



2023 Q1 **Turkish** Startup Ecosystem Investment Report

startupcentrum.com

TABLE OF CONTENTS

StartupCentrum.....	3
Introduction.....	4
Summary Q1'23	6
Top Deals	7
Funding in Q1'23 (no. of deals).....	8
Funding in Q1'23 (amount, \$).....	9
Cities.....	10
Industries.....	11
Funding Amount.....	12
Investors.....	13
Co-founders.....	14
Crowdfunding.....	14
Startup Law Related Legislation Changes.....	15
Secondary Transactions.....	20
Turkish Diaspora.....	20
Data & Methodology.....	21

STARTUPCENTRUM

Global Startup Community!

Bridge Between Startups, Talents, Investors, & Incubators

Find the best startup jobs or launch your future unicorn company, meet the best talents and startups, get in contact with international accelerators and investors to grow!

WHO WE ARE?

StartupCentrum is also a startup that set out to help entrepreneurs find the right teammate, and then turned its focus to all the needs of entrepreneurship ecosystems. Startups can instantly apply investors or incubators, accelerators and technoparks through the platform. Or, s/he can find that teammate s/he has been looking for for a long time by filtering and send a message immediately. Platform member startups can also receive free credits and discounts from companies from AWS to Salesforce. In addition to these, you can access the reports prepared about entrepreneurship ecosystems in the world, especially in Türkiye, free of charge, or you can always participate in our entrepreneurship events held in different cities of Türkiye every month!

WHAT WE DO?



TALENT

Any talent who wants to work at a startup or scaleup can apply for job postings OR send a direct message by filtering startups according to their needs! Also, startups can open job applications OR send direct messages filtering talents by various filters!



FUNDING

A platform member startup can directly communicate with ecosystem stakeholders! A startup can apply to angel investors, VCs, CVCs and any other investors to receive funding! On the other hand, a startup can also apply to accelerator programs, incubation centers or technoparks!



REPORTS

The key to growth: Data! A decision maker, founder, investor or startup enthusiast can find insights about startups in our reports. We prepare investment reports, market research and ecosystem maps, and share them all for free! We also share news and weekly newsletter about startups from around the world!



PERKS & EVENTS

A platform member startup can take advantage of perks which increase in number every month, free of charge! Or entrepreneurs can join our Find Your Co-Founder events to meet people from the ecosystem and expand his/her network or find the co-founder s/he are looking for! You can follow us on social media for detailed information about the events.

INTRODURCTION

As the global startup community StartupCentrum, our aim is to evaluate startup ecosystems around the world with data and meet the needs of all stakeholders of the ecosystems. We prepare our reports to contribute to the development of the entrepreneurship ecosystem by creating a reliable and accurate source. The 2023 Q1 Turkish Startup Ecosystem Investment Report includes various information from the sectors of the funded startups to the investment stages, from the countries where the investors are located to the regions where the headquarters of the startups are located.

In 2020, \$178 million was invested in the Turkish entrepreneurship ecosystem. By the year 2021, the total amount of investment exceeded \$1.6 billion. The reason for this increase was a few startups receiving mega investments. Similar situation continued in 2022 as well. After closing with \$1.6 billion in investments, it was a matter of curiosity how the global economic and political climate would affect the tech startups in 2023.

In the first quarter of 2023, 77 startups received \$61 million in investment. Although the number of funded startups was similar to previous years, the total amount of investment was way lower. The lack of high-value investments played a role in this decrease.

Find out the details of how 2023 started in the report!

StartupCentrum

2023-Q1

**TURKISH STARTUP
ECOSYSTEM
AND FUNDINGS**

23

SUMMARY - Q1'23

\$61M

Total Funding Amount

Turkish startups received 61 million usd in Q1'23.

77

No. of Deals

77 startups are funded in 77 deals.

\$255,500

Median Fund. Amount

The median value of fundings was \$255.000.

Industry

\$15.2M

Blockchain

\$9.7M

Gaming

\$6.5M

Travel

8 startup

Gaming

6 startup

Fintech

6 startup

AI & ML

6 startup

Healthcare

6 startup

Dig. Marketing & Sales

103

Investors

103 institutional investors* funded Turkish startups in Q1'23.

17

Foreign Investors

17 of the 103 investors were foreigners.

12

Crowdfunding round

12 successful crowdfunding round were closed in Q1'23.

%31

Women-Led Startups

31% of the funded startups had at least 1 female co-founder.

\$9.9Mn

Total Funding Amount

Women-led startups received 9,9 million usd in Q1'23.

45

First Funding

45 startups received their first investment in Q1'23.

TOP DEALS

METATIME

Offers a distributed blockchain ecosystem that can be managed from a single screen.

Amount : \$11 M*
Valuation : -
Lead Investors : Yıldız Tekno GSYO

HOTELRUNNER

Offers a unified sales and distribution platform and B2B network for accommodation, travel agents and payment gateways.

Amount : \$6.5 M
Valuation : -
Lead Investors : 212, Wix Capital, Ascension Ventures, DHM

BİSU

One-touch mobile water delivery service offers fast food and meal delivery in Türkiye.

Amount : \$4.56 M**
Valuation : \$100M
Lead Investors : Aslanoba Capital, Logos Portföy

PASSION PUNCH

Develops mobile games backed by remarkable artwork and a compelling story.

Amount : \$4 M
Valuation : \$39 M
Lead Investors : Colendi

NETKASAM

Enables the digital transformation of SMEs and e-commerce operations.

Amount : \$3.2 M
Valuation : -
Lead Investors : IQ Money

PAXIE GAMES

Develops high quality in-house developed mobile games.

Amount : \$3 M
Valuation : -
Lead Investors : Ludus Ventures

WASK

Digital marketing and advertising SaaS platform.

Amount : \$2.4 M
Valuation : -
Lead Investors : Eksim Ventures

SPARGA

An agricultural venture focused on asparagus production.

Amount : \$2.2 M
Valuation : -
Lead Investors : Crowdfunding round (fonbulucu)

BLUEDOT

A payment platform that simplifies EV recharge payment and simplifies expense management for drivers and fleets.

Amount : \$2 M
Valuation : -
Lead Investors : TechNexus

LONCA

A marketplace that aims to digitize the wholesale fashion trade.

Amount : \$1.7M
Valuation : -
Lead Investors : 500 Emerging Europe

*Approximately \$10.8 million of the Metatime investment was generated by the startup's cryptocurrency sale.

**BiSu's investment amount has been established in line with the information available from the Trade Registry Gazette.

FUNDING IN Q1'23 (NO OF DEALS)

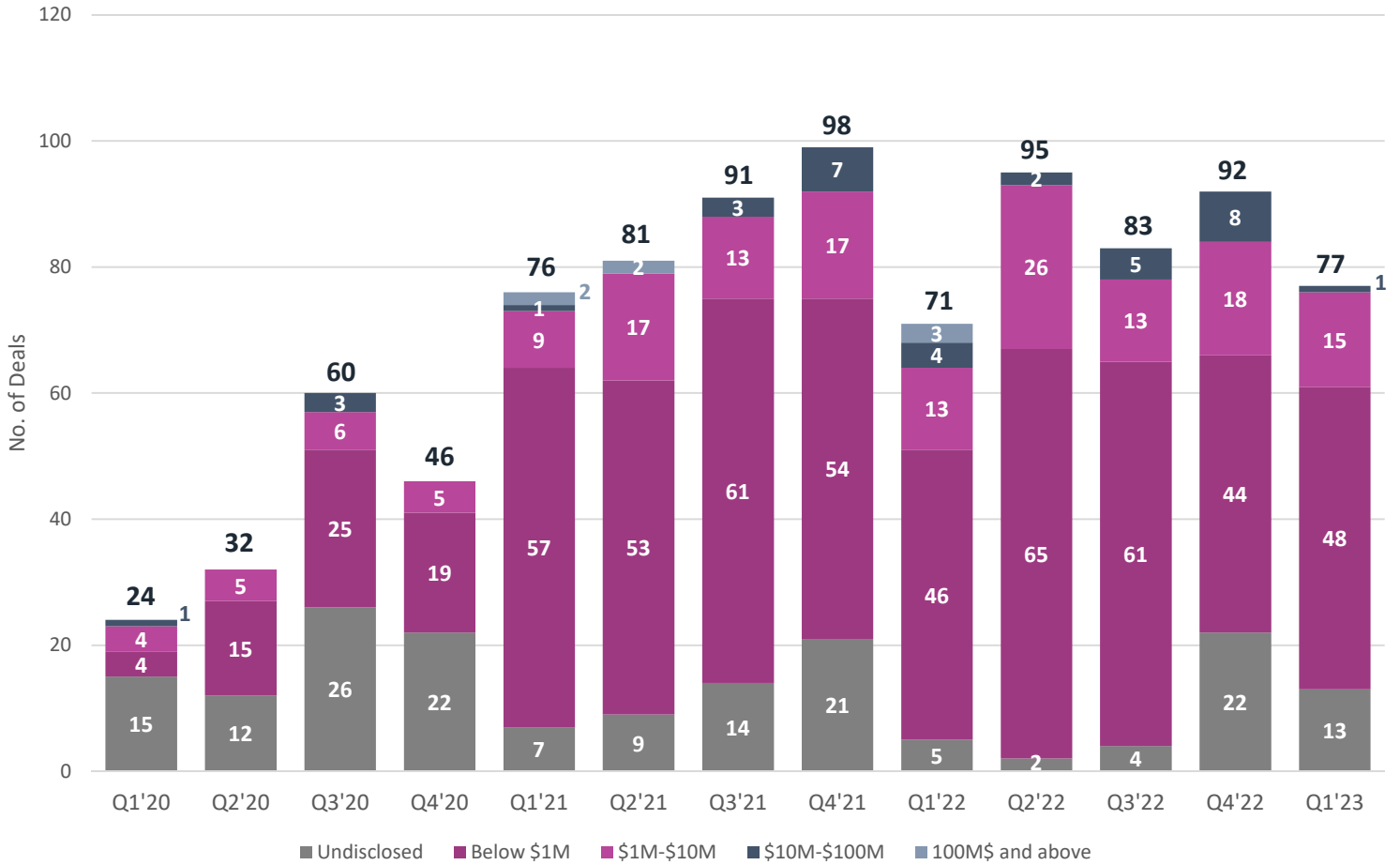


Chart1: Total number of investments by quantity range (deal count, quarter)

Towards the end of 2022, concerns regarding global economic crisis increased, and the uncertainties in the global economic and political climate had a negative impact on the ability of tech startups to secure investments. High-valued investments experienced a significant decrease, and this trend continued into 2023.

In the first quarter of 2023 in Türkiye, 77 tech startups received investments. While the rapid rise of 2021 and 2022 continued, there was a slight slowdown in investment in this quarter. Notably, there was a significant decrease in investments over \$10 million, and only one investment was made in the first quarter of the year. This investment was mostly made through the company's cryptocurrency, with about \$10.8 million of the \$11 million invested in Metatime .

However, the number of investments under \$1 million and between \$1-10 million was almost the same as in the first quarter of 2022. This indicates that interest in tech startups remains high. The decrease in high-value investments may cause challenges for tech startups seeking investment. To address this, entrepreneurs may target lower-value investments and pursue a sustainable growth strategy for the remainder of the year.

As seen from the graph, the first quarter of each year typically experiences the least amount of investment. Therefore, although a similar number of investments to 2022 are expected in total in 2023, it is unclear whether the investment amount will be the same.

FUNDING IN Q1'23 (AMOUNT,\$)

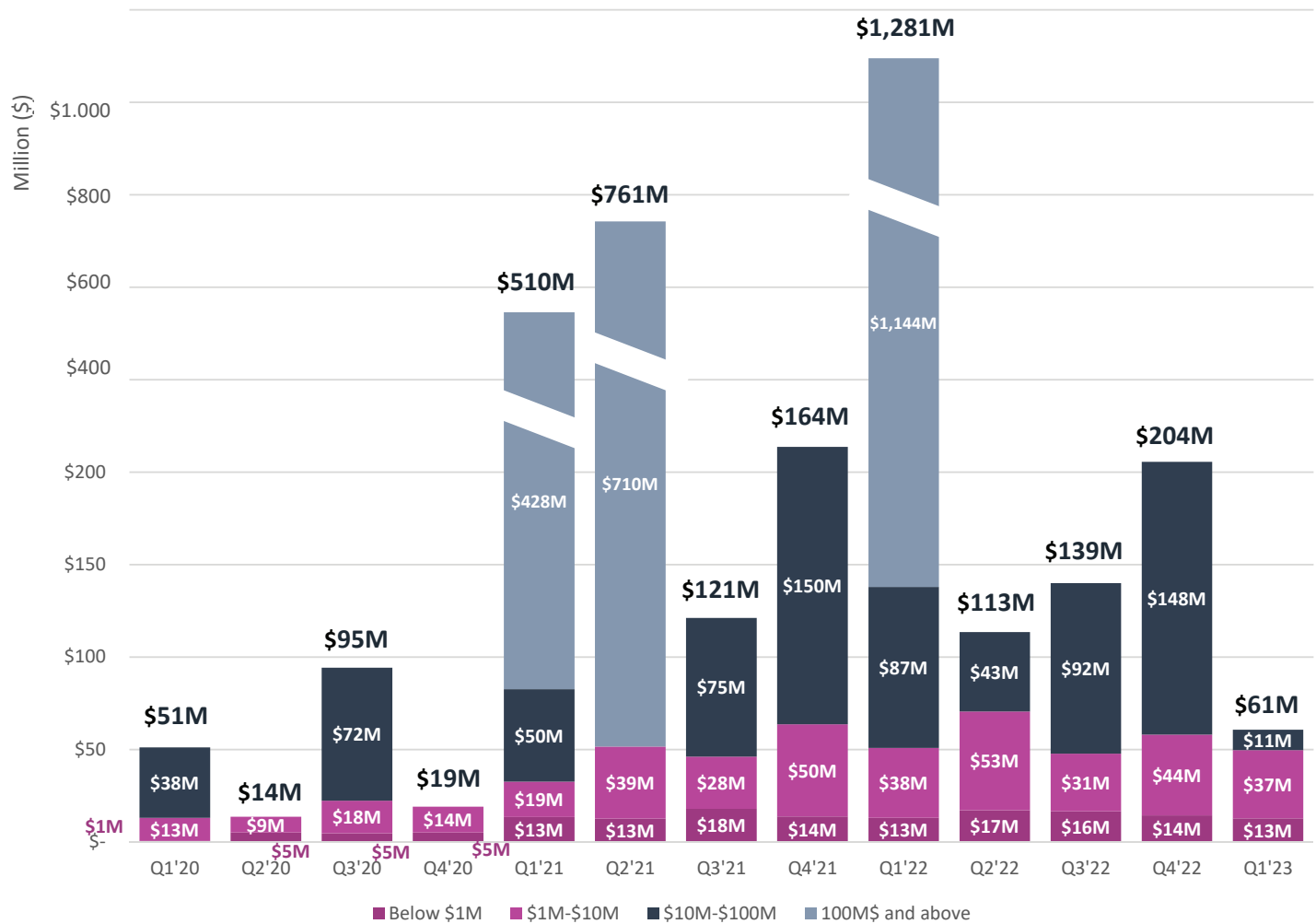


Chart2: Total investment amount by amount range (\$, quarter)

Although the number of investments in Q1'23 was similar to the same period in previous years, the amount of investment was way lower. Turkish startups received a total of \$61 million in investment, making it the least invested quarter since the beginning of 2021.

The impact of high-value investments can be seen more clearly in the graph above. Despite investments between \$10-100 million being made each quarter since the middle of 2021, it is unclear whether these investments will become permanent in the ecosystem in 2023. Additionally, the 'Investor' page in the report shows that the decrease in the interest of foreign investors has also affected high-value investments.

However, the total of investment rounds under \$10 million has followed a similar trend to previous years. This indicates that the interest in investing in early-stage startups continues, with local and individual investors typically participating in investments made in this range.

While entrepreneurs may be worried about the expectation of global economic crisis, it can be a good opportunity for investors. Low-value investments are generally made in startups in the seed stage, and the seeds planted during this period can turn into unicorns in the coming years for investors.

CITIES

Türkiye-based

60
Startups **\$39.4M**
Funding Amount

Startups that are headquartered in Türkiye and those that receive their investment through a company located in Türkiye.

Foreign-based

17
Startups **\$21.2M**
Funding Amount

Startups that are originally founded in Türkiye, but have their headquarters located outside of the country. These startups mainly operate from Türkiye and utilize the benefits provided by incubators and technoparks located in Türkiye.

60 of the 77 startups that received investment, were based in Türkiye and raised a total of \$39.4 million in Q1'23. The investment details of 31 of these 60 startups were fully confirmed through the Turkish Trade Registry Gazette, while information about the remaining 29 (including crowdfunding investments) was only partially confirmed through the same source.

Additionally, 17 startups that have their headquarters located outside of Türkiye but conduct most of their operations within the country received \$21.2 million in investment during this period. Six out of these 17 startups registered their headquarters as being located outside of Türkiye in 2023. 10 of the 17 were based in Delaware (USA), 3 in London (UK), 3 in Tallinn (Estonia), and 1 in Düsseldorf (Germany).

City	No. of Companies	Funding Amount(\$)	Crowdfunding Round
Istanbul	59	\$50 M	9
Ankara	8	\$2 M	2
Izmir	6	\$9.8 M	-
Erzurum	1	-	-
Kayseri	1	\$234.000	1
Kocaeli	1	\$255.500	-
Konya	1	\$29.800	-
Sakarya	1	\$239.500	-

Chart3: Cities with funded startups

Looking at the cities where startups received investment, Istanbul is once again leading the way. The 59 startups based in Istanbul received approximately \$50 million in investment, and 9 were received investment through crowdfunding. In Ankara, the capital of Türkiye, 8 startups received a total of \$2 million in investment, while in Izmir, 6 startups received \$9.8 million in investment. \$6.5 million of the \$9.8 million invested in Izmir, \$6.5 million went to HotelRunner, a travel startup based in the UK but also operating from Izmir.

In addition, Erzurum is a new city on this year's list. A consultation platform for general practitioners called For Physician, whose official headquarter is in Erzurum, received investment worth approximately 7.5 million Turkish Liras.

Although the number and amount of investments are not yet sufficient, 2023 has started with investments in cities such as Kayseri, Kocaeli, Konya, and Sakarya, where at least a few startups receive investment every year.

INDUSTRIES

In 2023, the industries that received the most investment did not change much compared to the previous year. Gaming, artificial intelligence and machine learning, finance, and health remained the industries that received the most investment. The digital marketing and sales vertical, where many SaaS startups have emerged in recent years, also started the 2023 with investments.

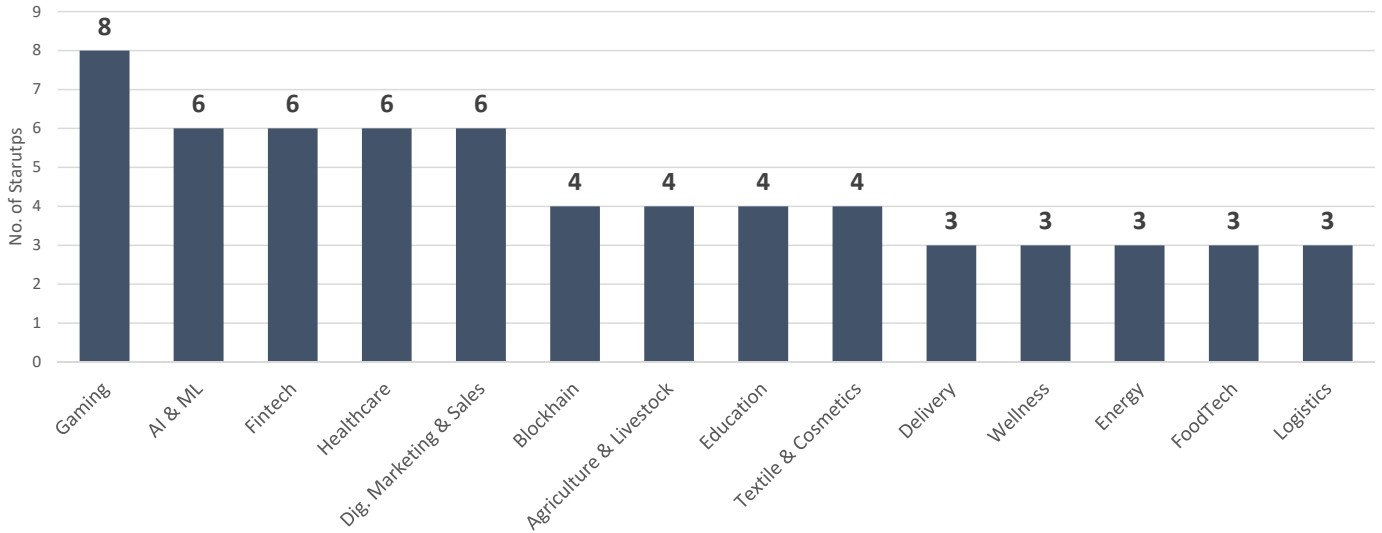


Chart4: Industries of funded startups (number)

In 2022, there was an increasing trend of interest in blockchain startups in Türkiye, and it seems that this interest will continue in 2023. 4 blockchain startups received a total of \$15.2 million in investment, with two of them being gaming startups (Passion Punch and Funverse Games) and two being blockchain-focused product ecosystem startups (Metatime and GAMI World). Metatime, which received \$11 million in investment, was the most funded sector of the quarter, followed by blockchain gaming startups with \$9.7 million. The travel sector, which followed gaming, had HotelRunner, which received \$6.5 million in investment.

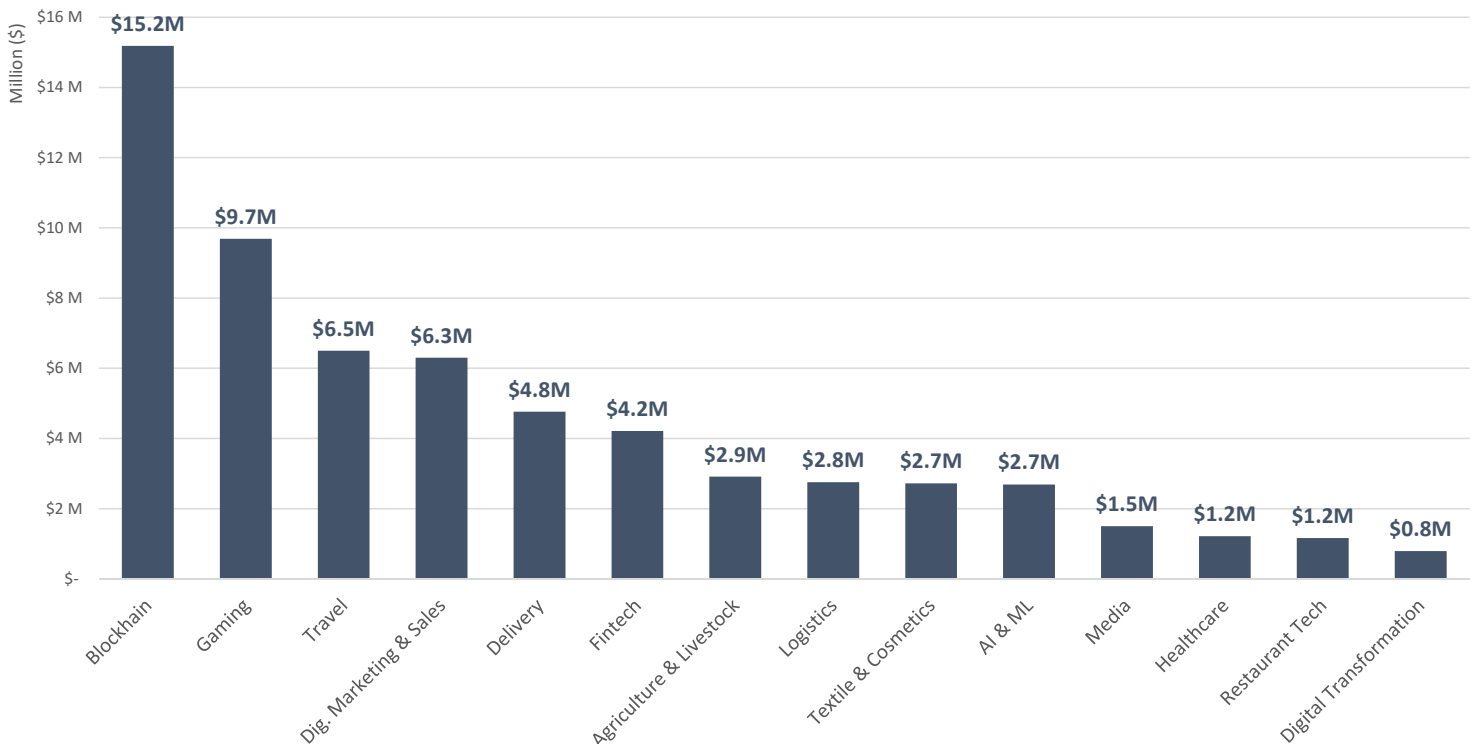


Chart5: Industries of funded startup (\$)

FUNDING STAGE

When analyzed by investment stages, the first quarter of 2023 was relatively quiet in terms of Late Stage investments. All investments were made in Seed and Early Stage. Seed Stage investments accounted for 88% (68 investments) of all investments. A total of \$40.9 million was raised at this stage, with a median investment amount of approximately \$245,000. In the Early Stage, 9 startups received \$19.8 million in investment, with a median investment amount of \$3 million.

	No. of Deals	Amount (\$)	Median of Deals (\$)	Avg. of Deals (\$)
SEED	68 deals	\$40.9 M	\$244,600	\$704,800
EARLY STAGE	9 deals	\$19.8 M	\$3 M	\$2.83 M

Chart6: Funding stage distribution

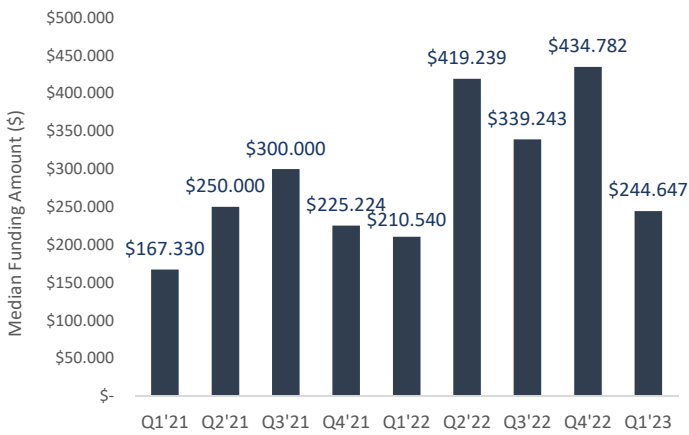


Chart7: Median amount of seed investments (quarter, \$)

The graph on the side shows the median amounts of seed stage investments. According to the graph, the median for seed investments in the first quarter of 2023 was lower than that of 2022. Although there was a significant decrease in the median amount compared to the previous quarter, it can be said that it remained at a similar level to that of 2021 on average. In other words, the investments made per startup in the seed stage have decreased compared to 2022 and returned to 2021 levels.

FUNDING ROUNDS

In Q1'22, 40 out of 71 startups (56%) received investment for the first time. In Q1'23, this ratio remained almost the same, with 45 out of 77 startups (58%) receiving investment for the first time.

These first-time funded startups received a total of \$18.3 million in Q1'23, while \$35 million was invested in the same period in 2022.

The average investment per startup in the previous quarter was \$522,800, while in 2022, it was \$947,700. There was also a decrease in the median investment amount compared to 2022. The median investment amount, which was \$250,000 in the first quarter of 2022, fell to \$239,500.

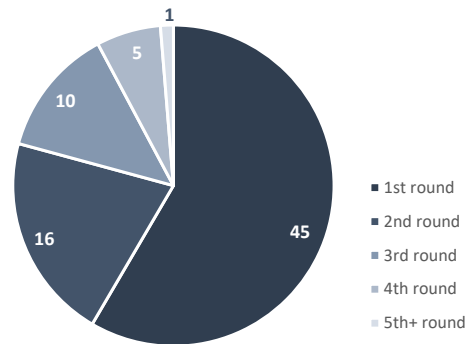


Chart8: Distribution of closed rounds by startups in Q1'23

\$18.3M

Funding Amount

Total investment amount of startups that funded for the first time in Q1'23

\$239.500

Median Fund. Amount

Median investment amount of startups that funded for the first time in Q1'23

\$522.800

Avg. Fund. Amount

Average investment amount of startups that funded for the first time in Q1'23

INVESTORS

251

Investors

Number of investors who made at least 1 investment in Q1'23, including all investor types

148

Individual Investors

Number of individual investors and angel investment networks that have at least 1 investment in Q1'23.

103

Institutional Investors

Number of institutional investors identified to have at least 1 investment in Q1'23

In the first quarter of 2023, a total of 77 investment rounds were conducted, with at least 251 investors involved. Of these investors, 148 were individual and angel investors, while 103 were institutional investors. Individual and angel investors led 14 investment rounds, while institutional investors led 51 rounds. The distribution of institutional investors by continent is shown in the map below.

Foreign investors have shown a significant interest in the Turkish startup ecosystem in the last two years, contributing significantly to the investment amounts. However, 2023 has started with less foreign investor interest. Of the 103 institutional investors, only 17 were based outside of Türkiye. These 17 investors participated in 13 investment rounds, with a total size of approximately \$22.2 million.

Foreign investors play a crucial role in developing startup ecosystems in developing countries like Türkiye. Their interest provides startups with more accessible financing and encourages other investors to invest as well. It seems that 2023 will be a year in which we will better understand the importance of foreign investors for the ecosystem.

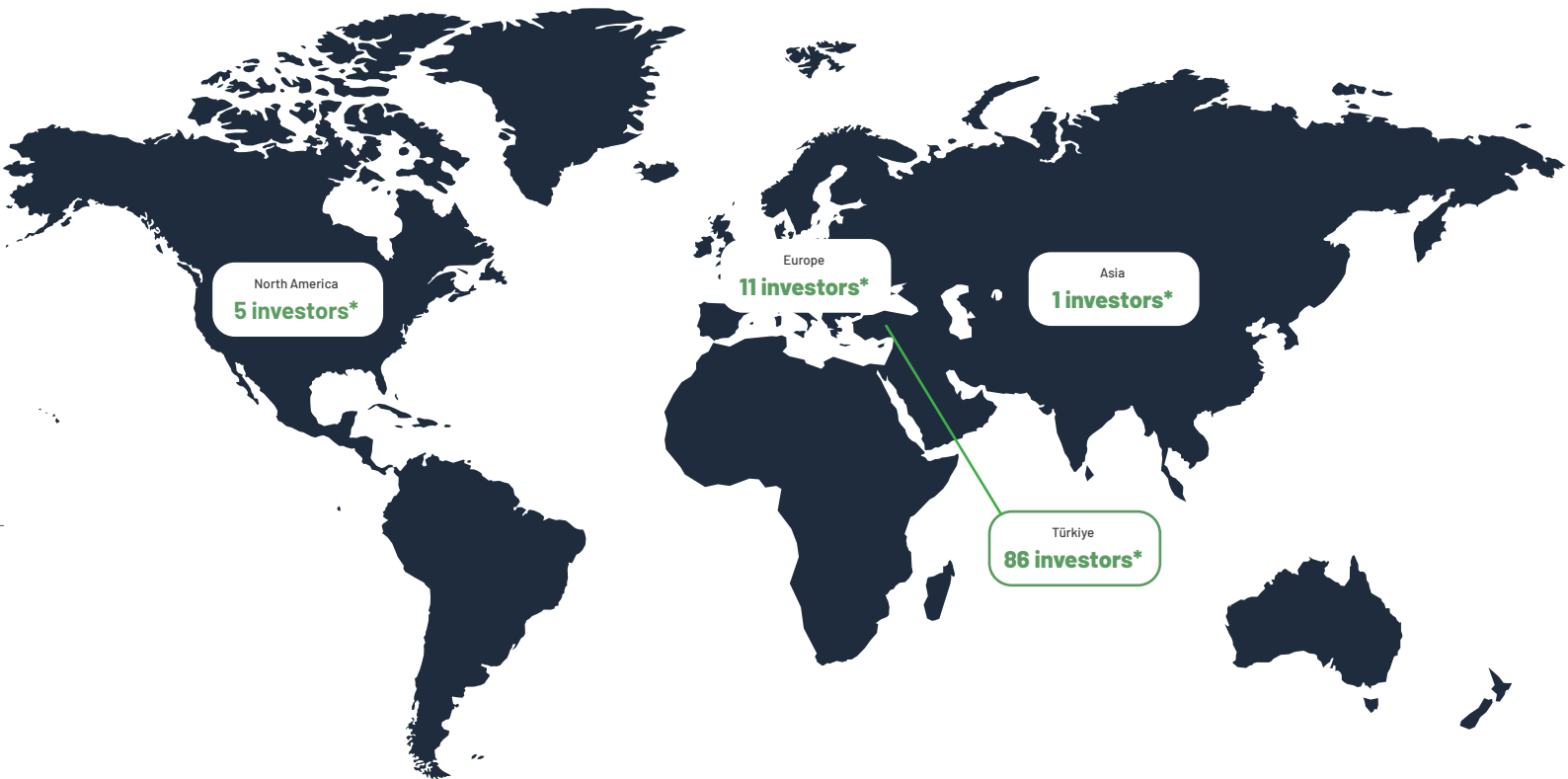


Chart9: Regional distribution of institutional investors

CO-FOUNDERS

In the first quarter of 2023, a total of 155 co-founders were involved in the 77 startups that received investment. Of the 155 co-founders, 14% (21 individuals) were women, while 86% (134 individuals) were men. In 2020, 11.3% of co-founders of startups that received investment were women, while this rate dropped to 10% in 2021. In 2022, there was a significant increase in the number of female co-founders in startups that received investment. In terms of gender distribution, 2023 started at a level similar to the previous year.

In 2023, 19 startups with at least one female co-founder received approximately \$9.9 million in investment. Of these startups, three received investments over \$1 million, while 16 received investments below \$1 million.

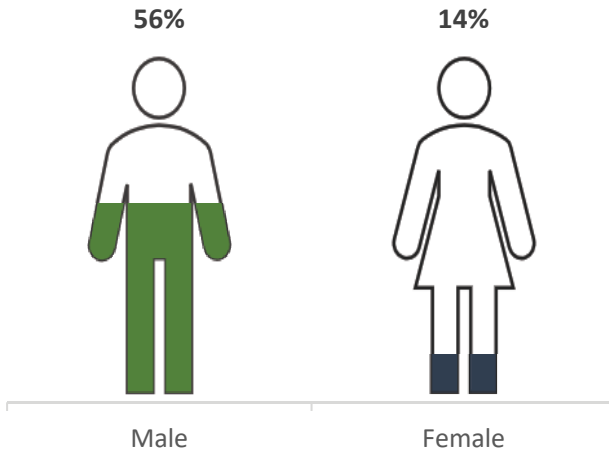


Chart10: Gender distribution of co-founders of funded startups

19 Startups

19 startups with at least 1 female founder received investment in Q1'23. 4 of them have only female co-founders.

\$9.9M

Funding Amount

In Q1'23, startups with the at least 1 female founder received an investment of \$9.9 million. Startups with only female co-founders received an investment of \$2.2 million.

CROWDFUNDING

12

Successful Rounds

In Q1'23, 12 investments were closed through crowdfunding platforms.

₺105,1M

Funding Amount

In Q1'23, 105.1 million TRY was made through crowdfunding platforms. This equates to approximately \$5.5 million.

₺5,1M

Median Fund. Amount

The median value of the investments was 5.1 Million TRY. This equates to about \$270,500.

Platform	No. of listed startups	Successful Funding	Failed Funding	Continuing*	Investment Amount
Fonbulucu	11	7	-	4	TRY 82.6 M
Fonangels	4	2	1	1	TRY 11.1 M
Fongogo	2	1	-	1	TRY 2.4 M
StartupBurada	3	1	-	2	TRY 2.9 M
Fonlabüyüsün	1	1	-	-	TRY 5.9 M
Basefunder	1	-	-	1	-
Efonla	1	-	1	-	-

*As of March 31, 2023

Chart11: Q1'23 performance of crowdfunding platforms

2023-Q1

STARTUP LAW

RELATED LEGISLATION CHANGES

Prepared by:

**YAŞAR
LAW
OFFICE**

DEVELOPMENTS IN STARTUP LAW - Q1'23

1) Amount of Earnings to be Exempted from **Income Tax** within the Scope of **Young Entrepreneur Support** has been **Increased**

The portion of 75,000 Turkish Liras of the income which is obtained by full taxpayer real persons who have been registered as income taxpayers for the first time due to their commercial, agricultural or professional activities and who have not completed the age of 29 as of the registration of the taxpayer, for three taxation periods starting from the calendar year in which the activity was commenced is exempt from income tax. Pursuant to the Law No. 7440 on Restructuring of Certain Receivables and Amending Certain Laws ("**Law No. 7440**") published in the Official Gazette dated 12.03.2023, amount of earnings to be exempted from income tax has been regulated as the amount in the second income bracket of the income tax tariff; thus, for 2023, young entrepreneurs' earnings up to TRY 150,000 are exempt from income tax.

2) Compliance Period with the **Payment Services Regulations** has been **Extended Again**

The Regulation on Payment Services and Electronic Money Issuance and Payment Service Providers and Communiqué on Information Systems of Payment and Electronic Money Institutions and Data Sharing Services of Payment Service Providers in the Field of Payment Services have been entered into force through their publication in the Official Gazette dated 01.12.2021 and numbered 31676. Institutions operating as of this date were obliged to comply with the new regulations until 01.12.2022. The compliance period with the new regulations has once again been extended until 30.04.2023.

3) Amount of Earnings of **Social Media Content Producers and Application Developers** for Mobile Devices to be Exempted from **Income Tax** has been **Increased**

Earnings of social media content producers derived from those activities and earnings of application developers for mobile devices through electronic application sharing and sales platforms have been exempted from income tax and value added tax as of 01.01.2022. In order to benefit from this exemption, the relevant taxpayers are required to open an account in banks established in Türkiye and collect all earnings related to these activities exclusively through this account. Banks withhold income tax at the rate of 15% on the amount of earnings transferred to the accounts opened within this scope as of the date of transfer, thus the income tax rate remains constant at 15%. The upper limit of earnings subject to income tax exemption has been increased to TRY 1,900,000 in line with the amendment in income tax tariff.

4) **Minimum Equity Amount** of Payment Institutions and Electronic Money Institutions has been **Increased**

Pursuant to the Communiqué on Redetermination of Minimum Equity Amounts of Payment Institutions and Electronic Money Institutions has been published in the Official Gazette dated 28.04.2023 and numbered 32087, which will enter into force on 30.06.2023, the minimum equity amounts of payment institutions and electronic money institutions shall be increased to (i) TRY 7,000,000 for payment institutions intermediating invoice payments, (ii) TRY 15,000,000 for other payment institutions, except for payment institutions providing the service of providing consolidated information on online platforms regarding the payment accounts of the payment service user held with payment service providers, and (iii) TRY 41,000,000 for electronic money institutions.

DEVELOPMENTS IN STARTUP LAW - Q1'23

5) **Additional Corporate Tax** has been Imposed Against Taxpayers **Benefitting from Corporate Tax Exemptions and Deductions**

Pursuant to the Law No. 7440, a one-time additional corporate tax has been imposed against taxpayers benefitting from corporate tax exemptions and deductions, which will be subject to corporate tax returns pertaining to 2022. Accordingly, the additional corporate tax at the rate of 10% shall be calculated on the exemption and deduction amounts from the corporate income in accordance with the Corporate Tax Law No. 5520 (“CTL”) and other laws, and over the tax base subject to reduced corporate tax in line with the article 32/A of the CTL. This additional corporate tax shall be collected without being associated with the income for the period, i.e. even if the taxpayer has made a loss within the period. In addition, the additional corporate tax at the rate of 5% shall be calculated on the earnings subject to the participation income exemption as per the article 5/1(a) of the CTL and on the earnings subject to participation income that are derived from abroad and certified to carry a tax burden of at least 15%. The additional corporate tax shall be paid in two instalments in April and August. Taxpayers subject to a special accounting period shall declare the additional corporate tax with the corporate tax return to be issued for the fiscal year closing in 2023.

Taxpayers from the region declared as disaster area are exempt from additional corporate tax. In addition, the corporate tax exemptions and deductions that are not be subject to additional corporate tax, which can be evaluated within the scope of startup law, are as follows: the corporate tax exemption amount obtained by deducting the venture capital investment funds or partnerships, the amount obtained by deducting the venture capital fund allocated for the purpose of capitalizing venture capital investment partnerships or acquiring venture capital investment fund shares from the corporate tax base, the corporate tax exemption and deduction amount on the income that micro and small enterprises derived from technology development zones (“**Technopolis**”) and research and development (“**R&D**”) and design centers.

As a result, startups and their investors will be required to pay additional tax at the rate of 5% or 10% of other corporate tax exemptions and deductions they benefit from. However, it is considered necessary for the relevant taxpayers who will pay the additional corporate tax described above to declare the corporate tax declaration with a reservation on the grounds that the additional corporate tax is contrary to the principles of non-retroactivity and foreseeability and to file a lawsuit with a refund request.

6) Developments in the **Portfolio Management Companies** Regulations

The Communiqué Amending the Communiqué on Principles Regarding Portfolio Management Companies and Their Activities (III-55-1.d) (“**Amendment Communiqué**”) has entered into force through its publication in the Official Gazette dated 18.02.2023 and numbered 32108. Amendment Communiqué has introduced the sub-portfolio management. Portfolio management companies (“**Company**”, “**Companies**”) which are authorised by the Capital Markets Board (“**CMB**”) or institutions authorised abroad to perform portfolio management activities will be able to manage a certain portion or all of the portfolio managed by an authorised institution abroad or a portfolio management company in Türkiye (sub-portfolio manager) within the framework of the agreement between them. There is no requirement to sign an agreement between the sub-portfolio manager and investors.

Pursuant to the Amendment Communiqué, the minimum initial capital of the Companies for the evaluation of the establishment permit applications by the CMB has been increased to TRY 30,000,000. The minimum shareholders’ equity requirement shall be (i) TRY 30,000,000 for Companies with a managed portfolio size of TRY 1,000,000,000, (ii) TRY 40,000,000 for Companies with a managed portfolio size of TRY 1,000,000,001 to TRY 4,000,000,000, (iii) TRY 50,000,000 for Companies with a managed portfolio size of TRY 4,000,000,001 to TRY 36,000,000,000, and (iv) TRY 100,000,000 for Companies with a managed portfolio size exceeding TRY 36,000,000,000. For Companies with a managed portfolio size exceeding TRY 72,000,000,000, additional equity equal to 0,02% of the exceeding amount will be required; however, if the equity amount exceeds TRY 200,000,000, the additional equity will not be further required. In addition, the minimum number of portfolio managers has been increased to be no less than 3, 4, 5 and 6, respectively, according to the above-mentioned portfolio size ranges. The Amendment Communiqué allows Companies to establish a liaison office. In order to establish a liaison office, a liaison office manager who meets the necessary qualifications as per the Communiqué on Principles Regarding Portfolio Management Companies and Their Activities and a sufficient number of personnel shall be employed.

Companies which obtained the establishment and activity permits prior to Amendment Communiqué shall comply with these amendments until 30.06.2023, this period may be extended up to six months in case of reasonable grounds.

DEVELOPMENTS IN STARTUP LAW - Q1'23

7) President has been Authorised to Increase the **Ratio of Working Hours Spent Outside the Technopolis and R&D and Design Centers** that can be Benefitted from **Income Tax Withholding Incentive to 100%**

Pursuant to the Law No. 4691 on Technology Development Zones ("Technopolis Law"), the income tax calculated after applying the minimum living allowance on the wages of R&D design and support personnel working in Technopolis arising from their relevant duties can be deducted from the tax accrued on the withholding tax return to be submitted. This incentive thus reduced the personnel costs of the venture companies. In addition, it was regulated that the periods spent outside the Technopolis or R&D and design center shall also be considered within the scope of the income tax withholding incentive, provided that they do not exceed 20% of the total number of personnel working in the Technopolis or R&D and design center hours subject to the income tax withholding incentive or the total working hours subject to incentive. Within the scope of the authorization granted to the President, pursuant to the Presidential Decree No. 5806, this ratio was increased to 75%. Accordingly, for example, in case 10 employees of an employer spend all of their monthly working time in their branch in Technopolis and 30 employees spend all of their monthly working time outside, this incentive can be utilized for all 30 employees working outside (corresponding to 75% of the total number of employees). On 12.03.2023, pursuant to the amendments on Technopolis Law and the Law No. 5746 on Supporting Research, Development and Design Activities, the President has been authorized to increase the ratio of the working hours spent outside the Technopolis and design centers to 100%

8) Implementation Period of Additional **Corporate Tax Deduction for R&D and Design Expenditures** has been **Extended**

Pursuant to the Decree of the Council of Ministers numbered 2016/9092, 50% of the increased amount of the R&D and innovation or design expenditures made by R&D or design centers compared to the previous year can be subject to an additional deducted in the determination of taxable corporate income. In order to benefit from this additional corporate tax deduction, R&D or design centers shall achieve at least a twenty percent increase in any of the following indicators compared to the previous year: (i) the ratio of R&D or design expenditure in total turnover, (ii) the number of registered national or international patents, (iii) the number of internationally supported projects, (iv) the ratio of the number of postgraduate researchers in R&D or design centers to the total number of R&D or design personnel, (v) the ratio of the total number of researchers or designers in R&D or design centers to the total number of R&D or design personnel, and (vi) the ratio of turnover generated from new products resulting from R&D or design activities to total turnover. Pursuant to the Presidential Decree No. 6652, the implementation period of the additional corporate tax has been extended to 31.12.2028.

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Founding Attorney

Yaşar Law Office is established to provide solid, practical and effective solutions to its clients through its responsive, diligent and dynamic approach.

We provide consultancy and litigation services to real and legal person clients in the fields of corporate law, commercial law, employment law, data protection law, dispute resolution, enforcement and bankruptcy law, tax law, inheritance law, real estate law and foreigners law. We assist in the procedures of company incorporation, preparation of shareholders' agreements and all other day-to-day corporate matters. Our team provides assistance with utmost care on contract transactions, ranging from drafting, reviewing, amending and negotiating contracts to enforcement and termination, and represents our clients in the resolution of commercial disputes. In addition, in the field of employment law, we offer legal consultancy to prevent disputes and carry out litigation procedures in case a dispute arises. We manage various issues ranging from incentives to taxation of the digital economy. We ensure our clients comply with the applicable data protection and privacy legislation, especially the Personal Data Protection Law, provide legal consultancy on compliance process and preparation of necessary documents

We render legal services in Turkish, English, and German.

Please note that this informative note is not intended to cover all matters that may need to be considered in relation to rights and liabilities regarding the subject matter nor does it constitute legal advice. If any advice is required in relation to this subject, please contact Yaşar Law Office: info@yasarlaw.com, yasarlaw.com

2023-Q1

SECONDARY TRANSACTIONS AND TURKISH DIASPORA

SECONDARY TRANSACTIONS

Startup	Acquirer	Acquirer Country	Deal Type	Amount
Fitty	Tamer Group	Türkiye	Acquisition	
Tridi	Xometry	USA	Acquisition	
InfoSet	BtcTürk	Türkiye	Acquisition	
Playbook	eduMe	United Kingdom	Acquisition	
Ludus Eğitim	Kidolog	Türkiye	Acquisition	
Tuvis	Smartex	Portugal	Acquisition	
Biletiva	Mobilet	Türkiye	Acquisition	
Mindbehind	Insider	Türkiye	Acquisition	
Maçkolik	IPO	Türkiye	IPO	323.000.000 TRY (Collected amount)

TURKISH DIASPORA

Startup	Amount	Investor	Co-founders	HQ
Carbon Health	\$ 100.000,00	CVS Health Ventures	Caesar Djavaherian, Eren Bali, Greg Burrell, Pablo Stanley, Tom Berry	USA
House of Blueberry	\$ 6.000.000	Makers Fund, Everblue Management	Gizem Mishi McDuff	USA
Sovereign Labs	\$ 7.400.000	Haun Ventures	Cem Özer, Preston Evans	USA
Flowla	\$ 1.300.000	Antler, Fuel Ventures, ScaleX Ventures, Logo Ventures	Erdem Gelal, Alper Yurder, Oğuz Gelal	UK

DATA & METHODOLOGY

- The investment data presented in the report does not include IPOs, debt financing, growth equity, and grants.
- VC investments made by Private Equity firms are included in the investment data.
- Before being classified as a startup, each company was evaluated by our team, taking into account factors such as growth potential, problem solving, technology, age, etc. Scale-up companies are also included in the data. Our definition of “startup” includes companies that started as a startup.
- The latest included data date is March 31, 2023.
- Startups that provide services in multiple sectors are included in each sector they operate in when discussing the most invested sectors.
- Investments made in different currencies are converted to US dollars (\$) at the exchange rate on the date of the investment announcement. Investments valued in millions are indicated by the abbreviations “M” or “Mn” (e.g., \$1,000,000 = \$1M or \$1 Mn). Investments valued in billions are indicated by the abbreviation “Mr” (e.g., \$1,000,000,000 = \$1 Mr).
- The investment stages section uses the stages announced by the startups in their investment rounds.
- The section on Turkish Diaspora includes startups whose founders are of Turkish origin but do not meet the criteria for “Turkish startups”

What are the criteria for a startup to be considered a Turkish startup?

A startup must meet one of the following 3 main criteria to be considered a Turkish startup:

1) Having an official company only in Türkiye,

2) Meeting at least 2 of the following 4 sub-criteria:

- Having participated in an incubation center/acceleration program in Türkiye before
- Having been in any technopark in Türkiye before
- Having a (legal) company established in Türkiye
- Both the founders and some of the team (depending on the size of the team) living in Türkiye

3) If the startup has a (legal) company established in Türkiye and has received its initial investments through this company but later moved its headquarters abroad, it is still considered a Turkish startup.

We classify Turkish startups as ‘Türkiye-based Startups’ and Foreign-based Startups’ based on the criteria listed above. The purpose of this classification is to provide decision-makers, researchers, and entrepreneurs with a small contribution to solving questions such as why Turkish entrepreneurs prefer to establish their companies abroad or why they feel the need to move their companies abroad. With these data that we will regularly share in each of our reports, it will be easy to observe whether the number of startups based abroad is increasing or decreasing over time.

Türkiye-based startups:

- Startups that have a registered company in Türkiye and receive investments through that company.
- Startups that have a registered company both in Türkiye and abroad, but receive investments through the Turkish company.
- Startups that have a company only in Türkiye, but their investment has not yet been reflected in the trade registry.

Foreign-based Startups:

- Startups that have a registered company abroad and receive investments through that company.
- Startups that have a registered company both in Türkiye and abroad, but their investment cannot be traced through the Turkish trade registry.
- Startups that meet the criteria to be considered a “Turkish startup,” but do not have a registered company in Türkiye.

Startups that have not yet established a formal company are categorized into one of the two categories above based on the entrepreneur’s declaration or the country where the team is located.



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