as to our plans for these assets.

Kelvin Claney:

Thank you, Rich and good afternoon. I'd like to thank everyone who's joined us on the call today. I'm often amazed when I think about the number of shareholders who have been with us for several years and

continue to support our efforts through the good and the tough times that we've had over the years, and I sincerely want to thank you for that support.

As Rich referenced above, our earnings call year ago was very difficult as we announced a major shift in our strategy to build a digital platform and expand our distribution channels. We knew at the time we would need to take a step back to be able to take a giant leap forward. I'm pleased to be able to say to those long term shareholders that with these announced acquisitions I truly believe ICTV is poised to take that giant leap forward. When we became aware of the opportunity to acquire the no!no! brand from PhotoMedex, it was clear from the beginning that it will be a perfect brand to fit into ICTV's platform, but what also became apparent quickly was that there are several aspects of this deal that will be very beneficial to ICTV's current products particularly DermaWand. One specific example of this was with the operation that PhotoMedex has set up in the United Kingdom. Rich and Ernie just got back from a trip to visit their office in the UK and they were very impressed with the people and the operation. Currently, PhotoMedex UK generates about £9 million per year across several sales channels that include direct response television and print, traditional bricks and mortar retail, and live television home shopping QVC UK, QVC France, QVC Italy, and QVC Germany begins in early 2017.

Our no!no! Hair has sold in major retail outlets in the UK, including Boots in August. We're highly confident that the team in the UK will be able to leverage these relationships to help get DermaWand major retail placement more quickly than ICTV would've been able to do so on its own. The second part of the trip for Rich and Ernie took them to Israel to visit the logistics and research and development teams that were in that area. The guys were also very impressed with the talent and knowledge base that existed in Israel, which was not a surprise to any of us. Our team

has long admired how their R&D team consistently brings that innovative new versions of the no!no! brand into the market. For those of you who have followed ICTV for a while are aware, we have struggled to quickly develop in next generation DermaWand unit. Despite our hopes that we expressed on the last call in August that we were only weeks away from building the tooling for DermaWand, we have not yet been able to build that tool due to the challenge of fitting all the components necessary onto the circuit board to meet global rate regulations, while reducing the size of the overall unit. The good news is that we believe we've solved the issue and are just waiting for one more capacitor which should arrive within ten days. Assuming it all fits, the tooling of the new unit could begin to be manufactured by the end of the month. With the team in Israel, we're confident that we'll be able to continue to create new products for both no!no! and DermaWand brands that will help ICTV keep both brands relevant in the global marketplace for many years to come. In addition to the ways DermaWand and our other brands will benefit from this acquisition, we believe the work our team has done to expand our digital marketing footprint over the last several quarters will boost the sales of the brands we're acquiring. For instance, to date PhotoMedex has not had much success in scaling sales through social media with digital programmatic marketing. Our team is highly confident there is a huge untapped audience in the cyberspace that has yet to be exposed to the no!no! brand and that we have built the right platform to be able to reach them. In regards to email marketing, one of the assets we are acquiring from PhotoMedex that has not gotten much attention as it probably should have is the over 2.7 million customer emails that ICTV will be acquiring between North America and the United Kingdom. While we know work needs to be done to scrub this list and that the actual deliverable list will likely be reduced to the side, we're excited to be able to have so many customers in our DermaWand demographic that we will be able to email special offers to both in the US and UK market.

Another area of opportunity with the acquired brands will be to drop them into our North American retail channels. As of right now the only in store placement for no!no! is in the US Bed, Bath, and Beyond chain. Our sales team has already been in discussions with several of our retail partners and they're all very excited about the opportunity to carry the brands we're acquiring. By having more brands and the pipeline of product that the new R&D team will provide, we're confident they will be able to grow our retail sales channel in North America substantially in 2017 and beyond.

I'd now like to now take the last few minutes of my time to discuss our plans regarding the second acquisition we announced on October 5th, which is the acquisition of the assets of Ermis Labs. Let me first start by giving you a little background of how this all came about. As many of you know, we had a license for one of the products Ermis Labs has develop called CoralActives, which is a patented acne treatment system. In the early part of this year we were notified that Ermis Labs as an entity had gone out of business and the assets were acquired by multi-family office out of New Jersey called the Leo Group. In the late summer ICTV had been in discussions with the Leo Group about how ICTV could potentially be the marketing platform for the Ermis Labs' assets. In late summer when the PhotoMedex acquisition discussion got serious, we approached the principal of the Leo Group to acquire about the group's interest in participating in the PhotoMedex deal. We all agreed this is a great opportunity to also bring the Ermis Labs assets into ICTV and bring Leo Group and the principals in as a shareholder of ICTV. We're very excited about the assets we're acquiring from Ermis Labs. Rich and his team have been selling the benzyl peroxide medical medicated soap bars through Amazon over the last year. With basically no marketing support and only selling through the Amazon, we've sold about 1,500 bars of the last two quarters. In September, ICTV was also approached by dermatology group out of Maryland who wanted to purchase 1,000 baths from us, so we know there's much more marketing potential in the

professional market. We believe with our digital platform we'll be able to specifically target people suffering from the disorders that these medicated soap bars can help solve. We also know that the retail partners we have are excited to carry the bars not only online but in the stores as well. Once the deal was announced since we had inventory for CoralActives, our sales team began approaching retailers and several of them are in the process of placing CoralActives on their e-commerce sites including CVS and Walmart. So much more could be said about our plans for integration and as we get close to the closing, we will be sure to provide frequent updates to you.

For now, I'd like to close by saying that I'm so thankful for the many people that have made it possible for ICTV to be in a position to take this giant step forward to grow our company. A special thanks goes out to those of who have already committed to funds that made the signing of these deals possible. I want to acknowledge our dedicated staff who've been working long hours preparing for integration while still expanding the sales channels for DermaWand and other brands. To my fellow longtime shareholders, a special thanks for sticking with us through all the ups and downs over the years. The opportunity that is before our company is exciting and this is exactly what we persevered over these years. I'm very confident that these acquisitions will be transformative to our company and to our shareholders. Now I would like to turn the call back over to Rich for some closing comments.

Rich Ransom:

Thank you, Kelvin and thank you all again for joining us today. I wanted to add a few closing thoughts as it relates to ICTV post the closing of these asset acquisitions. Assuming we close the full \$7 million private placement, we anticipate the outstanding shares post transaction will be just over 51 million shares. We're confident that despite the dilution, the transaction will be accretive to the shareholders of ICTV. In regards to the closing of the transactions, we are not entirely sure of an exact date as

PhotoMedex is still waiting on final approval of their shareholder proxy by the SEC. Once we have a more definitive timetable for closing, we will communicate that to our shareholders. Finally, as Kelvin did, I want to thank all those stakeholders of ICTV that have made it possible for us to be in the position we are today. Our team is committed to making the integration of the assets as quickly and efficiently as possible. I'm extremely optimistic about the future of ICTV and our ability to significantly increase shareholder value both in the coming year and for many years to come. Thank you again for your participation in the call today. Operator, we'd like to open the call now for questions.

Operator: Ladies and gentlemen, if you wish to ask a question at this time, please press the * then the number 1 key on your touchtone telephone. If your question has been answered or you wish to remove yourself from the queue, please press the # key. Once again, ladies and gentlemen, if you wish to ask a question at this time, please press the * and number 1 key on your touchtone phone. One moment while we queue.

Kelvin Claney: No questions?

Operator: We do have a question from Jason Vitz. Your line is open.

Jason Vitz: First, congratulations on the recent deal. It was a pleasure meeting you all at the MicroCap Conference on October 24th. I think those an exciting opportunity for this company. It's something I and probably many other investors have been anxiously awaiting. Can you speak to the reasons why PhotoMedex is agreeing to such a tremendous deal?

Ernest Kollias: Certainly. It was great meeting you and everyone else who attended the MicroCap Conference on the 24th and 25th and the one on one sessions that followed that Rich and I were able to participate in. If you followed any of the releases regarding PhotoMedex in recent years, they entered into a

few costly acquisitions with extensive financing, most recently one that resulted in a massive selloff which provided an opportunity for interested and qualified buyers, such as ICTV, and as you can tell on October 5th, we released the public information with the announcement of the acquisition. So we were positioned nicely to be able to take advantage of that opportunity.

Jason Vitz:

Okay. Great. Thanks. Any further details you want to provide regarding your due diligence trip to the UK and Israel?

Rich Ransom:

I'll step into that, Jason. Thanks again for the questions and it was great meeting you in Philadelphia in late October. The trip was really great. We had gotten a lot of due diligence material prior to the signing of the deals, so we knew all of the financial aspects related to both entities that we visited, but it was really a trip about meeting the people and the UK operation in particular, from a sales standpoint, is very impressive. It's what we as a company have strived to do in the US and are in the process of doing, but it was great to see it in its full potential as we were able to walk through retail stores, see the no!no! placed on the shelf, see the different materials that they use to present QVC around Europe and it just gave us a real picture into what the potential is as we bring DermaWand into the United Kingdom directly and it was really exciting. It's a lean team like us. It fits in perfectly to what we're trying to do and then in Israel that was a very exciting trip in the sense of understanding how the process is done to go through, and as Kelvin had mentioned in his comments, we historically have not been a development company. We've tried to do it with the new DermaWand unit and while we're confident that we are on the precipice of a starting production of that unit, it's been a very hard and painful process. Seeing the team that's over there and seeing what they've done, I think no!no! Hair is in its sixth or seventh version at this point and there's two or three in the pipeline already that haven't hit market. It's just so exciting to think about the future for

DermaWand in that respect and know that that the assets we're acquiring are not single products, but they're actually product lines that will be developed over time. So obviously, there's a lot of decisions to be made and we're going to make them over the next several weeks before closing, but we're confident that beyond the assets that we've kind of detailed that we're acquiring, there's some very, very talented people across the globe that are going to be coming on to the ICTV team.

Operator: Thank you. We'll take our next question from Mike Travloz. Your line is open.

Mike Travlos: Yes, I had the same question really is what's the catch on the acquisition. You're spending was \$9.5 million total price and they're giving you \$50 million in revenue and \$6 million in inventory. I mean they pretty much gave it to you for free. They just wanted to get out of the business so bad?

Kelvin Claney: No, no. Mike, first of all, one of the things that a lot of people ask: Is this is a falling knife? Is this business over? But we did a lot of due diligence and that's simply not the case. There's huge potential in the business and growth in the business. Without being smart, women's hair just doesn't go away. It's there. So it's a massive market. If you look at the history of the company, they made these really terrible business decisions. They made a lot of money quickly and they made these terrible business decisions about getting into areas of market that they had no place to be in, chains of Lasik eye chains and then they went into the in store doctor psoriasis business. It just wasn't what they should be doing in and then what they didn't bank on, which we have seen soar, was a changing landscape of this direct to consumer marketing. So they carried on blindly with their television business and we didn't. We realized what was coming. We made a major change. They didn't make that change. So all of a sudden their TV is not as profitable. Now all of a sudden, that has implications on the loans. Their loan get on covenants. Their loans get called and now they're in a

debt spiral, they are selling off assets, they bought assets for \$120 million. A year later, they are selling them for \$30 million and it just becomes a domino effect. They didn't make hard decisions as we did a year ago. We cut 20% of our staff. They cut basically no staff, and so I don't know what they were thinking. They didn't try to sell their business outright. They lined up a deal that's going to be sold to another public company for \$48 million and that deal got sidelined by the SEC. I mean that was a fiasco. Then they had somebody else come in and that's where it really got interesting. Somebody else who they were with in a patent situation with came in and we had the opportunity to - that deal fell apart - we had the opportunity to make an offer and get it. It was as simple as that.

Mike Travlos: Yes. Are they profitable or it's hard to tell because they got so many different business lines?

Rich Ransom: Yes. Mike, I would refer you to their financial releases. I think they haven't put third quarter out yet, but if you look at their note on the segment reporting in their notes of the financials, you'll see that the consumer asset piece is profitable and we really dug hard into that because in part of our due diligence, we really needed to understand, "Hey are we acquiring something that's going to suck cash or not?" and the business itself is profitable. Their overhead, it didn't make enough profit to sustain their overhead and some of the other public company cost and things that they were involved in due to some of their struggles over the last couple years. The real simple short answer to your question is they were at the end of the line. It was basically either sell these assets or go bankrupt and we were in a position to step in and do what needed to be done to keep them out of bankruptcy. Their public shell will survive this is and I think that's their interest in that, but I don't really want to speak for them in terms of why they did it, but I think that's the simplest answer of how we're able to get it achieved.

Mike Travlos: Okay. We wish you the best luck then.

Rich Ransom: Thanks, Mike. We really appreciate it.

Mike Travlos: Thank you. That's all for me.

Operator: Once again, if you'd like to ask a question, please press *1 on your touchtone phone. We'll move next Jerry Surchan. Your line is open.

Jerry Zurkan: Hey, two general questions. One, maybe it's my computer, but I received a notice for the conference call at 4:08, 22 minutes before the call. Is that cause you guys just send them out that late or I have a problem? The second question is do you guys foresee any impact because the Republicans won in the States versus the Democrats? Has that anything to do with the product and supply and demand?

Kelvin Claney: I don't know we've got to call in to see if more hair is going to grow. [Laughter] No.

Rich Ransom: To answer your first question Jerry, we sent out a press release a week ago today announcing call and then the email you got this afternoon was a follow up with our press release for the third quarter results that had the call details entered as well, so it was kind of the second reminder.

Jerry Zurkan: Okay. Then my end I got to check my computer. Thank you for the answer.

Kelvin Claney: Gerry, its Kelvin here. Good to hear from you. You're one of our longest time shareholders. Could you do me special favor? Could you send me that really wonderful photographs that you have of the boat on the rocks? Could you send it, because I lost that and I want to put that on my wall?

Jerry Zurkan: I'm not sure what picture- boat? Maybe it's a senior moment here, I don't know what picture of your boat. Give me little more detail. What boat and what rock?

Kelvin Claney: I'll come back to after the call.

Jerry Zurkan: Okay.

Rich Ransom: Okay. In terms of your second question Jerry, I'm not sure if I have any insight into whether the election results will affect us. If we go to our 15% tax rate and we start making the profit, we think we can make - it could be very positive.

Kelvin Claney: Oh yes. It'd be awesome.

Jerry Zurkan: Well no, that's a good answer, because it's not like you guys are sitting there behind the scenes at your P&L, your business model has some bearing on the results of election. So your answer is well, we really don't know so that means business is usual. Good answer.

Kelvin Claney: Yes.

Jerry Zurkan: Thank you.

Kelvin Claney: You got it.

Rich Ransom: Thanks, Jerry.

Operator: We have a follow-up from Jason Vitz.

Jason Vitz: Hi again, guys. Just a question regarding - I saw that the no!no! has been significant sales with the airlines specifically I believe it was Hong Kong.

Are you guys planning on taking advantage of that with your other product lines?

Rich Ransom: No, that's a great question, Jason and I think we mentioned in the prepared remarks there's really so many things we could talk about and just wanted to keep it concise, but the airline business out of Hong Kong is really the reason why that entity is being acquired. I believe it's about ten airlines that PhotoMedex has relationships with for the no!no! and it's not only no!no! Hair, but no!no! Skin which is their acne device. It was a lot easier to acquire that entity and those relationships rather than try to transfer them and to your question specifically yes, we have already - while in Israel, who kind of oversees that operation, we already began talking about how we could design a package for DermaWand because it's a cart business. On the plane, you have to have a very small box to fit on the cart, so they're already starting to think through how they can prepare that packaging so we can present that to the airlines very, very quickly. So great question.

Operator: Once again, press *1. It appears that we have no - actually we do have a question from Ken Wasserman. Your line is open.

Ken Wasserman: Hey, guys. I'm sorry I tuned in late so I have a couple of questions that I don't know if been asked or answered. You're presenting at LD Micro in December?

Rich Ransom: That is correct, Ken.

Ken Wasserman: Do you know what time and day?

Rich Ransom: I'll be presenting Wednesday, December 7th at 7:30 AM.

Ken Wasserman: Okay. I look forward to that. Second do you know when you're going to close on the acquisition with PHMD?

Rich Ransom: We did reference that at the end of the prepared remarks. We don't know at this point the exact date. The PhotoMedex is waiting on some comments on their proxy from the SEC. It's nothing we think is going to be a problem, just basically they have to wait on those comments before they can file the final proxy and proceed with their shareholder vote. So it's really dependent upon how long that process takes, but we're still very hopeful that the transaction will be able to close hopefully by the end of the year.

Ken Wasserman: Do they have the votes in already or that has to wait for the SEC?

Rich Ransom: The proxy will be sent out to receive the votes so no, they do not have the votes in yet.

Kelvin Claney: They can't send out until they answer the deficiencies from the SEC.

Ken Wasserman: Okay. Last question. Any plans for expanding IR?

Rich Ransom: I mean I think we are expanding IR by attending the conferences we have and we've been pretty active with putting news out, so we'll continue to do that as well.

Ken Wasserman: Okay. I know you presented at the MicroCap Conference and there was a lot of very, very good information there. Can you get that on your website?

Rich Ransom: Yes, the exact presentation that was given at the conference is now posted under the Investor Relations section on ictvbrands.com.

Ken Wasserman: Okay. One suggestion and really respectfully made, if you could get the word out to your shareholders and to the markets that it is there. It really was a very good presentation just filled with information. So putting it there on your website helps but it also helps to advertise the fact that it's there and it's another way of reaching out to the market.

Rich Ransom: That's a good suggestion. Thank you, Ken.

Ken Wasserman: All right. Listen, thank you guys. Best of wishes, okay?

Kelvin Claney: Thank you, Ken.

Rich Ransom: Thank you, Ken. Appreciate it.

Operator: That concludes our interview at this time - or questions I should say.

Rich Ransom: Okay. Well, thank you very much everyone who's participated. The last comment I want to make today is that today is our friend Kelvin's 67th birthday so we all wish him a happy birthday and feel free to send him private notes if you could. So thank you, everyone. We'll be back in most likely March with our annual year end conference call. So thank you again.

Kelvin Claney: Thank you very much.

Operator: Ladies and gentlemen, this concludes today's conference. Thank you for your participation and have a wonderful day.

END