

## **Hybrid Enters into Definitive Distribution Agreement With Industrial Finishes & Systems**

San Francisco CA, January 13, 2016 -- (MARKET WIRE) – Hybrid Coating Technologies Inc. (HCTI: OTCBB) is pleased to announce that Industrial Finishes & Systems, Hybrid's previously announced US distribution partner was recently featured in an article detailing the agreement which can be found below and at the following link: <http://registerguard.com/rg/business/33925762-63/eugene-and-san-francisco-firms-reach-deal-to-sell-less-toxic-polyurethane.html.csp>

### **Eugene and San Francisco firms reach deal to sell less-toxic polyurethane**

By Ed Russo

The Register-Guard

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Industrial Finishes & Systems of Eugene has become the exclusive distributor of a new, environmentally friendly polyurethane. In a three-year deal that will cost \$4 million, Industrial Finishes will help launch the sales of floor and wall coatings containing a patented "Green Polyurethane" developed by San Francisco-based Hybrid Coating Technologies. Industrial Finishes will sell "TRUE Green Poly" coatings through its nationwide network of distribution centers, marketing director Mike Duncan said on Wednesday. HCT was founded by a "group of brilliant chemists" who developed Green Polyurethane, he said. The product, which helps make floor and wall coatings more adhesive and durable, is a substitute for conventional polyurethanes that are manufactured with toxic isocyanates, which can cause respiratory problems, Industrial Finishes said in a statement. The U.S. Environmental Protection Agency is "taking progressive action to regulate and potentially ban" isocyanates at some future date, the company said. Duncan said when isocyanates are removed from polyurethane, so, too, are "other volatile organic compounds and unpleasant odors that go along with those." Products made with Green Polyurethane are less toxic than conventional polyurethane, and emit such low odor that they can be used in sensitive environments, such as hospitals and schools, he said. And they can be used to help buildings achieve Leadership in Energy & Environmental Design, or LEED, certification, Duncan said. In October, publicly traded HCT said it had reached a deal to grant limited exclusivity to a U.S.-based distributor for several of Hybrid's coating formulations. It did not name the firm, but Duncan on Wednesday confirmed that Industrial Finishes is the distributor. During the next three years, the distributor must order a minimum of \$4 million in coatings to retain its exclusive right to distribute TRUE Green Poly, HCT said. Industrial Finishes Chairman and Chief Executive Stuart Barr said his firm is "excited to have the opportunity to bring this much-needed product to market." "This is truly a game-changer," he said. "In today's world, eliminating harmful (volatile organic compounds) and isocyanates is an increasingly important focus." Industrial Finishes & Systems was founded in 1958 by Barr and Jerry Bruce, who bought Autobody and Paint Supply Co., a wholesale distributor of auto body supplies. It had one branch and three employees. Today, the firm is owned by the Barr family. It distributes automotive and industrial coatings, body shop supplies, and fasteners to the automotive, transportation, recreational vehicle, aircraft, marine and industrial markets. The company employs 280 people nationwide, with 66 in Eugene at its West First Avenue headquarters. Industrial Finishes & Systems has a major presence in automotive and other markets, Duncan said. The firm hopes True Green Poly will help it make inroads in the building materials markets, he said. Hybrid Coating Technologies describes itself as an "innovator focused on improving the quality and safety of foams, coatings and adhesives for industrial and commercial customers around the world." The company said it has the first patent-protected polyurethane-based foam that eliminates toxic isocyanates from the manufacturing process. The firm said it received a Presidential Green Chemistry Award in July for its development of Green Polyurethane. In a statement, HCT President and Chief

Executive Joseph Kristul said Industrial Finishes has several attributes that led to the exclusive national distribution agreement. "Industrial Finishes has a strong management team with a vision toward the future of coatings," he said. "They also have a highly motivated sales team with a record of success. We believe this will be an exceptional partnership and are excited about the product launch."

## **CAUTIONARY DISCLOSURE ABOUT FORWARD-LOOKING STATEMENTS**

This release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E the Securities Exchange Act of 1934, as amended and such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Statements in this news release other than statements of historical fact are "forward-looking statements" that are based on current expectations and assumptions. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the statements, including, but not limited to, the following: the ability of Hybrid Coating Technologies Inc. to provide for its obligations, to provide working capital needs from operating revenues, to obtain additional financing needed for any future acquisitions, to meet competitive challenges and technological changes, and other risks. Hybrid Coating Technologies Inc undertakes no duty to update any forward-looking statement(s) and/or to confirm the statement(s) to actual results or changes in Hybrid Coating Technologies Inc. expectations.

### **About Hybrid Coating Technologies**

Hybrid Coating Technologies (HCT) is a San Francisco-based innovator focused on improving the quality and safety of foams, coatings, and adhesives for industrial and commercial customers around the world. We are the exclusive licensee of Green Polyurethane™ foam, coatings, and adhesives – the world's first-ever patent protected polyurethane-based foam, coatings, and adhesive products that eliminate toxic isocyanates from the entire production process (licensed by Nanotech Industries, Inc.) and the 2015 recipient of the Presidential Green Chemistry Award.

### **The Problem of Conventional Foams/Coatings/Paint and Isocyanates**

Conventional polyurethane (PU) paint and coatings have many disadvantages: they are porous, permeable and maintain poor hydrolytic stability. This makes the material highly vulnerable to environmental degradation and ultimately leads to their chemical decomposition, especially when in contact with water. Conventional PU foams such as spray foam insulation are applied via a spraying mechanism that sends toxic isocyanates in the air – exposing workers to the dangers of toxic isocyanates. Strict and costly health & safety measures have to be implemented in the manufacture and application of conventional polyurethane due to the toxicity of isocyanates. This is why regulatory bodies around the world are now looking toward phasing out the use of isocyanates.

### **The Green Polyurethane™ Solution**

Green Polyurethane™ (also referred to as "HNIPU" - hybrid non-isocyanate polyurethane) is a "hybrid" material that combines the high chemical resistance properties of epoxy and advanced durability and wear resistance properties of polyurethane, making it the perfect coating application for sanitary, high traffic and corrosive surface areas. As a hybrid material with superior properties, Green Polyurethane™ can be applied in one or two coatings, providing a welcome cost-saving substitute to currently used multi-layered coating applications. Its safety features allow it to be applied without the interruption of business due to public exposure, creating an additional 30-60% savings on application costs for customers. As a foam, Green Polyurethane™ provides high R values up to 6.0, energy savings up to 30% and improved tensile strength over conventional foam without using dangerous isocyanates.

### **Recent Anti-Isocyanate Regulatory Pressure**

US EPA MDI Action Plan: The US EPA (Environmental Protection Agency) is taking progressive action to regulate and potentially ban isocyanates and has mentioned Hybrid's technology as an alternative to toxic polyurethane in its MDI Action Plan against isocyanates (see page 4 Figovsky and Shapovalov) <http://www.epa.gov/oppt/existingchemicals/pubs/actionplans/mdi.pdf>

OSHA National Emphasis Program: On June 25, 2013 the Occupational Safety and Health Administration (OSHA), a division of the US Department of Labor, initiated a National Emphasis Program to protect workers from the serious health effects from occupational exposure to isocyanates. Isocyanates are found in polyurethane based products. According to OSHA, "Workers exposed to isocyanates can suffer debilitating health problems for months or even years after exposure which could result in death."

California's Department of Toxic Substances Control (DTSC) on March 13, 2014 selected isocyanates and two others substances from a list of 1,100 toxic components that it will focus on with the goal of potentially banning them altogether within the next two years. The announcement is part of a bigger effort to educate consumers and manufacturers about product safety under the Green-Chemistry Law, which went into effect in California last year. Under the law, the agency has jurisdiction to ban these products altogether after following proper protocol. That process includes workshops, a public comment period and requiring manufacturers that want to sell these products in California to determine whether it would be feasible to use safer ingredients

The US EPA on January 8, 2015 announced that it was taking action to protect consumers from new uses and imports of harmful isocyanates in polyurethane. The EPA's proposed action, a Significant New Use Rule (SNUR) under the Toxic Substances Control Act (TSCA), would require manufacturers (including importers) to notify the EPA at least 90 days before starting or resuming new uses of isocyanates in polyurethane based consumer products. The EPA would then have the opportunity to evaluate the intended use of and if necessary, to take action to prohibit or limit all products containing over one tenth of one percent of the chemical including imported products that make their way into the United States

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