

## **Hybrid Enters into Rapidly Expanding Foam Insulation Market**

San Francisco CA, May 9, 2014 -- (MARKET WIRE) – Hybrid Coating Technologies Inc. (HCTI: OTCBB) is pleased to announce that it is entering the global insulation market, which, according to a report by the research group Freedonia, will exceed \$60B by 2016. Hybrid has acquired the exclusive global rights to Hybrid Nonisocyanate Polyurethane (HNIPU) Spray Foam from Nanotech Industries, Inc.

The Freedonia report on World Insulation also reports that, “The fastest growth is expected in the foamed plastic insulation segment, as these products will be used more frequently in construction applications because of their high-insulation values, allowing them to capture market share from fiberglass and mineral wool insulation.” The spray polyurethane foam (SPF) industry is predicted to grow at 6-7% globally and 6.5% in the US.

Hybrid currently has a pourable version of its novel foam technology, which has tested to have similar insulation and mechanical values to conventional SPF used on the market today. However, Hybrid’s material does not possess dangerous isocyanates used in current spray foams. Isocyanates are powerful irritants to the mucous membranes of the eyes and gastrointestinal and respiratory tracts. Exposure can lead to a host of respiratory ailments and even death from prolonged exposure.

Hybrid’s foam has several distinct advantages over conventional foam including the following:

- There is no need for costly and time-consuming safety equipment such as respirators, which are required when using conventional SPF
- When burned, foam made with isocyanates emits hydrocyanic acid (cyanide), which is extremely poisonous. Hybrid’s SPF avoids this possibility because it does not use isocyanates
- The lack of isocyanates and eco-friendly chemistry of Hybrid’s product make it a prime candidate, not just for commercial and industrial applications, but for home insulation, which is predicted to be the fastest growth segment in the industry
- The regulatory environment is making a dramatic shift toward restricting the use of isocyanates: The US EPA, the US Department of Labor and the state of California have all created new regulations and national enforcement programs against the use of isocyanates. Most recently, California’s Department of Toxic Substances Control (DTSC) has selected isocyanates 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.

Hybrid is the only company to date that makes commercially available polyurethane without using toxic isocyanates. “We have a tremendous opportunity with our nonisocyanate polyurethane technology as we enter the polyurethane spray foam industry,” said Joseph Kristul, President and CEO of Hybrid. “As the regulatory environment quickly changes and forces the industry to seek out nonisocyanate polyurethane alternatives, our technology is well positioned to be at the forefront of this change.”

Hybrid’s patented technology is the only formulation in the world today that produces commercially available polyurethane without using any isocyanates throughout the entire production process and without compromising product quality and durability.

### **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 coatings and paint for industrial and commercial customers around the world. We are the exclusive licensee of Green Polyurethane™ coatings and paint – the world’s first-ever patent protected polyurethane-based coatings and paint products that eliminate toxic isocyanates from the entire production process (licensed by Nanotech Industries, Inc.).

### **The Problem of Conventional 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, 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.

Since conventional polyurethanes contain isocyanates, very strict health and safety measures related to their use must be taken. In addition, special measures for the preparation of fillers for paints and coatings must be taken since isocyanates are very sensitive to moisture. Both of these issues lead to a highly regulated and costly working environment. On the other hand, it is not necessary to address any of these issues with Green Polyurethane™ since no isocyanates are used at any stage of the production or application process – making it hundreds of times less toxic than conventional PU.

Current global trends toward more environmentally sound products and new legislative restrictions on the use of hazardous materials and their chemical by-products pose formidable obstacles to conventional polyurethane manufacturers. Governmental health agencies and workers unions are beginning to actively speak out and regulate against the dangers of isocyanates in the workplace.

### **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 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 flooring applications. Green Polyurethane™ also provides the first sound solution to the environmental and health hazards associated with isocyanates in polyurethane. 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.

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

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) has 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

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