

Press Release

ANTI-FRAUD START-UP FRAUGSTER RAISES \$14M IN SERIES B ROUND LED BY COMMERZVENTURES

- Investors include Munich Re, the underwriter of Fraugster's Fraud Free Product
- Cross-border e-commerce set to overtake domestic online retail growth by 2020
- Fraugster works with Ingenico ePayments, Six Payments and other payment companies

Berlin, November 7th, 2018 – Fraugster, the software company that uses artificial intelligence to prevent fraud for online retailers, has raised \$14m in a Series B funding round led by CommerzVentures, the venture capital subsidiary of Commerzbank, and early Fraugster investors Earlybird, Speedinvest, Seedcamp and Rancilio Cube. Munich Re / HSB Ventures, the venture capital arm of the global reinsurer Munich Re, also participated in the round. Munich Re is insuring Fraugster's Fraud Free product which takes over the full liability for each transaction to help ensure the retailer will never lose out.

Berlin-based Fraugster will use the funds to continue its expansion into new markets, including the US, Asia and Europe, where retailers are facing an accelerating battle against fraud. Online merchants lose more than \$30bn to fraudulent transactions every year - roughly 1.5 per cent of their revenue and Fraugster is determined to wipe out the problem for its clients.

Fraugster has developed a proprietary technology from scratch that takes data from multiple sources, analyses and cross-checks it in a fraction of a second, to determine whether a transaction is fraudulent or not. By monitoring thousands of data points, Fraugster's technology can build a picture of a user's trustworthiness and decide whether the transaction is genuine or not.

The more information Fraugster's specially developed technology analyses, the greater the value of its data. For every transaction, Fraugster raises around 2,500 data points, generating rich consumer insights. Founder and CEO Max Laemmle says: "Our technology is constantly improving and adapting to new fraud trends as they emerge around the world. We are protecting our clients from the risk of fraud and also giving them a significant revenue uplift because we're reducing the number of genuine transactions that are erroneously blocked."

Stefan Tirtey, managing partner at CommerzVentures, said: "Fraud is a huge problem for e-commerce. Fraugster helps merchants to concentrate on selling, while reducing fraud and increasing conversion rates."

Fraugster currently monitors millions of transactions. Its clients include payment service providers Ingenico ePayments and Six Payments.

With e-commerce sales set to surpass \$4 trillion by 2020, the true cost of fraud is not limited to direct financial costs, but also includes the cost of missed sales opportunities. False positives - blocked genuine transactions - cost the industry over \$493bn in 2017 alone. For every dollar lost to fraud, \$17 is lost through transactions that are wrongly turned down, leading to lower revenues for the merchant.

Fraugster was founded in 2014 by Max Laemmle, CEO, who previously co-founded the payment gateway company Better Payment, and Chen Zamir, CTO, who spent more than a decade in analytics and risk management roles including five years at PayPal.

For more on the cost of fraud, see here:

https://fraugster.com/fraugster_the_total_cost_of_fraud_report-2018.pdf

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About Earlybird

Earlybird is a venture capital investor focused on European technology companies. Founded in 1997, Earlybird invests in all growth and development phases of a company. Amongst the most experienced venture investors in Europe, Earlybird offers its portfolio companies not only financial resources, but also strategic and operational support as well as access to an international network and capital markets. Earlybird manages different funds with focuses on digital technologies in Eastern and Western Europe as well as health technologies. With over EUR 1 billion under management, seven IPOs and 23 trade sales, Earlybird is one of the most successful venture capital firms in Europe.

Further information is available at: www.earlybird.com, Twitter: <http://www.twitter.com/EarlybirdVC>, LinkedIn: www.linkedin.com/company/earlybird-venture-capital or Facebook: www.facebook.com/EarlybirdVC.

About Fraugster

Headquartered in Berlin, Fraugster helps online merchants and retailers tackle fraud with modern technology. Fraugster created an Artificial Intelligence technology, which learns from each transaction in real-time and can anticipate fraudulent attacks before they happen. The German-Israeli company is already handling almost \$35bn in transaction volume for international merchants and payment service providers. For more information, please visit www.fraugster.com

Press Contact Earlybird

Catrin Schmidt

+49 30 46 72 47020
press@earlybird.com

Press Contact Fraugster

Antonella Scimemi
Burlington

Antonella@burlington.cc