news release

February 11, 2015

NASDAQ: THST

Truett-Hurst, Inc. Reports Second Quarter Fiscal 2015 Results

Healdsburg, California (February 11, 2015) – Truett-Hurst, Inc. (NASDAQ: THST) today reported results for the second quarter and six-month period of fiscal 2015 ("FY15"), which ended December 31, 2014. Truett-Hurst, Inc. operates an innovative and fast growing super-premium and ultra-premium wine sales, marketing and production company based in the acclaimed Dry Creek and Russian River Valleys of Sonoma County, California.

FY15Q2 Vs. FY14Q2

- Net sales up 9% to $6.6 million from $6.0 million (+$0.6 million):
  - Wholesale down 19% to $3.6 million.
  - Direct to Consumer ("DTC") up 27% to $1.4 million.
  - Internet up 199% to $1.6 million.

Wholesale net sales were impacted by a $0.6 million loss contingency accrual related to returns of out-of-date Paper Boy product [(1)]. Before the impact of the loss contingency accrual, wholesale net sales decreased by $0.2 million or 5% in the second quarter of FY15 compared to the same prior-year quarter period. We continue to expect to see variability in quarter over quarter results for our wholesale business as we bring on new customers and launch new products.

The DTC net sales increase was primarily due to our continued growth in wine club membership and tasting room traffic. The internet net sales increase was attributable to increased website traffic, internet marketing and continued expansion of our customer reach through a partnership model.

Footnote:

1. In January 2015, we were notified by a large national retailer that inventory of Paper Boy product on their shelves had partially oxidized. Our terms of sale provide for limited rights of return only in circumstances where products are not merchantable due to quality deficiencies. We determined that Paper Boy's shelf life met the product's quality specifications, which are consistent with those of other similar products in the market. However, on a one time basis we agreed to work with the retailer to remove expired product. While we believe we have no contractual liability for costs associated with destruction of out-of-date inventory, we anticipate providing limited financial support to certain of our largest distributors. Finally, we have reviewed our inventory and have written off the expired Paper Boy finished goods inventory in our warehouse.

Truett-Hurst, Inc. Announces Second Quarter Fiscal 2015 Financial Results

- Overall gross margins decreased to 30% from 35% and gross profit decreased $0.1 million to $2.0 million
    - Wholesale gross margins decreased 20.1 margin points to 9.3%
    - DTC gross margins increased 1.8 margin points to 62.1%
    - Internet gross margins increased 15.9 margin points to 49.5%

Wholesale gross margins were impacted by the Paper Boy loss contingency accrual of $0.6 million mentioned above as well as an additional $0.2 million inventory impairment for out-of-date Paper Boy inventory that we owned as of December 31, 2014. Before the impact of the Paper Boy related items, wholesale gross margins decreased by 2.2 margin points to 27.2% compared to the same prior-year quarter period of 29.4%. Compared to the first quarter of FY 15, wholesale margins, before the impact of the two Paper Boy related items, declined 30 basis points.

Both DTC and Internet segments exhibited margin expansion of 1.8 margin points and 15.9 margin points respectively compared to the same prior-year quarter.

Operating Expenses:

Operating expenses for the second quarter of FY15 were $2.7 million compared to $2.0 million in the prior-year quarter period. Sales and marketing ("S&M") expense increased $0.5 million due to continued investment in personnel, increased non-cash stock compensation expense as well as variable S&M expenses in our internet segment. General and administrative ("G&A") expense increased $0.2 million due to increased non-cash stock compensation expense and investment in infrastructure. Versus the first quarter of FY15, G&A expenses decreased $0.1 million.

Six Months FY15 Vs. Six Months FY14

- Net sales up 15% to $13.0 million from $11.4 million (+$1.6 million):
    - Wholesale down 8% to $7.7 million.
    - Direct to Consumer ("DTC") up 21% to $2.4 million.
    - Internet up 197% to $2.9 million.

Wholesale net sales were impacted by a $0.6 million loss contingency accrual related to returns of out-of-date Paper Boy product. Before the impact of the loss contingency accrual, wholesale net sales decreased by $0.1 million or 1% for the first six months of FY15 compared to the same six-month period in the prior-year. We continue to expect to see variability in quarter over quarter results for our wholesale business as we bring on new customers and launch new products.

Truett-Hurst, Inc. Announces Second Quarter Fiscal 2015 Financial Results

The DTC net sales increase was primarily due to our continued growth in wine club membership and tasting room traffic. The internet net sales increase was attributable to increased website traffic, internet marketing and expansion of our customer reach through a partnership model.

- Overall gross margins were level at 34% for six-month periods of FY15 and FY14
    - Wholesale gross margins decreased 8.8 margin points to 19.1%
    - DTC gross margins increased 3.1 margin points to 63.3%
    - Internet gross margins increased 12.0 margin points to 48.6%

Wholesale gross margins were impacted by the loss contingency accrual of $0.6 million mentioned above as well as an additional $0.2 million inventory impairment for out-of-date inventory that we owned as of 12/31/2014. Before the impact of the two Paper Boy related items, wholesale gross margins decreased by 60 basis points to 27.2% compared to 27.9% in the same six-month period of the prior-year.

Both DTC and Internet segments exhibited margin expansion showing increases of 3.1 margin points and 12.0 margin points, respectively compared to the same six-month period in the prior-year.

Consolidated gross margin percentage for the six-month period in FY15, before the impact of the Paper Boy related items, was 38% versus 34% in the same period from the prior-year.

Operating Expenses:

Operating expenses for the six-month period of FY15 were $5.2 million compared to $3.9 million in the prior six-month period, an increase of $1.3 million. S&M expense increased $0.9 million due to continued investment in our brand related programming, promotions and incentives as well as variable S&M expenses directly related to the growth in sales of our internet segment. G&A expense increased $0.4 million due to increased non-cash stock compensation expense and increased infrastructure costs versus the prior year.

Phillip L. Hurst, Truett-Hurst, Inc.'s President and CEO stated, "I'm encouraged that Truett-Hurst was able to show growth for the quarter and the first half of FY15 despite having accrued a large amount of costs for dealing with out-of-date Paper Boy product. Our direct to consumer and internet segments have shown very positive top line growth while continuing to expand margins. I'm excited about the work that we still have ahead of us this fiscal year; launching California Winecraft and Sonoma Ranches with Kroger and starting our national brands relationship with Target."

Earnings Call

Truett-Hurst, Inc.'s management will host a conference call today, February 11, 2015, at 1:30 p.m. PST (4:30 p.m. EST) to discuss the Company's financial results. To listen to the conference call, dial in approximately ten minutes before the scheduled call to 1.888.347.6082 or international at 1.412.902.4286 and request Truett-Hurst Second

Truett-Hurst, Inc. Announces Second Quarter Fiscal 2015 Financial Results

Quarter Fiscal 2015 Results Call or visit our webcast link: http://www.videonewswire.com/event.asp?id=101446. A replay of the call will be available, to listen to the replay, dial US Toll Free: 1.877.344.7529 or International Toll: 1.412.317.0088 and enter conference number: 101446. The call will be available one hour after the end of the conference call through February 18, 2015 at 9:00 am ET.

Truett-Hurst, Inc. Announces Second Quarter Fiscal 2015 Financial Results

TRUETT-HURST, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share data)
(unaudited)

	Three-Month Periods Ended December 31,		Six-Month Periods Ended December 31,	
	2014	2013	2014	2013
Sales	$ 6,732	$ 6,141	$ 13,346	$ 11,677
Less excise tax	(168)	(145)	(300)	(295)
Net sales	6,564	5,996	13,046	11,382
Cost of sales	4,565	3,875	8,612	7,472
Gross profit	1,999	2,121	4,434	3,910
Operating expenses:				
Sales and marketing	1,858	1,399	3,423	2,553
General and administrative	812	588	1,755	1,324
Bulk wine sales, net gain	-	(1)	-	(1)
Loss on disposal of assets	-	-	2	-
Total operating expenses	2,670	1,986	5,180	3,876
(Loss) income from operations	(671)	135	(746)	34
Other (expense) income:				
Interest expense, net	(69)	(39)	(133)	(81)
Other	(77)	47	(86)	30
Total other (expense) income	(146)	8	(219)	(51)
(Loss) income before income taxes	(817)	143	(965)	(17)
Income tax expense	-	32	2	11
Net (loss) income before non-controlling interests	(817)	111	(967)	(28)
Net income (loss) attributable to non-controlling interest: The Wine Spies, LLC	49	(37)	86	(61)
Net (loss) income attributable to Truett-Hurst, Inc. and H.D.D. LLC	(866)	148	(1,053)	33
Less: Net (loss) income attributable to non-controlling interest: H.D.D. LLC	(392)	108	(479)	26
Net (loss) income attributable to Truett-Hurst, Inc.	$ (474)	$ 40	$ (574)	$ 7
Basic net (loss) income per share	$ (0.13)	$ 0.01	$ (0.15)	$ 0.00
Diluted net (loss) income per share	$ (0.13)	$ 0.01	$ (0.15)	$ 0.00
Basic weighted average shares outstanding	3,786,712	2,700,462	3,768,592	2,700,230
Diluted weighted average shares outstanding	3,786,712	2,947,390	3,768,592	2,947,158

TRUETT-HURST, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	December 31, 2014	June 30, 2014
ASSETS	**Unaudited**	
Current assets:		
Cash and cash equivalents	$ 2,913	$ 5,567
Accounts receivable	2,294	3,300
Inventories	21,952	17,179
Bulk wine deposit	-	1,424
Other current assets	162	161
Total current assets	27,321	27,631
Property and equipment, net	5,931	5,553
Goodwill	134	134
Intangible assets, net	753	629
Other assets, net	418	381
Total assets	$ 34,557	$ 34,328
LIABILITIES and EQUITY		
Current liabilities:		
Credit facilities	$ 8,457	$ 8,685
Accounts payable and accrued expenses	3,474	3,194
Accrual for sales returns	582	-
Due to related parties	363	56
Related party note	31	67
Current maturities of long-term debt	400	333
Total current liabilities	13,307	12,335
Deferred rent liability	37	48
Long-term debt, net of current maturities	3,418	3,527
Total liabilities	16,762	15,910
Commitments and contingencies (Note 5)		
Stockholders' equity		
Preferred stock, par value of $0.001 per share, 5,000,000 shares authorized and zero issued and outstanding at December 31, 2014 and June 30, 2014	-	-
Class A common stock, par value of $0.001 per share, 15,000,000 authorized and 3,847,986 issued and outstanding at December 31, 2014 and 3,750,472 issued and outstanding at June 30, 2014	4	4
Class B common stock, par value of $0.001 per share, 1,000 authorized and 9 issued and outstanding at December 31, 2014 and June 30, 2014	-	-
Additional paid-in capital	14,401	14,057
Accumulated deficit	(4,569)	(3,995)
Total Truett-Hurst, Inc. stockholders' equity	9,836	10,066
Non-controlling interests	7,959	8,352
Total equity	17,795	18,418
Total liabilities and equity	$ 34,557	$ 34,328

TRUETT-HURST, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six-Month Periods Ended December 31,	
	2014	**2013**
Cash flows from operating activities:		
Net loss before non-controlling interests	$ (967)	$ (28)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	317	257
Deferred rent	(11)	1
Deferred taxes	-	11
Loss (gain) on fair value of interest rate swap	49	(48)
Loss on disposal of asset	2	-
Stock-based compensation	345	202
Changes in operating assets and liabilities, net		
Accounts receivable	1,006	259
Inventories	(4,773)	(4,128)
Bulk wine deposit	1,424	-
Other current assets	(50)	(365)
Accounts payable and accrued expenses	280	(372)
Accrual for sales returns	582	-
Net cash used in operating activities	(1,796)	(4,211)
Cash flows from investing activities:		
Acquisition of property and equipment	(597)	(465)
Acquisition of intangible and other assets	(138)	(126)
Net cash used in investing activities	(735)	(591)
Cash flows from financing activities:		
Net (payments on) proceeds from line of credit	(228)	383
Net proceeds from related parties	271	675
Payments on long-term debt	(166)	(124)
Net cash (used in) provided by financing activities	(123)	934
Net decrease in cash	(2,654)	(3,868)
Cash at beginning of period	5,567	11,367
Cash at end of period	$ 2,913	$ 7,499
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 120	$ 92
Supplemental disclosure of non-cash transactions		
Seller-financed acquisition of trademark	$ 170	$ -

Truett-Hurst, Inc. Announces Second Quarter Fiscal 2015 Financial Results

About Truett-Hurst, Inc.

Truett-Hurst, Inc. (NASDAQ: THST, www.truetthurstinc.com) is a holding company and its sole asset is the controlling equity interest in H.D.D. LLC., an innovative and fast-growing super-premium, ultra-premium and luxury wine sales, marketing and production company based in the acclaimed Dry Creek and Russian River Valleys of Sonoma County, California. Truett-Hurst, Inc. is headquartered in Healdsburg, California.

Forward-Looking Statements

This press release and our earnings conference call for the first quarter of fiscal 2015 ended September 30, 2014 contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended, that are made as of the date of this press release based upon our current expectations. All statements, other than statements of historical fact, regarding our strategy, future operations, financial position, estimated revenue, projected costs, prospects, plans, opportunities, and objectives constitute “forward-looking statements.” The words “may,” “will,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “potential” or “continue” and similar types of expressions identify such statements, although not all forward-looking statements contain these identifying words. Such forward-looking statements include expectations regarding revenue, income, expenses, for the fiscal year ending June 30, 2015 and any future periods. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Important factors that could cause such differences include, but are not limited to, a reduction in the supply of grapes and bulk wine available to us; significant competition; any change in our relationships with retailers which could harm our business; we may not achieve or maintain profitability in the future; the loss of key employees; a reduction in our access to, or an increase in the cost of, the third-party services we use to produce our wine; credit facility restrictions on our current and future operations; failure to protect, or infringement of, trademarks and proprietary rights; these factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report. For additional information, see our Annual Report on Form 10-K filed on September 29, 2014, or our other reports currently on file with the Securities and Exchange Commission, which contain a more detailed discussion of risks and uncertainties that may affect future results. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Truett-Hurst, Inc. Announces Second Quarter Fiscal 2015 Financial Results

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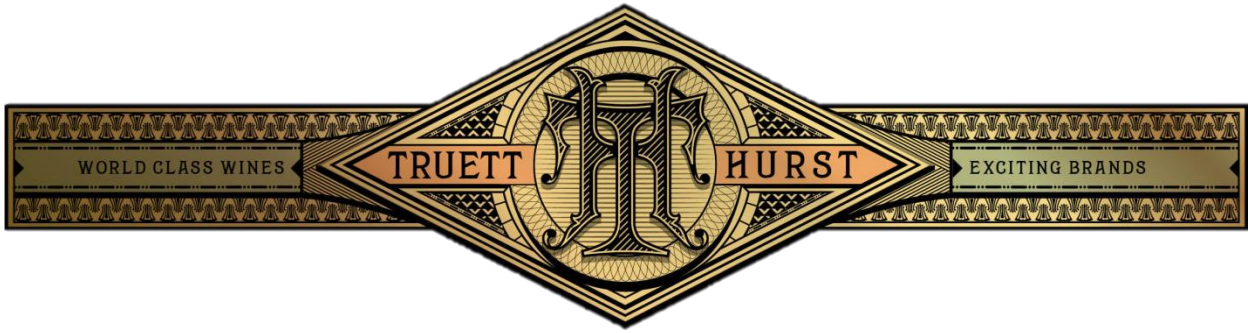


Truett-Hurst, Inc.

FY15Q2 Earnings Call

February 11, 2015

NASDAQ: THST

Safe Harbor Statement

This presentation (including the presentation and any subsequent questions and answers) contains statements that are forward-looking within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements are only predictions and are not guarantees of future performance. Any such forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties, certain assumptions and factors relating to the operations and business environments of Truett-Hurst, Inc. and its subsidiaries that may cause the actual results of the companies to be materially different from any future results expressed or implied in such forward-looking statements. These risk factors, include, but are not limited to, a reduction in the supply of grapes and bulk wine available to us; significant competition; any change in our relationships with retailers could harm our business; we may not achieve or maintain profitability in the future; the loss of key employees; a reduction in our access to, or an increase in the cost of, the third-party services we use to produce our wine could harm our business; credit facility restrictions on our current and future operations; failure to protect, or infringement of, trademarks and proprietary rights; these factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report or detailed in our periodic filings (including Forms 8-K, 10-K and 10-Q) or other documents filed with the Securities and Exchange Commission. For more detailed information on us, please refer to our filings with the Securities and Exchange Commission, which are readily available at http://www.sec.gov, or through the our Investor Relations website at http://www.truetthurstinc.com.

For additional information, see our annual report for the period ended June 30, 2014 on Form 10-K filed on September 29, 2014, or our other reports currently on file with the Securities and Exchange Commission, which contain a more detailed discussion of risks and uncertainties that may affect future results. We do not undertake to update any forward-looking statements unless otherwise required by law.

TRUETT HURST

Agenda

- Paper Boy Update
- FY15Q2 vs. FY14Q2
- First Half FY15 vs. First Half FY14
- Out-of-date Paper Boy Product
- FY15Q2 Financial Details
- Business Update
- Q&A
- Appendix

Truett-Hurst, Inc.'s Strategy

- World-class global wine production and distribution company
- Leverage our innovation and design to deliver sustainable profitable growth, revenue expansion and free cash flow
- Reinvest in new profitable growth initiatives

Out-of-Date Paper Boy Product

- Paper Boy has a more limited shelf life than our other products; in January we were notified that certain Paper Boy wines were past their shelf life and had partially oxidized (not a health hazard)
- We notified distributors that unsold Paper Boy stock was past its recommended shelf life and should be destroyed
- We have taken a $0.6 million loss contingency accrual in connection with our efforts to assist with addressing out-of-date inventory
- We have reviewed our inventory and have written off the expired Paper Boy finished goods inventory in our warehouse in the amount of $0.2 million
- Subsequent to this issue, but unrelated to the shelf life expiration, we have determined that the latest generation paper bottle does not meet our quality standards. Until the manufacturer can consistently produce bottles that meet our standards we are not able to produce new Paper Boy inventory
- Sales of Paper Boy represented less than 8% of net sales in FY14 and less than 1% of year to date net sales in FY15

FY15Q2 vs. FY14Q2

- Revenue growth of 9% with net sales of $6.6 million (an increase of $0.6 million versus prior-period quarter)
  - 19% decrease in Wholesale (FY15 impacted by loss contingency accrual of $0.6 million)
  - 27% increase in DTC
  - 199% increase in Internet

- Overall gross margin percent decreased to 30% from 35% (gross profit dollars of $2.0 million in FY15Q2)
  - Wholesale: 20.1 margin point decline (FY15 impacted by loss contingency accrual of $0.6 million and inventory impairment of $0.2 million)
  - DTC: 1.8 margin point increase
  - Internet: 15.9 margin point increase

- Operating expenses of $2.7 million
  - $0.5 million incremental investment in sales and marketing
  - $0.2 million increase in general and administrative

- Net sales impacted by $0.6 million loss contingency accrual and cost of sales impacted by $0.2 million inventory impairment. Both related to Paper Boy

First Half FY15 vs. First Half FY14

- Revenue growth of 15% with net sales of $13.0 million (an increase of $1.6 million versus prior-period quarter)
  - 8% decline in Wholesale (FY15 impacted by loss contingency accrual of $0.6 million)
  - 21% increase in DTC
  - 197% increase in Internet

- Overall gross margin percent flat at 34%. Gross profit dollars grew 13.4% to $4.4 million (an increase of $0.5 million versus prior year)
  - Wholesale: 8.8 margin point decline (FY15 impacted by loss contingency accrual of $0.6 million and inventory impairment of $0.2 million)
  - DTC: 3.1 margin point increase
  - Internet: 12.0 margin point increase

- Operating expenses of $5.2 million
  - $0.9 million incremental investment in sales and marketing
  - $0.4 million increase in general and administrative

- Net sales impacted by $0.6 million loss contingency accrual and cost of sales impacted by $0.2 million inventory impairment. Both related to Paper Boy

FY15Q2 FINANCIAL HIGHLIGHTS

FY15Q2 Financial Details

	FY 14				FY 15		FH 15 v 14	
	Q1	Q2	Q3	Q4	Q1	Q2	B / (W)	% Δ
Net sales (1)	5,386	5,996	5,160	5,515	6,482	6,564	1,664	14.6%
Gross profit (1)	1,789	2,121	1,752	1,767	2,435	1,999	524	13.4%
Gross Margin %	*33.2%*	*35.4%*	*34.0%*	*32.0%*	*37.6%*	*30.5%*		
Sales and marketing	1,154	1,399	1,377	1,551	1,565	1,858	(870)	34.1%
General and administrative	736	588	613	763	943	812	(431)	32.6%
Other	-	(1)	400	88	2	-	(3)	
Total operating expenses (2), (3)	1,890	1,986	2,390	2,402	2,510	2,670	(1,304)	33.6%
(Loss) income from operations	(101)	135	(638)	(635)	(75)	(671)	(780)	
Net (loss) income before non-controlling interests	(139)	111	(625)	(631)	(150)	(817)	(939)	

(1) Loss contingency accrual & inventory impairment:								
Accrual for sales return - included in net sales						582	(582)	
Inventory Impairment (Paper Boy)- included in cost of goods						209	(209)	
Total Gross Margin Impact						791	(791)	
(2) Non-cash stock compenstion expense:								
Sales and marketing	106	78	40	117	83	100	1	
General and administrative	8	9	11	67	55	105	(143)	
	114	87	51	184	138	205	(142)	
(3) Operating expenses as a percentage of Net Sales								
Sales and marketing	21.4%	23.3%	26.7%	28.1%	24.1%	28.3%		
General and administrative	13.7%	9.8%	11.9%	13.8%	14.5%	12.4%		

FY15Q2 Financial Details

	Q2			
	2014	2015	B / (W)	% Δ
Net Sales				
Wholesale	4,357	3,544	(813)	-18.7%
Direct to Consumer	1,091	1,382	291	26.7%
Internet	548	1,638	1,090	198.9%
	5,996	6,564	568	9.5%
Gross Profit				
Wholesale	1,279	330	(949)	-74.2%
Direct to Consumer	658	858	200	30.4%
Internet	184	811	627	340.8%
	2,121	1,999	(122)	-5.8%
Gross Margin				
Wholesale	29.4%	9.3%	-20.0%	
Direct to Consumer	60.3%	62.1%	1.8%	
Internet	33.6%	49.5%	15.9%	
	35.4%	30.5%	-4.9%	

Wholesale impacted by $0.6 million loss contingency accrual

Continued **strong** growth in tasting room and wine club sales driving DTC

Second consecutive quarter of triple digit growth for the Internet segment

Gross profit contribution growth for DTC and Internet segments **exceed** sales growth due to margin expansion

Wholesale gross margin, adjusting for impact of Paper Boy related loss contingency accrual ($0.6 million) and inventory impairment ($0.2 million), was 27.2%.

FY15Q2 Financial Details

	Q2 FY 15			vs.Q2FY14
	As Reported	Adjustments [1]	As Adjusted	B / (W)
Wholesale				
Net Sales	3,544	582	4,126	(231)
Gross Profit	330	791	1,121	(158)
Gross Margin	9.3%		27.2%	-2.2%

- Wholesale segment, before the impact of Paper Boy related charges, had net sales of $4.1 million. $0.2 million lower than Q2FY14
- We anticipate variability in quarterly comparisons for the wholesale segment due to timing of brining on new customers and product launches

	Q2 FY 15			vs.Q2FY14	
	As Reported	Adjustments [1]	As Adjusted	B / (W)	% Δ vs Q2FY14
Consolidated					
Net Sales	6,564	582	7,146	1,150	19.2%
Gross Profit	1,999	791	2,790	669	31.5%
Gross Margin	30.5%		39.0%	3.7%	

- Consolidated net sales, before the impact of Paper Boy related charges, grew 19.2% with 31.5% growth in gross margin contribution (overall gross margin percent increased 370 basis points)

(1) Loss contingency accrual & inventory impairment:

Accrual for sales return - included in net sales	582
Inventory Impairment (Paper Boy)- included in cost of goods	209
Gross Profit Impact	791

FY15Q2 Financial Details

	2015 Q1	2015 Q2	Q-O-Q Δ in WC
Total Assets	39,517	34,557	
Total Liabilities	21,112	16,762	
Total Equity	18,405	17,795	
	39,517	34,557	
Cash and cash equivalents	4,752	2,913	
Property & equipment, net	5,845	5,931	
Major Working Capital Accounts			
A/R	3,959	2,294	1,665
Inventories	23,660	21,952	1,708
AP & Accrueds	7,758	3,474	(4,284)
			(911)
Interest Bearing Debt			
Credit facilities	9,055	8,457	
Other Interest Bearing Debt	3,826	3,849	
	12,881	12,306	

BUSINESS UPDATE

2014 Wine Market Conditions

- 82% of wineries reported overall financial health of "good" or better for 2014. This is up 7% over the previous year. This trend is expected to continue as the grapes from three strong harvests (2012, 2013, and 2014) make their way into the market.

- Wine sales continue to be dominated by the Baby Boomer generation contributing to 44% of all sales with Gen-X'ers coming in at 29%. Three year trends indicate little change amongst the generational buyers in the market today.

- Only 36% of California wineries reported a measurable affect from the 2014 California drought with the most significant issues being felt in the Central Valley, CA, Central Coast, CA, and Sierra Foothill, CA regions.

Source: Silicon Valley Bank, 2014 Annual Wine Conditions Survey

Innovation/Experimentation

Source: EJ Gallo Top 10 Snapshots of the American Wine Consumer, 2014

Overall Channel Growth

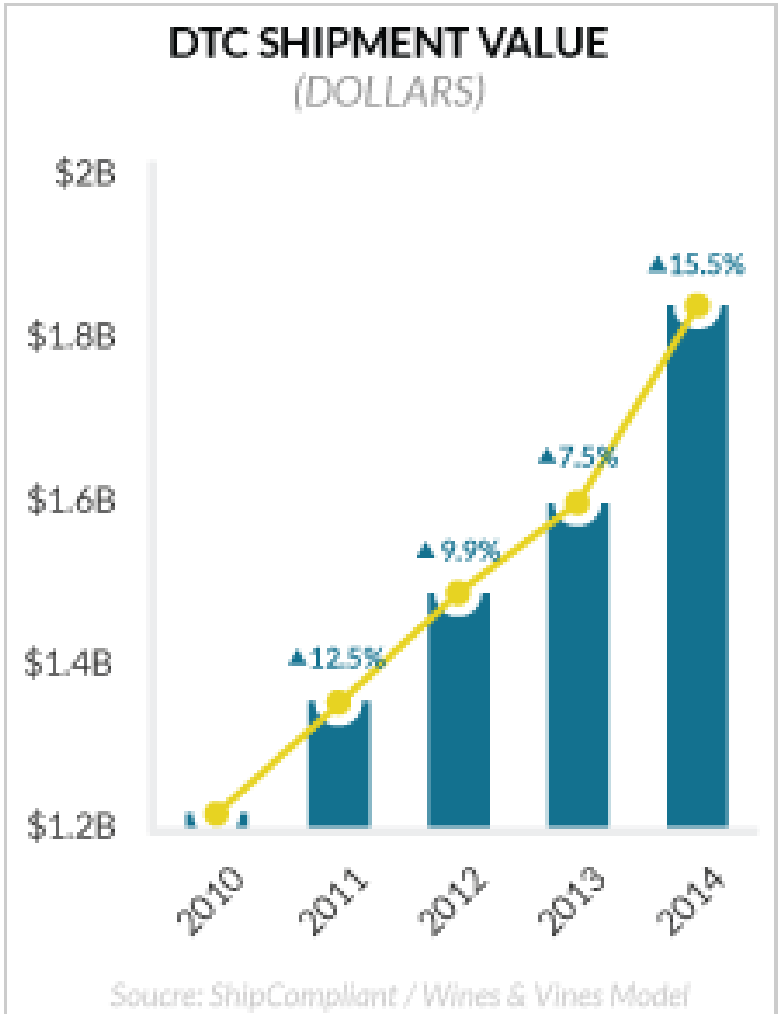
Off-Premise Sales »	Month		12 Months	
December 2014	$776 million	3%	$7,866 million	5%
December 2013	$755 million		$7,470 million	

Direct-to-Consumer Shipments »	Month		12 Months	
December 2014	$166 million	14%	$1,820 million	15%
December 2013	$145 million		$1,576 million	

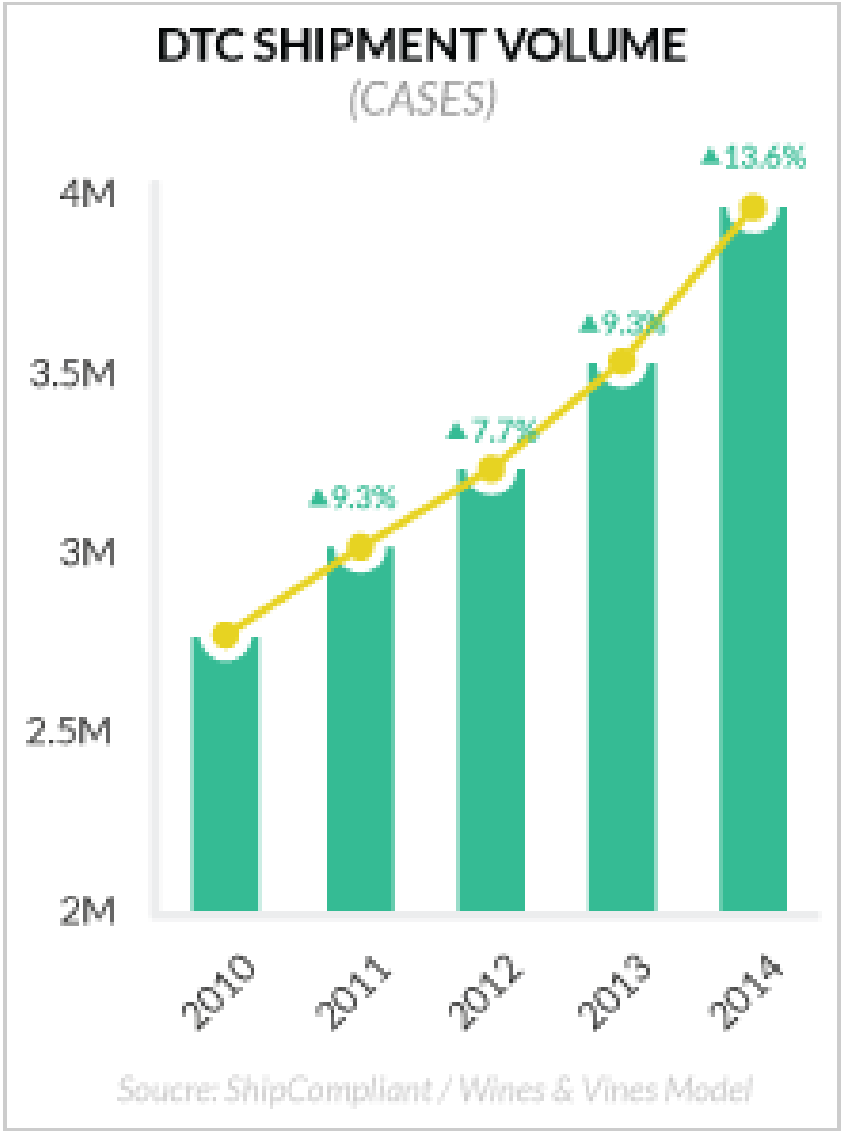
Flash Reseller Offers »	Month		12 Months	
December 2014	844	17%	6,234	15%
December 2013	722		5,403	

Data sources: IRI, ShipCompliant, winejobs.com

Direct to Consumer Volumes Achieve Critical Mass



The annual sales growth of DtC shipments went from good to great in 2014 .



Robert Parker December 2014

December 2014 issue:

- 2012 TH Burning Man Petite Sirah, 95 Points
- 2012 TH Rattler Rock Zinfandel, 93 Points
- 2012 TH Red Rooster Zinfandel, 94 Points
- 2012 VML Moon Pinot Noir, 90 Points
- 2012 VML Earth Pinot Noir, 89 Points
- 2012 VML Stars Pinot Noir, 89 Points
- 2013 VML RRV Chardonnay, 89 Points
- 2012 VML RRV Pinot Noir, 87 Points
- 2013 VML RRV SB, 87 Points

Moving Forward…

- New Customer Development
  - **Target Corporation** anticipated Q4 FY15 launch
  - **The Kroger Company** anticipated Q4 FY15 launch
  - **Colby Red:** listings in Harris Teeter, HEB, Winn-Dixie. Major promotion in Walgreens "Heart Month"
  - **Pipeline:** 2 new top 15 US retailers
- Product Line Extensions
  - **Total Wines & More** three new product launches
    - One Arm Man "Reserve" Dry Creek Red
    - Eden's Eve Russian River Chardonnay
    - Inconspicuous Lodi Zinfandel
- Ongoing Wholesale Development
  - **Build Points of Distribution:** distributor incentives in place

Q & A

APPENDIX

I. Contact Information
II. Conference Call Playback Information
III. Ownership Structure
IV. Second Quarter and Six-Month Fiscal 2015 Pro forma Diluted EPS & Market Cap

Appendix I - Contact Information

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Appendix II – Call Playback Information

Transcript, when available, at:

www.truetthurstinc.com

Webcast/PowerPoint / Replay available at:

www.truetthurstinc.com/investors

Transcript available until February 18, 2015.

Appendix III
Ownership Structure

	HDD LLC Ownership			Class A Shares (Fully Diluted)			
	Members	THI	Total	Outstanding	Unconverted LLC Units	Equity Incentives	Total
As of Initial Public Offering	**4,102,644**	**2,700,000**	**6,802,644**	**2,700,000**	**4,102,644**	**252,000**	**7,054,644**
	60.3%	*39.7%*	*100.0%*	*38.3%*	*58.2%*	*3.6%*	*100.0%*
Changes through 12/31/14:							
LLC Conversions	(1,019,184)	1,019,184	0	1,019,184	(1,019,184)	0	0
Vesting of Equity Incentives Outstanding @ IPO Date	0	0	0	112,000	0	(112,000)	0
Post IPO Equity Incentives							
Equity Incentives Granted - RSA / RSU	0	0	0	0	0	131,629	131,629
Equity Incentives Granted - Options	0	0	0	0	0	150,000	150,000
Equity Incentives Vested	0	0	0	16,802	0	(16,802)	0
	0	0	0	16,802	0	264,827	281,629
As of 12/31/14	**3,083,460**	**3,719,184**	**6,802,644**	**3,847,986**	**3,083,460**	**404,827**	**7,336,273**
	45.3%	*54.7%*	*100.0%*	*52.5%*	*42.0%*	*5.5%*	*100.0%*

Increase in Class A Shares (excluding unvested equity incentives)	**1.9%**
Increase in Class A Shares (fully diluted)	**4.0%**

Appendix IV
Adjusted Pro Forma EPS & Market Cap

TRUETT-HURST, INC. AND SUBSIDIARIES
Adjusted Pro Forma Basic Loss Per Share & Market Cap
For the Three-month Period Ended December 31, 2014
(assumes 100% conversion of LLC units to THST Class A stock)

	December 31, 2014
Net loss attributable to Truett-Hurst, Inc. and H.D.D. LLC	$ (474)
Adjusted Pro Forma Basic & Diluted Loss Per Share	
Weighted average Class A common stock	3,786,712
LLC units assuming 100% LLC membership conversion	3,083,460
Total weighted average basic pro forma shares outstanding	6,870,172
Adjusted Pro Forma Basic Loss Per Share Calculation	$ (0.07)
Adjusted Market Capital based on December 31, 2014 Class A common stock closing price of $3.97	$ 27,274,583

Appendix IV
Adjusted Pro Forma EPS & Market Cap

TRUETT-HURST, INC. AND SUBSIDIARIES
Adjusted Pro Forma Basic Loss Per Share & Market Cap
For the Six-month Period Ended December 31, 2014
(assumes 100% conversion of LLC units to THST Class A stock)

	December 31, 2014
Net loss attributable to Truett-Hurst, Inc. and H.D.D. LLC	$ (574)
Adjusted Pro Forma Basic & Diluted Loss Per Share	
Weighted average Class A common stock	3,768,592
LLC units assuming 100% LLC membership conversion	3,083,460
Total weighted average basic pro forma shares outstanding	6,852,052
Adjusted Pro Forma Basic Loss Per Share Calculation	$ (0.08)
Adjusted Market Capital based on December 31, 2014 Class A common stock closing price of $3.97	$ 27,202,646