Karamba Security Closes $12M in Series B Financing, Seven Months after Raising A Round, Driven by Market Demand for its Preventive Approach to Automotive Cybersecurity

Investors' excitement in broad market traction brings total funding in one year to $17M

ANN ARBOR, Michigan and HOD HASHARON, Israel — May 16, 2017 –Karamba Security, a provider of cybersecurity solutions for connected and autonomous vehicles, today announced $12 million in Series B funding, bringing total investment in the company to $17 million, one year after closing a seed round. The funding was driven by investors' excitement over customer engagements, resulting from Karamba's unique automotive cyberprevention technology. The investment will be used to expand customer support, sales and R&D organizations so that it can meet the rapidly growing demand. Existing investors YL Ventures and Fontinalis Partners led the round, followed by GlenRock Israel, with new strategic investments from:

- Paladin Capital Group, a government, security and intelligence-focused multi-stage investor in cybersecurity solutions for government and commercial markets
- Liberty Mutual Strategic Ventures, the early stage venture capital arm for Liberty Mutual Insurance's Global Consumer Markets business
- Presidio Ventures, the early stage investment vehicle of Sumitomo Corporation
- Asgent, Inc., a Tokyo Stock Exchange-traded provider of security management solutions and Karamba's Value-Added Distributor in Japan.

For Paladin Capital and Liberty Mutual Strategic Ventures, as well as for existing investor Fontinalis Partners, Karamba Security is their first investment in an Israeli corporation.

The global market for cybersecurity for cars was estimated by Mordor Intelligence to grow from $17 million in 2015 to $1.1 billion by the end of 2020 – a CAGR of 102.62 percent.[1]

Karamba Security has introduced a prevention software that seamlessly protects the car, based on its factory settings, and blocks hacking attempts as they deviate from the car's factory settings.

This deterministic approach ensures consumer safety by preventing the attack before hackers succeed to infiltrate the car and do harm.

When Karamba announced its solution in April 2016, the automotive industry was mostly evaluating network security solutions, adapted to the car. Such solutions are based on statistical modeling and are prone to false alarms, aka "false positives," that risk lives. An example would be the brakes failing because a legitimate command was mistakenly identified as malicious and blocked.

[1] "Global Market for Cybersecurity of Cars, 2017-2022," Mordor Intelligence, October 2016. https://www.mordorintelligence.com/industry-reports/global-market-for-cyber-security-of-cars-industry

“What we found compelling from the start was that Karamba Security solved this industry-wide problem and eliminated the risk of false positives,” said Yoav Leitersdorf, managing partner of YL Ventures and a board member at Karamba Security. “As a result, it has shifted the automotive security paradigm from detection to prevention.”

“Until Karamba, there were no preventive solutions with zero false positives, and many questioned whether it was even achievable,” added Chris Thomas, a founder and partner at Fontinalis Partners who also sits on Karamba’s board. “Now that the industry and investors are aware that prevention is attainable, they are choosing Karamba, and in doing so, they are enabling safer outcomes.”

"Car security must be centered on consumer safety, not data security,” said Chris Inglis, former deputy director of the National Security Agency and now a managing director at Paladin Capital Group. “Threats from nation states, hacktivists and ransomware authors continue to grow in scope and scale, threatening consumers in every facet of their daily lives. We can no longer afford to simply react to this phenomenon. We must get ahead of it. To that end, automotive cybersecurity requires stopping the attack before the hacker succeeds to infiltrate the car. Karamba Security’s software turns the tables on attackers, seizing the initiative on the front end of an attack cycle in a reliable, deterministic way - to safeguard people’s lives as much or more as the systems they use.”

In a little more than a year since coming out of stealth, Karamba has engaged with 16 automotive OEMs and Tier-1 suppliers. In addition, Karamba was recognized with the 2017 North American Frost & Sullivan Award for Automotive New Product Innovation.

“As the world becomes more connected, Liberty Mutual is committed to being at the forefront of understanding how to better protect our customers’ safety and security as new risks in the auto industry, like cyber, emerge,” explained Russ MacTough, managing director at Liberty Mutual Strategic Ventures. “We are very excited to partner with Karamba Security to help ensure that the next generation of vehicles is protected by leading edge technology.”

"Prevention is key. Our technology makes sure that only what's part of the factory settings can run," said Ami Dotan, Karamba's co-founder and CEO. "Once the system recognizes foreign code, or an in-memory attack, it prevents it from executing. Our deterministic approach stands in sharp contrast to network-based solutions that rely on probabilities to try to identify attacks in progress and block them – an after-the-fact technique that creates safety risks."

“On one hand, we see a future of great potential as embedded systems such as those found in automobiles become increasingly powerful and connected,” said Ted Tatsumi, CEO of Presidio Ventures, Inc. “On the other hand, with the rise of connectivity and autonomous control comes a serious security risk, which mandates cyber prevention as a vital part of product roadmaps.”

“Karamba’s autonomous security concept is perfectly suited to these conditions since it enables embedded systems to essentially protect themselves against hacking attempts. As a strategic

partner, we look forward to joining forces with Karamba to increase awareness for cybersecurity in automotive, as well as broader embedded systems markets worldwide."

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About Karamba Security
Karamba Security provides industry-leading autonomous cybersecurity solutions for connected and autonomous vehicles. Karamba's software products automatically harden the ECUs of connected and autonomous cars, preventing hackers from manipulating and compromising those ECUs and hacking into the car. Karamba's Autonomous Security prevents cyberattacks with zero false positives, no connectivity requirements and negligible performance impact. Karamba has been recognized with the 2017 North American Frost & Sullivan Award for Automotive New Product Innovation and by Forbes Israel as one of Israel's Top 10 Most Promising Cybersecurity Companies. It was also chosen to join Michigan Governor Rick Snyder's delegation to Israel earlier this year. More information is available at www.karambasecurity.com.

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