

TURKISH STARTUP ECOSYSTEM

2023 Q3 REPORT

V1.01 - OCTOBER 10, 2023

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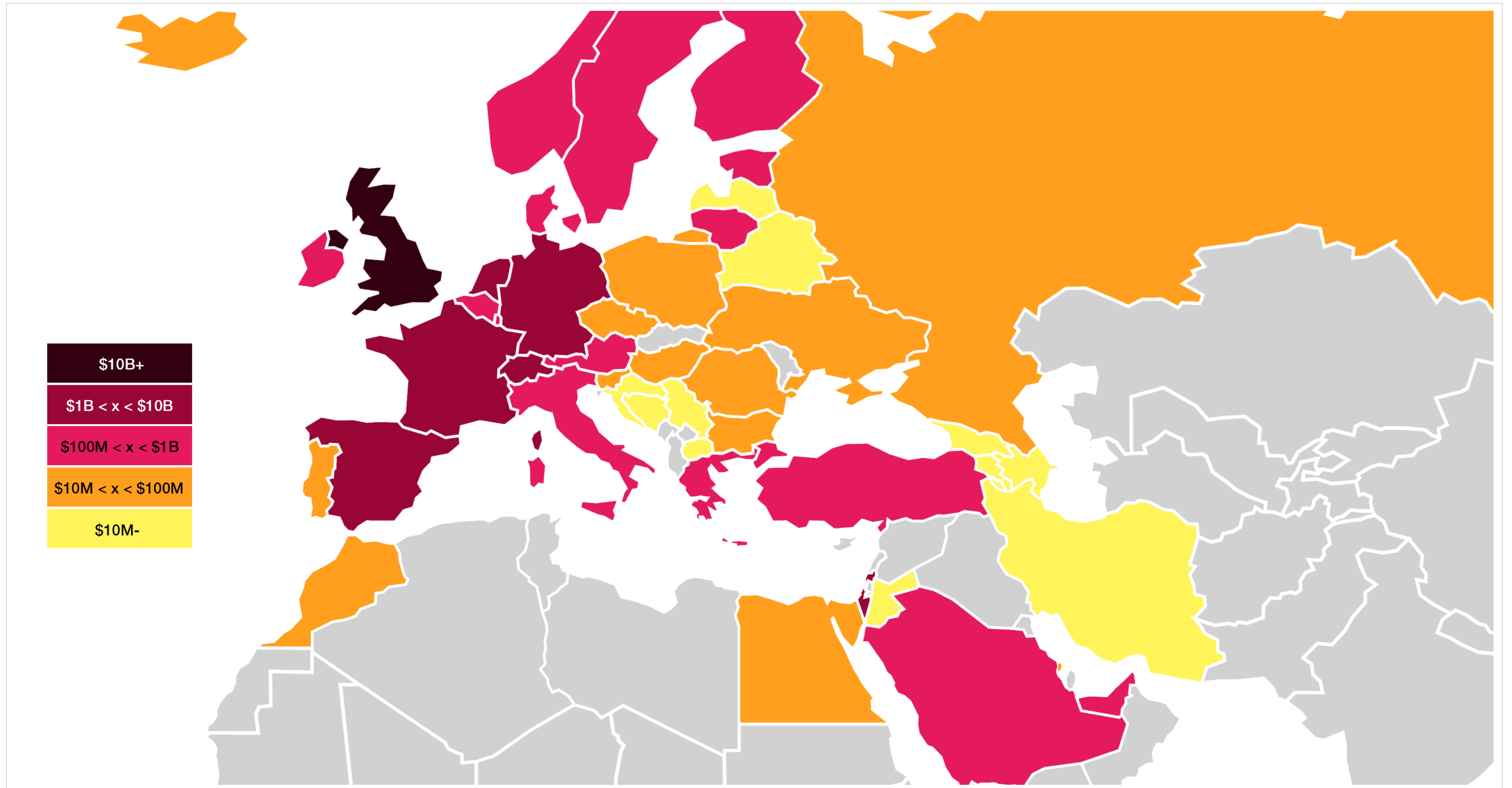
DISCLAIMER

- This report has been compiled for informational purpose only and should not be construed as a solicitation or an offer to buy or sell securities in any entity.
- Historical funding data is subject to change as our team explore new data.
- You may use this report partially in your presentations by citing startups.watch.

METHODOLOGY & DATA

- Only verifiable fundings are included. Fundings are verified via Chamber of Commerce, direct confirmation with startup or investor, or press release.
- If a funding is directly or indirectly listed in Chamber of Commerce data, then it's added to Turkish funding data, regardless of where they are currently registered.
- Buyouts, M&A and secondary transactions are treated as exits and excluded from funding data.
- If there is a tranching investment, only the amount shown in the chamber of commerce is taken into account.
- Categories (Tags) are not mutually exclusive.
- WHAT IS INCLUDED : Fundings of private companies, angel rounds, seed rounds, series A, B, C... rounds.
- WHAT IS EXCLUDED: Funding rounds raised by public companies, debt/loans, secondary transactions, grants, ICOs, non-equity rounds.
- If you are not familiar with the terms used in our platform, check our blog post : <https://blog.startups.watch/definitions-433856df8d17>
- Please send an email to support@startups.watch and we can work together to ensure your firm's investment data is up to date.

- In the first nine months of 2023, **\$154 million** were invested across **219 deals** in seed, early and later vc stages.
- While the deal count and deal sizes were above the pre-pandemic levels, they were far below the figures during the pandemic.
- In the third quarter, the amount invested fell by **47%** compared to the previous quarter. The amount invested in Q3 became the **lowest among the last 13 quarters**. For the **seventh consecutive quarter**, the amount of investment fell.
- In Q3 2023, Turkey ranked 4th after the UK, Germany and France among the countries in Europe and the MENA region with the highest number of seed stage investments.
- In terms of deal size; SaaS, Artificial Intelligence, Gaming, Retailtech and Energy were hot topics of the nine months of 2023.
- In terms of deal count; Gaming, Artificial Intelligence, SaaS, Energy and Fintech were hot topics of the nine months of 2023.
- In the first nine months of 2023, **almost one in every 2 investments** had a VCIF (GSYF) among the investors.
- The number of equity-based crowdfunding platforms authorized for establishment reached **21**. Of these, **9 are actively running** campaigns.
- In the first 9 months of 2023, startups raised **\$16 million** through **44 campaigns**.
- Startups raised an average of **\$363K** investments through crowdfunding platforms in the first nine months of 2023. This is **58%** above last year's average.
- In the first nine months of 2023, foreign investors participated **10%** of angel and vc deals. This was the lowest level in the last 6 years.
- In Q3 2023, MRT's IPO through SPAC method, E-Bebek's IPO, Param and Papara's acquisitions abroad drew attention.
- The growing appetite of Turkish startups to acquire startups both in the local market and abroad is proof that the Turkish startup ecosystem is now at a different level.



Champions League

Super League

1. League

2. League

	United Kingdom	\$4.0B	(326)
	France	\$3.3B	(132)
	Germany	\$1.7B	(192)

	The Netherlands	\$706M	(69)
	Switzerland	\$409.8M	(60)
	Spain	\$314.9M	(83)
	Sweden	\$269.8M	(40)
	Ireland	\$253.5M	(22)
	Denmark	\$250.8M	(34)
	Italy	\$221.5M	(34)
	Austria	\$217.1M	(28)
	Norway	\$214.5M	(13)
	Lithuania	\$206.6M	(9)
	Belgium	\$141.6M	(12)
	Finland	\$105.6M	(18)

	Estonia	\$71.8M	(23)
	Portugal	\$52.6M	(10)
	Romania	\$34.1M	(6)
	Türkiye	\$32M	(74)
	Poland	\$28.9M	(20)
	Slovenia	\$24.3M	(2)
	Iceland	\$20.8M	(6)
	Czechia	\$18.1M	(15)
	Luxembourg	\$13M	(2)

Champions League

Super League

1. League

2. League



Israel

\$1.4B

(66)



United Arap E.

\$236M

(40)



Saudi Arabia

\$57.7M

(11)



Türkiye

\$32M

(74)



Egypt

\$22.1M

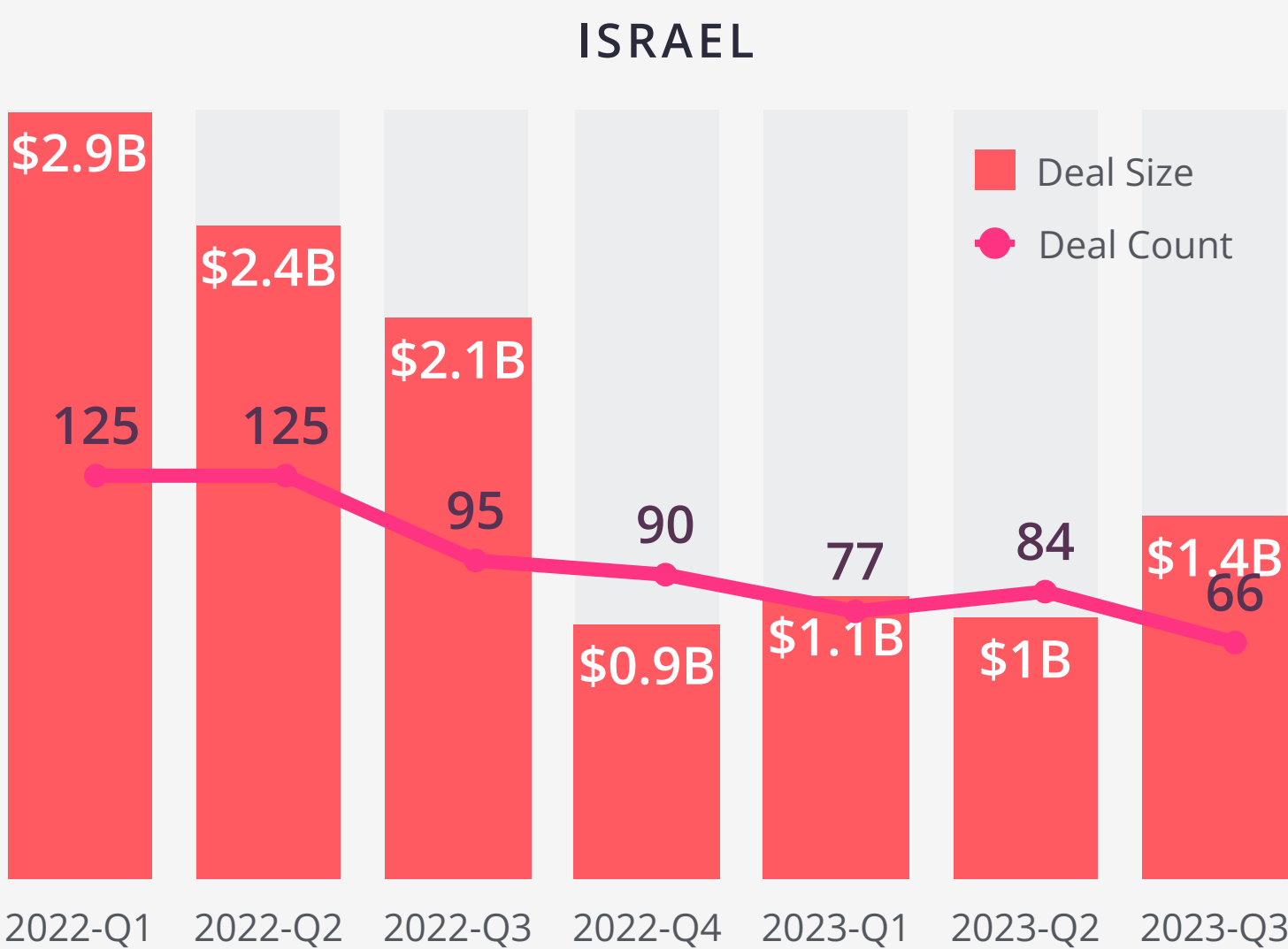
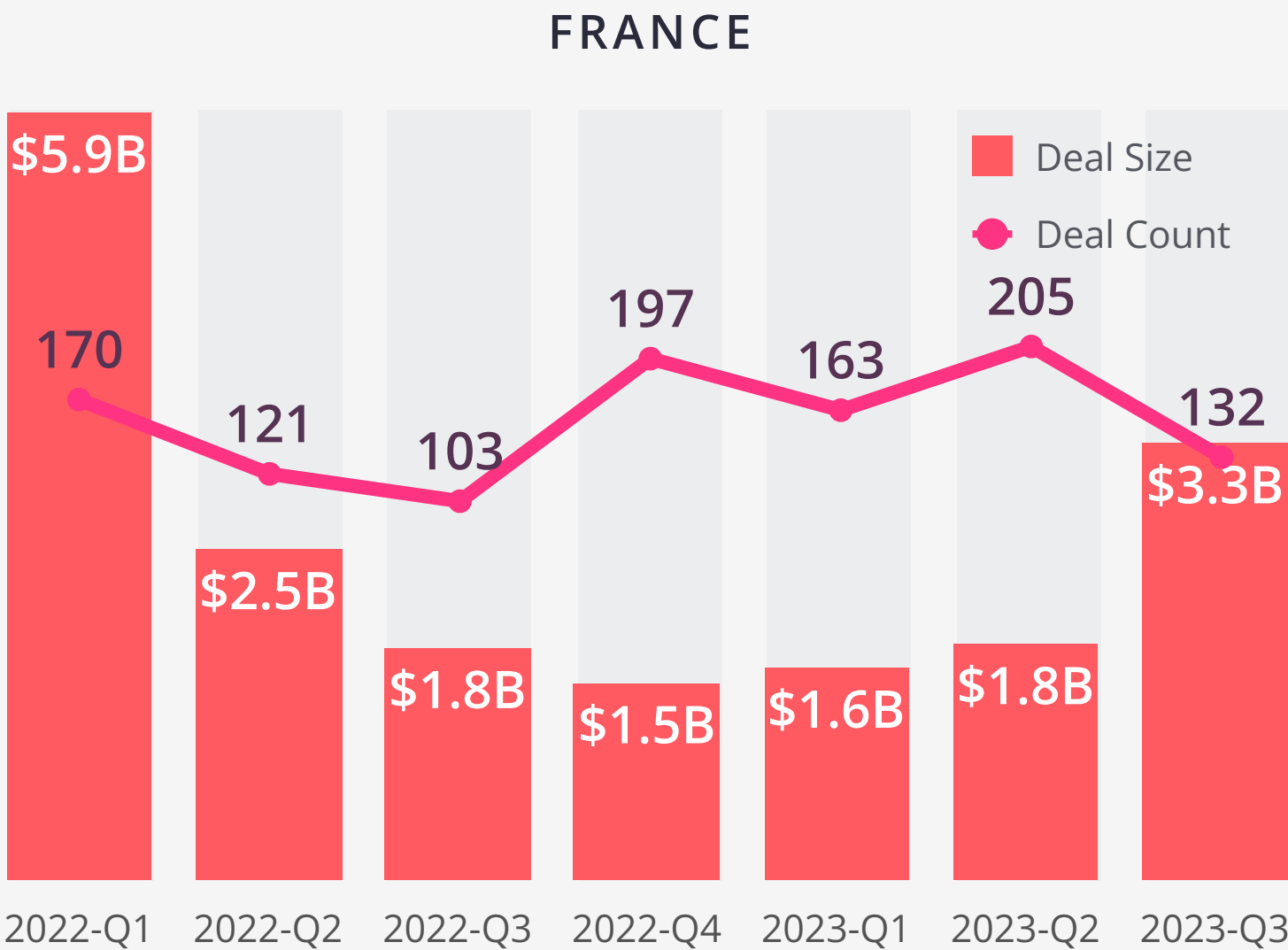
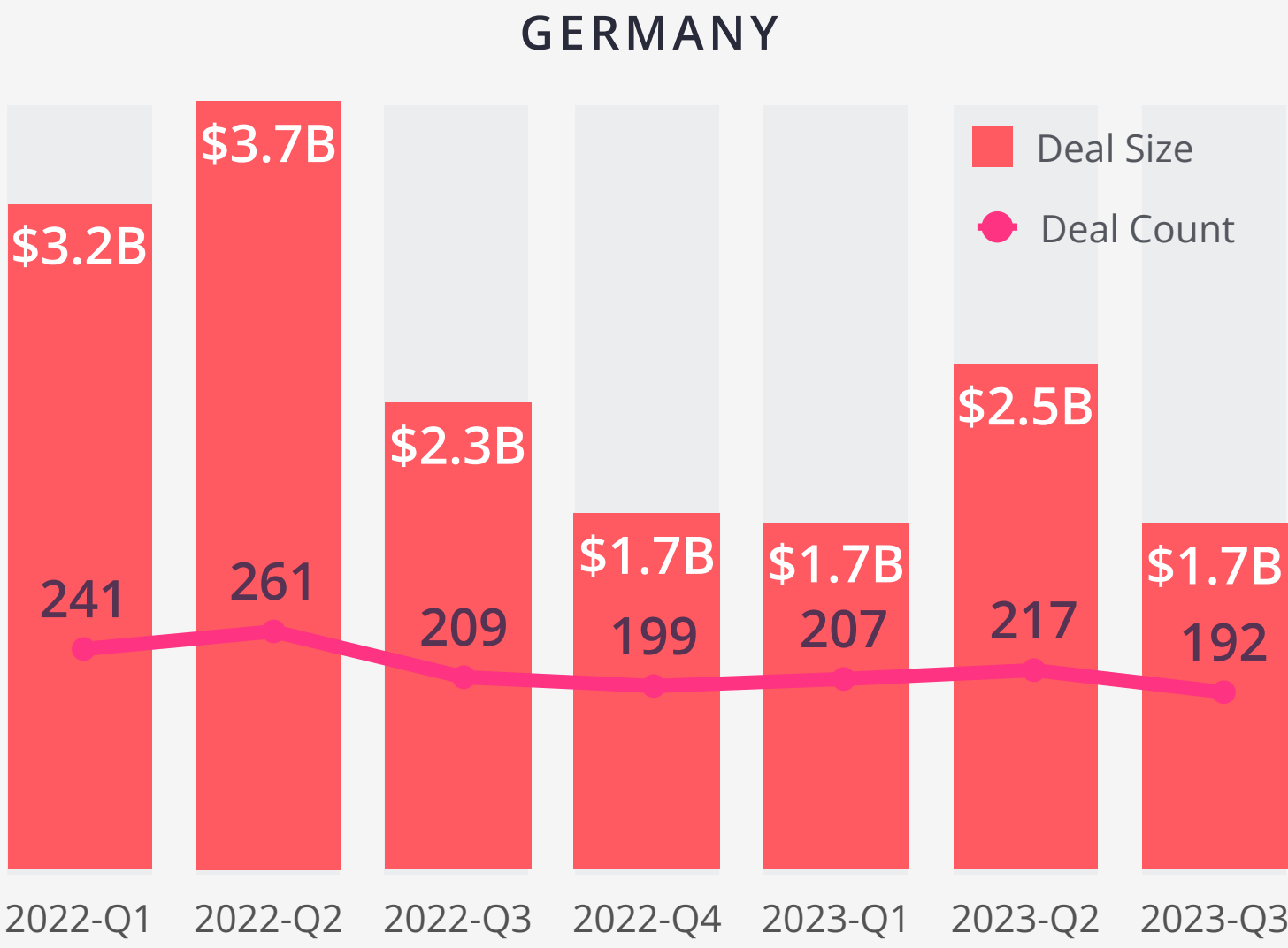
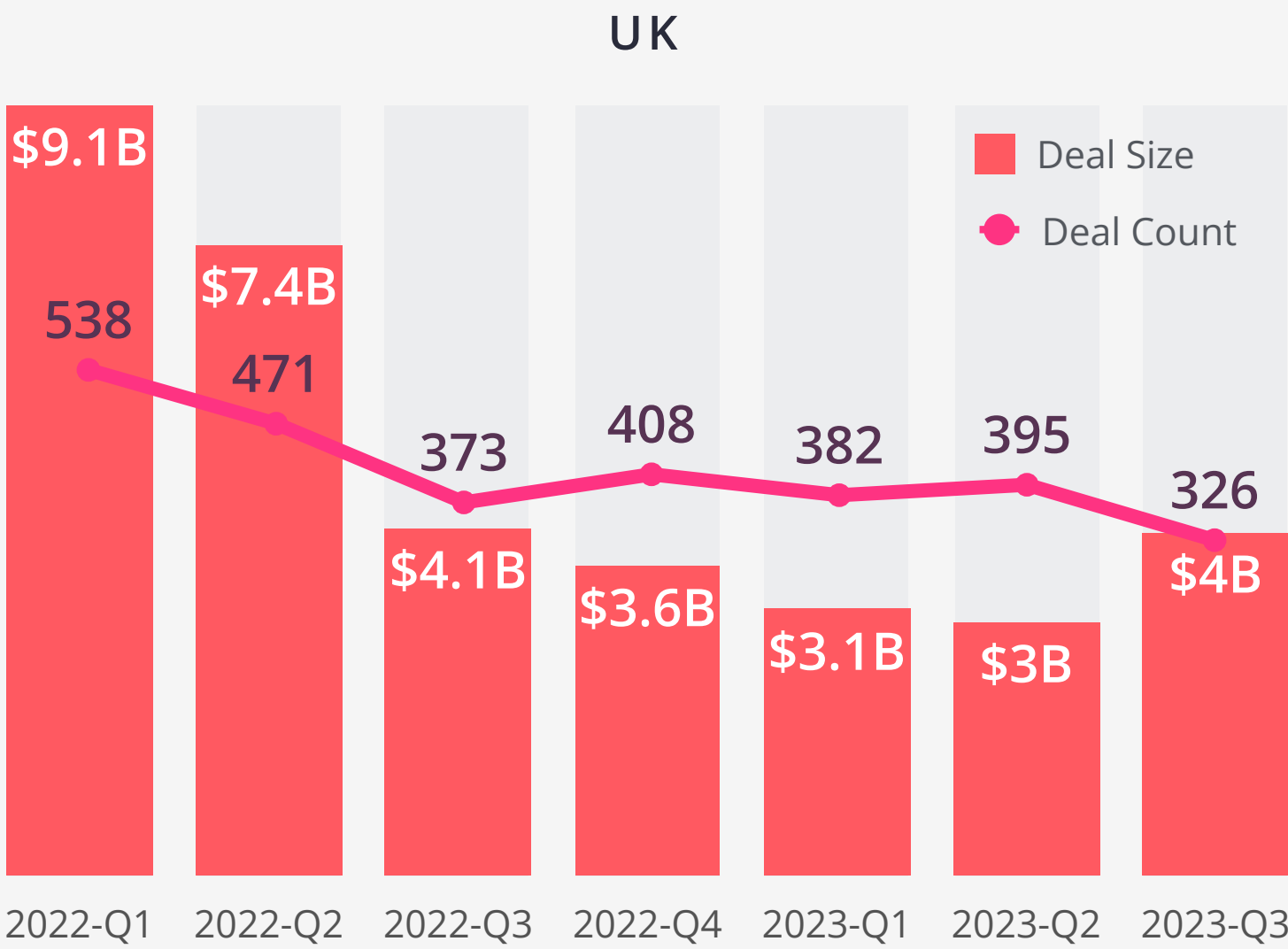
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Morocco

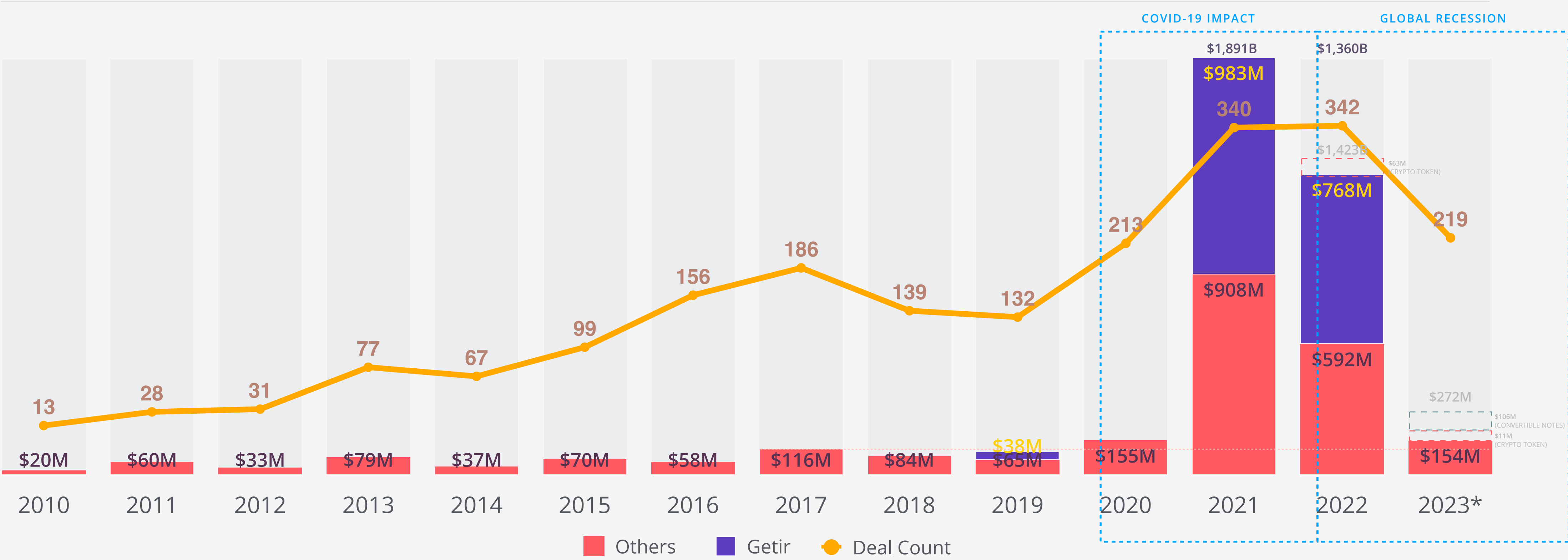
\$10.8M

(6)



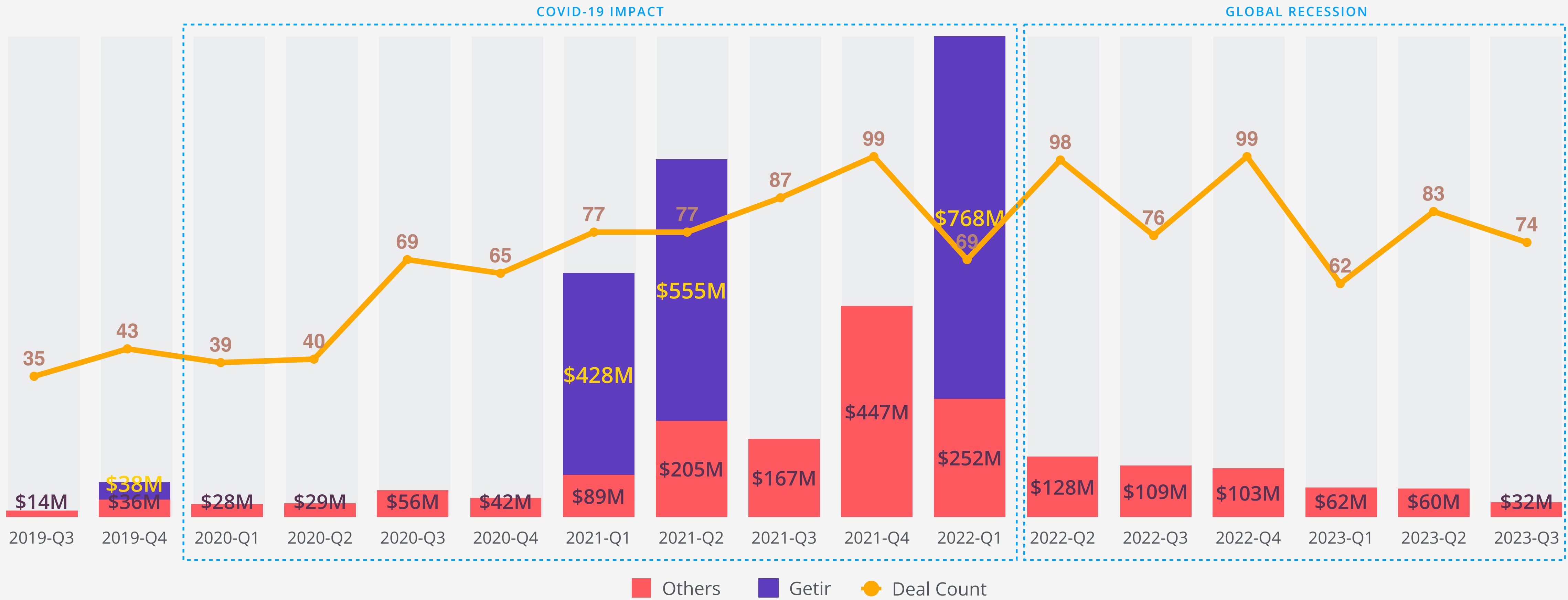
- In the first nine months of 2023, **\$154 million** were invested across **219 deals** in seed, early and later vc stages.
- Adding **\$106.6 million** convertible note deals and **\$11 million** crypto token deals, the total investment in the first 9 months of 2023 reached **\$272 million**.
- While the deal count and deal sizes were above the pre-pandemic levels, they were far below the figures during the pandemic.

YEARLY ANGEL & VC DEALS IN TÜRKİYE



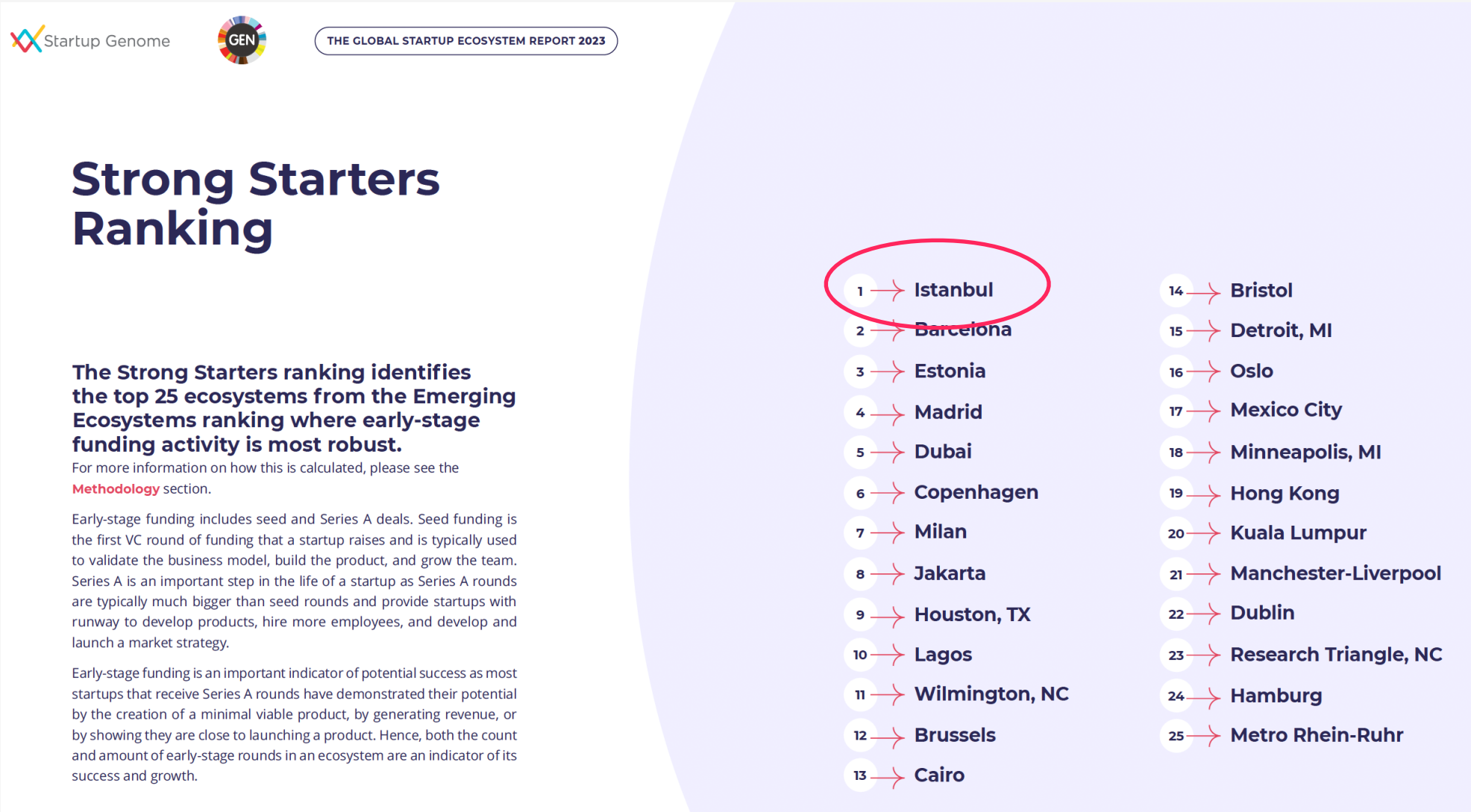
- In the third quarter, the amount invested fell by **47%** compared to the previous quarter. The amount invested in Q3 became the **lowest among the last 13 quarters**. For the **seventh consecutive quarter**, the amount of investment fell.

QUARTERLY ANGEL & VC DEALS IN TÜRKİYE



Notes : Only disclosed equity fundings are counted. Non-equity, secondary and post-IPO transactions, grants and convertible debts are excluded. (Check startups.watch for updates)

- In Q3 2023, Turkey ranked 4th after the UK, Germany and France among the countries in Europe and the MENA region with the highest number of seed stage investments.
- In Startup Genome's 2023 report, Istanbul ranked 1st in the list of strong starters.



TÜRKİYE YEARLY DEAL (\$) ACTIVITY BY STAGES

STAGES	2018	2019	2020	2021	2022	2023*
Seed Stage (\$)	47M	35M	68M	138M	288M	104M
YoY Growth		-25%	93%	103%	108%	-64%
Early VC Stage (\$)	22M	61M	50M	643M	146M	50M
YoY Growth		181%	-18%	1191%	-77%	-66%
Later VC Stage (\$)	15M	7M	37M	1,110M	926M	0M
YoY Growth		-52%	409%	2900%	-17%	-100%

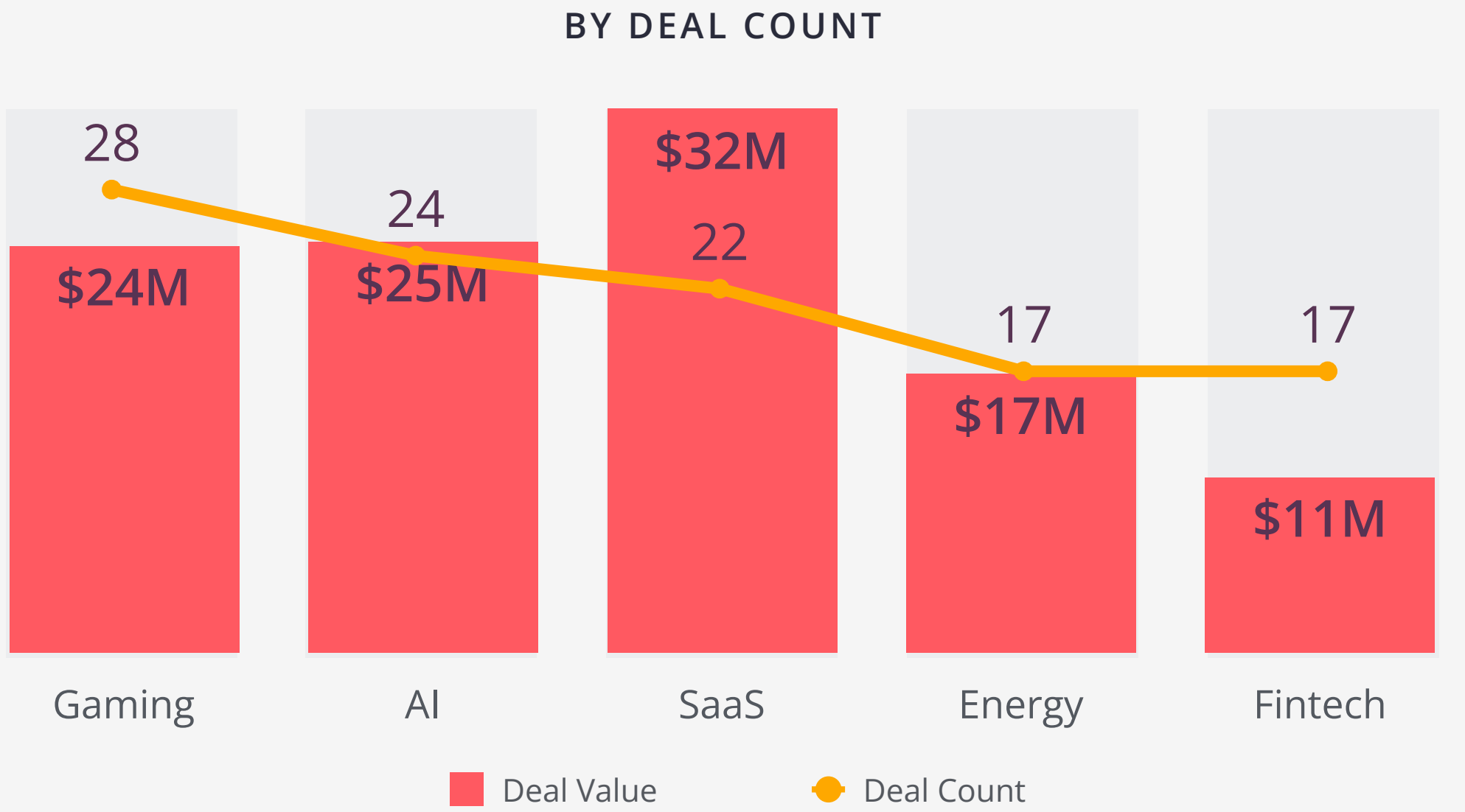
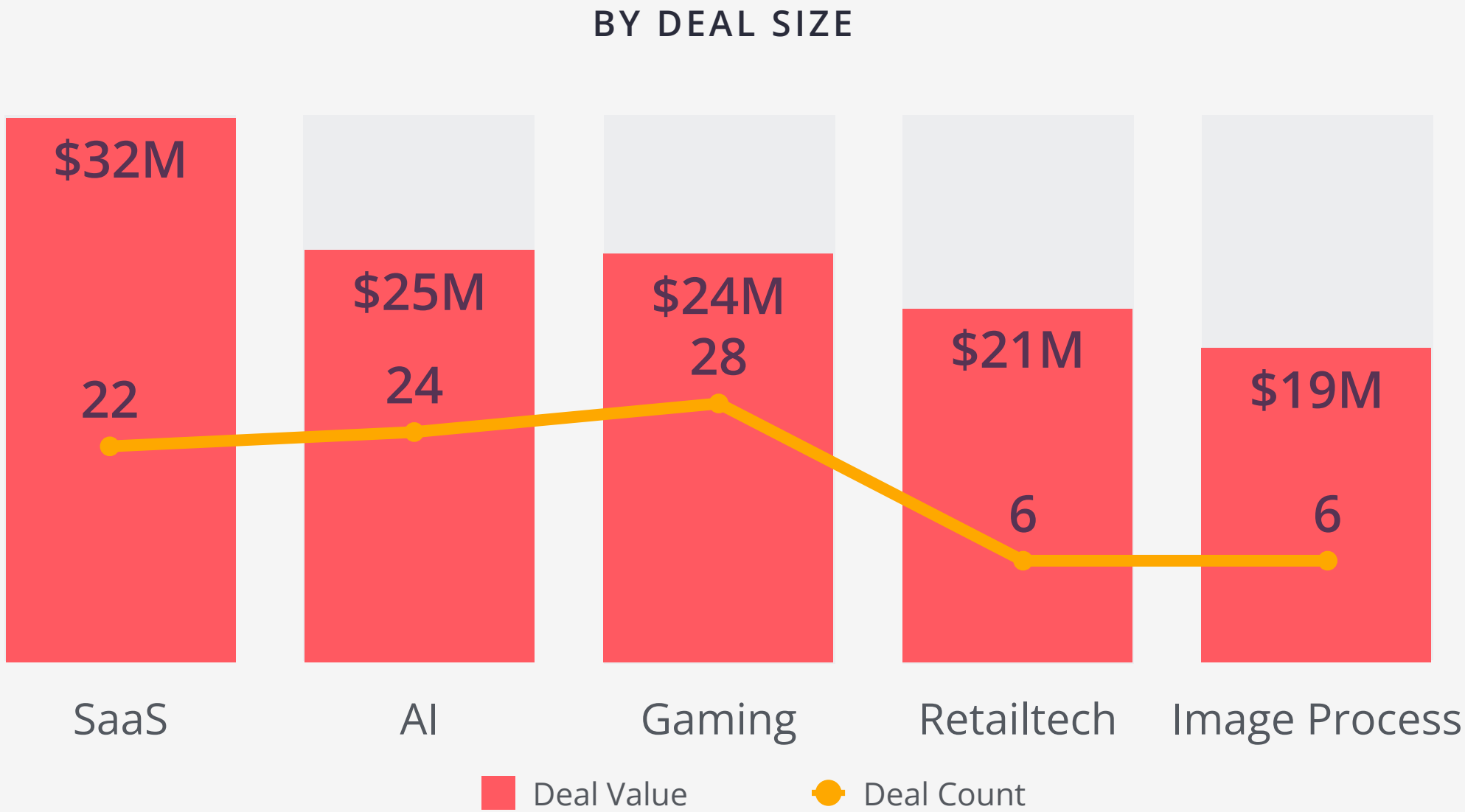
TÜRKİYE YEARLY DEAL (#) ACTIVITY BY STAGES

STAGES	2018	2019	2020	2021	2022	2023*
Seed Stage (#)	125	117	190	305	310	205
YoY Growth		-6%	62%	61%	2%	-34%
Early VC Stage (#)	9	12	21	32	29	14
YoY Growth		33%	75%	52%	-9%	-52%
Later VC Stage (#)	5	3	2	3	3	0
YoY Growth		-40%	-33%	50%	0%	-100%

*: As of September 30, 2023 ; Seed Stage : Pre-Seed, Seed, Post-Seed — Early VC Stage : Series A, Series B — Later VC Stage : Series C, D, E...

TOP 5 FUNDED VERTICALS IN 2023-YTD

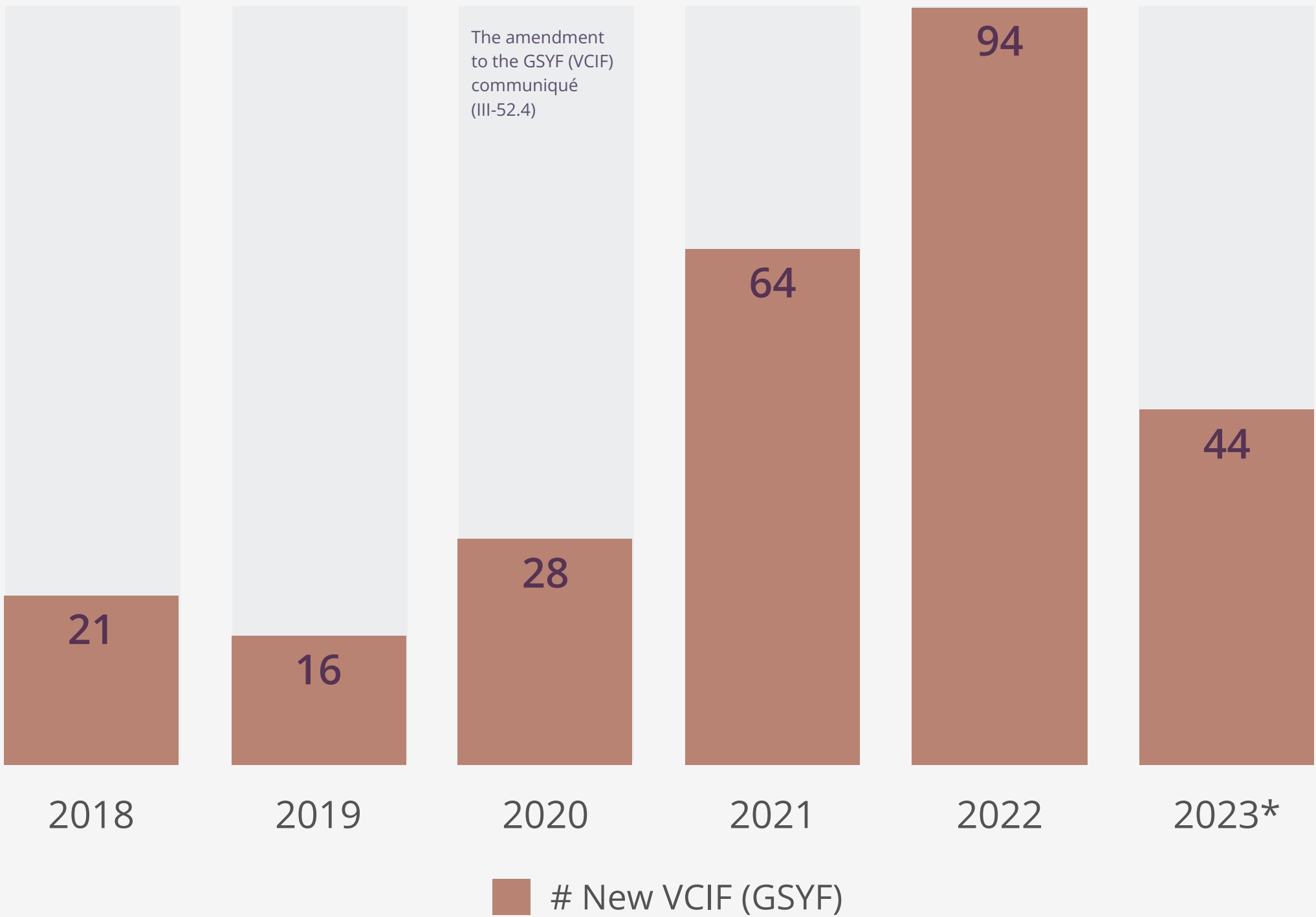
- In terms of deal size; SaaS, Artificial Intelligence, Gaming, Retailtech and Energy were hot topics of the nine months of 2023.
- In terms of deal count; Gaming, Artificial Intelligence, SaaS, Energy and Fintech were hot topics of the nine months of 2023.
- Despite not being among the top 5 most invested verticals, It was also noteworthy that **16 climatetech startups** raised \$13.3 million in the first 9 months.
- In the **web3** vertical, which is one of the hot topics, 3 startups raised \$4.2 million in the nine months of 2023.
- Another hot topic is **Mobility**. In this vertical, 10 startups raised \$12.5 million.
- In the **Cybersecurity** vertical, which we think has a high potential in Türkiye, 3 startups raised \$7.4 million.



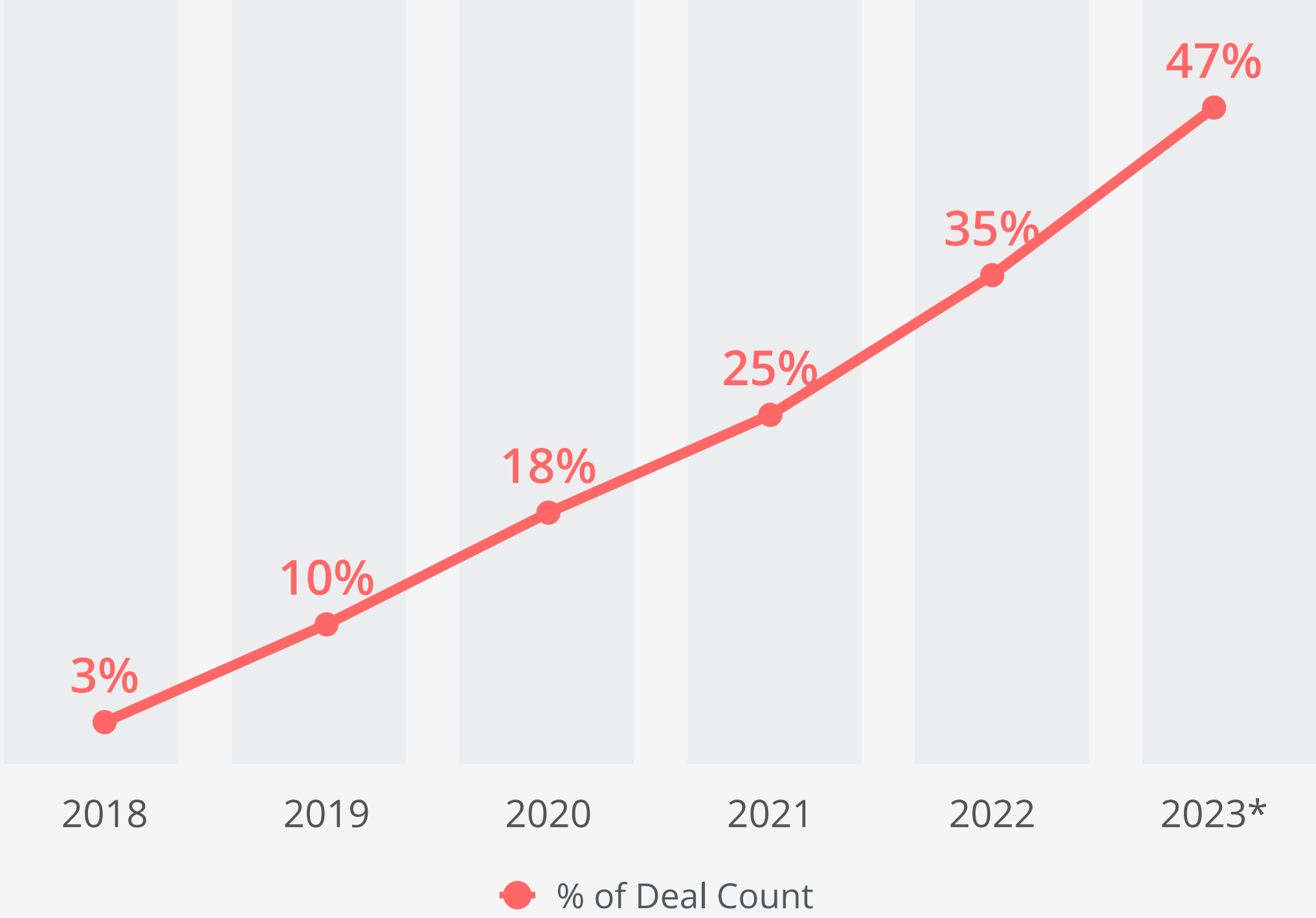
Notes : Only disclosed equity fundings are counted. Non-equity, secondary and post-IPO transactions, grants and convertible debts are excluded. (Check startups.watch for updates)

- In the first nine moneth of 2023, **almost one in every 2 investments** had a VCIF (GSYF) among the investors.
- The number of VCIF (GSYF) authorized for establishment reached **280** (13 of them are not active). Half of these established after 2022.

NEW VCIF (GSYF) ESTABLISHED BY YEAR

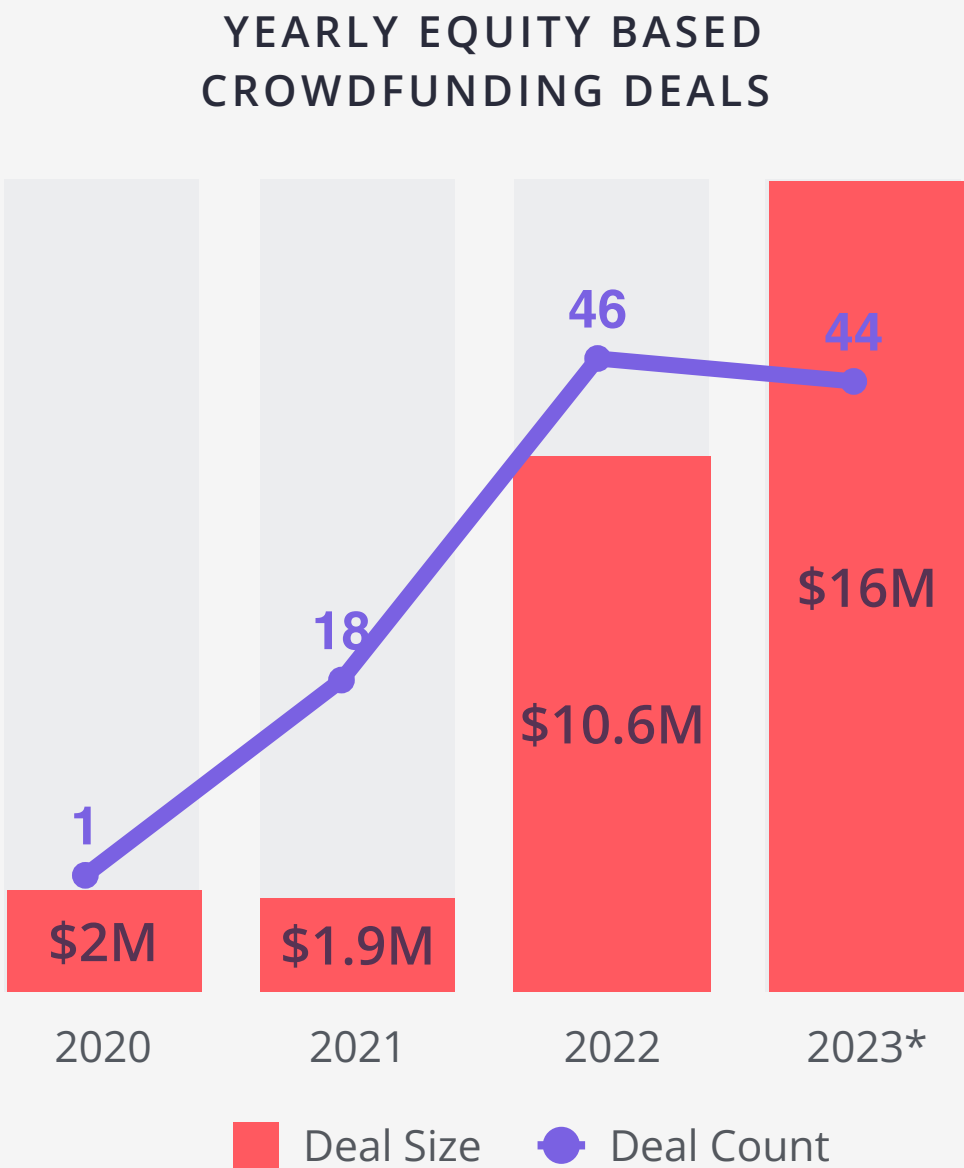
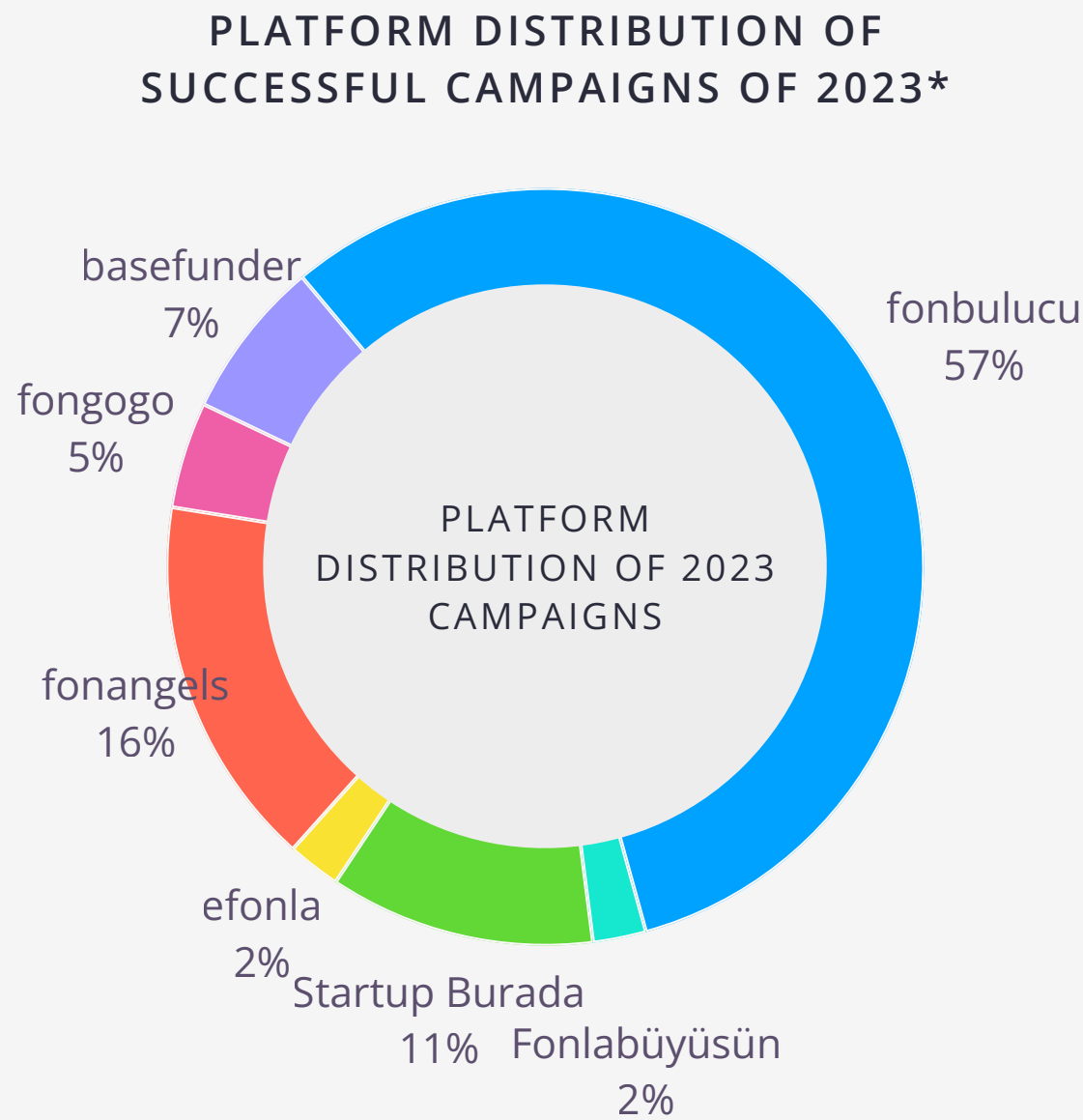
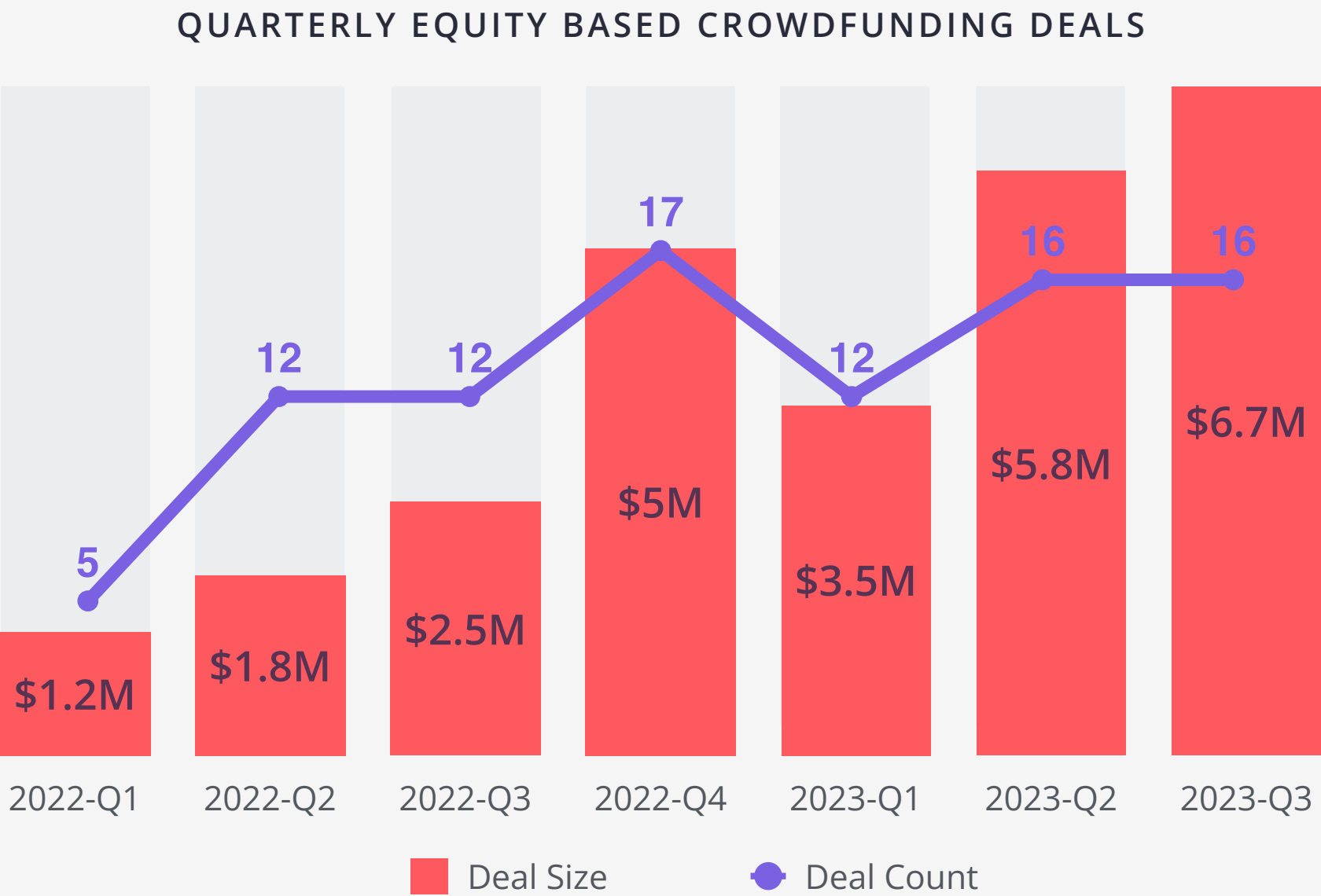


TÜRKİYE VC DEAL ACTIVITY WITH VCIF (GSYF) PARTICIPATION



*: As of September 30, 2023 ; VCIF : Venture Capital Investment Fund (GSYF : Girişim Sermayesi Yatırım Fonu) ; Source : Capital Markets Board of Türkiye bulletins, startups.watch

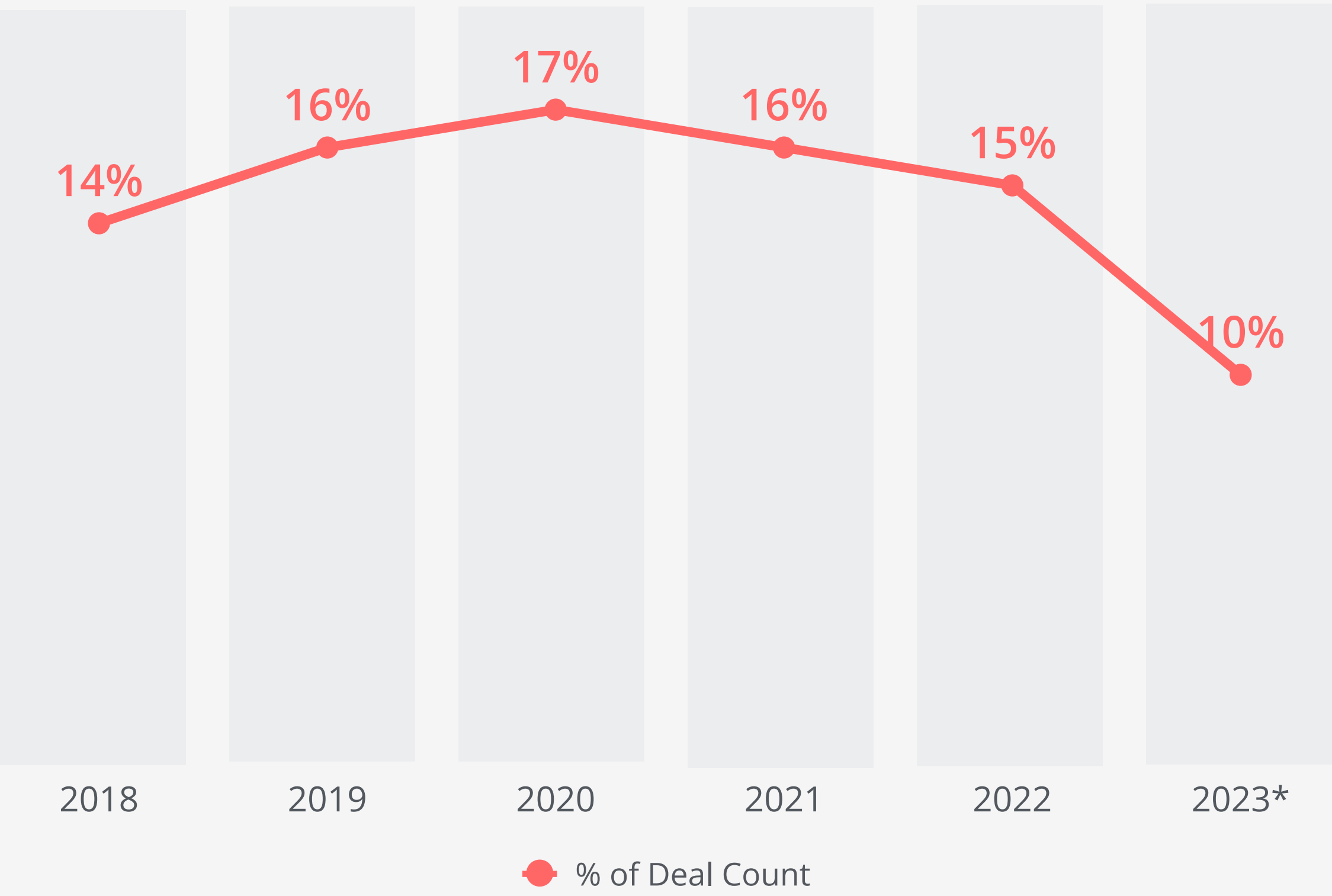
- The number of equity-based crowdfunding platforms authorized for establishment reached **21**. Of these, **9 are actively running** campaigns.
- In the first 9 months of 2023, startups raised **\$16 million** through **44 campaigns**.
- Startups raised an average of **\$363K** investments through crowdfunding platforms in the first nine months of 2023. This is **58%** above last year's average.



	2020	2021	2022	2023*
Equity Based Crowdfunding Deal Size (\$)	2M	1.9M	10.6M	16M
Seed Stage Deal Size (\$)	68M	138M	288M	104M
% of Deal Size	3%	1%	3.7%	15.4%
Equity Based Crowdfunding Deal Count	1	18	46	44
Seed Stage Deal Count	190	305	310	205
% of Deal Count	1%	5.9%	14.8%	21.5%

- In the first nine months of 2023, foreign investors participated **10%** of angel and vc deals. This was the lowest level in the last 6 years.
- Abdallah Mohammad Ibrahim Abu Sheikh, Ascension, Axel Springer Digital Ventures, Caffeinated Capital, Caucasus Ventures, Claus Bollrath, Daniel King, DHM Premier Investments, Ethos, Exedy, Founders Factory, Gerry Samuels, Goodwater Capital, Jamal Fayoumi, Kloepfel Consulting, LACI Impact Fund, Lakestar, Leap Forward Ventures, Lovrenc Kessler, March Capital, NFX, Niels Gron, Nuwa Capital, Operator Stack Fund, Porsche, Pritchard Companies, Rubellius Capital, SABIC Ventures, Samsara Ventures, Startup Wise Guys, Sustainable Impact, TechNexus Venture Collaborative, Tema Trade DMCC, Toshiba Energy Systems and Solutions, UP Venture Capital, vgames, Wix Capital, Y Combinator were the cross border investors investing in Turkish startups in the nine months of 2023.

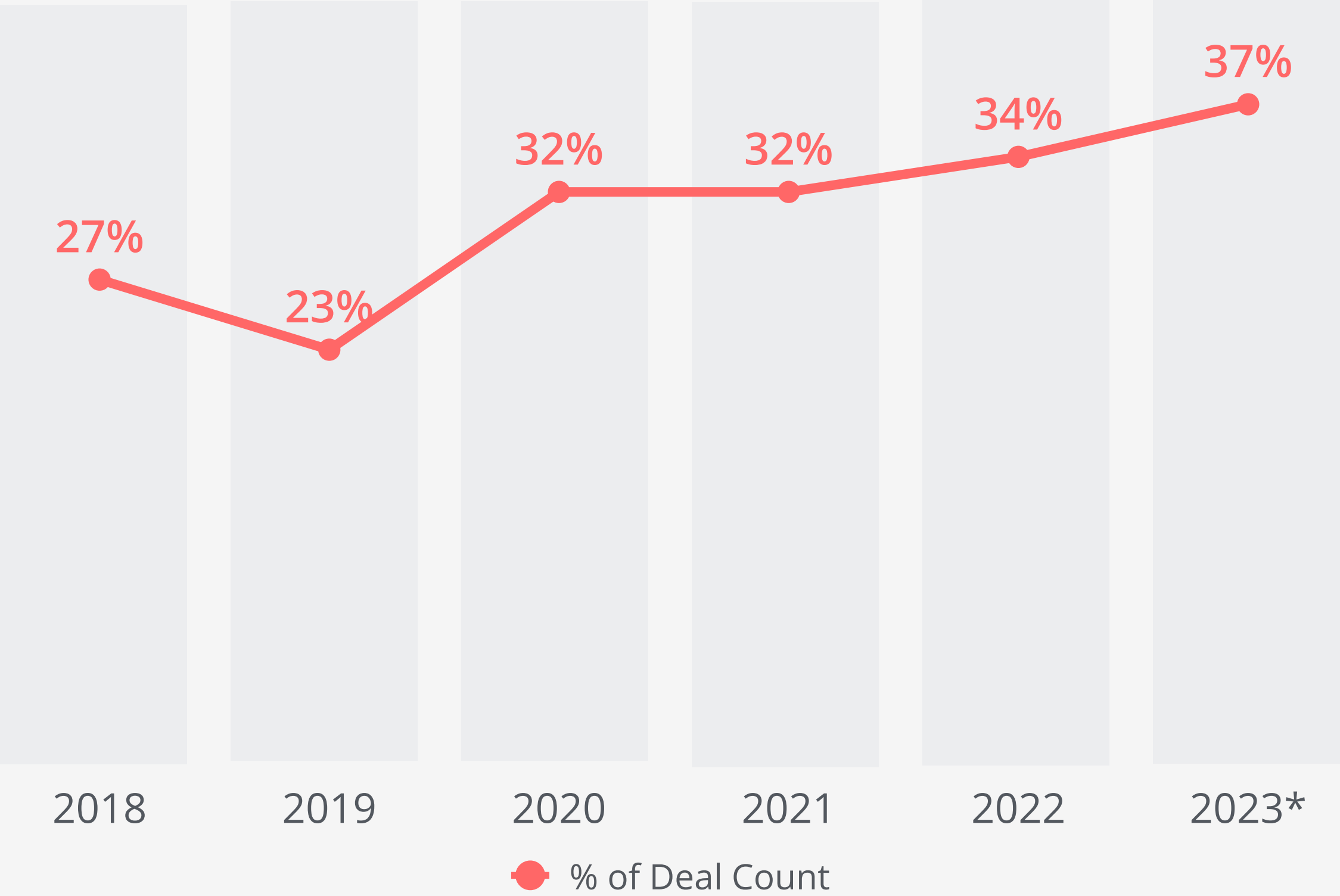
FOREIGN INVESTOR PARTICIPATION (ANGEL & VC DEALS)



	2018	2019	2020	2021	2022	2023*
DEALS PARTICIPATED (#)	20	21	36	53	52	22
TOTAL DEAL COUNT	139	132	213	340	342	219

- In the first nine months of 2023, **82 out of 219** investments had a company or a CVC among the investors.
- 100th Year Venture Capital, Akbank, Alarko Ventures, Alesta Yatırım, APY Ventures Fintech Fund, APY Ventures Startup Fund, Ark Pres, Bilişim Vadisi GSYF, Colendi, Cookplus, Coşkunöz Holding, Datassist, Deniz Ventures, Driventure, EchoCCS, Ege Yapı Teknoloji Girişim, Eksim Ventures, Erdem Holding, Esas Ventures, Exedy, FIBA Fırsat GSYF, Fibabanka Yıldız GSYF, Frink, Gelecek Etki GSYF, İhlas GSYO, INVEST 101, iWallet, Kalyon Venture Capital, Kiraç Gayrimenkul Grubu, Koç Finans, Koç Topluluğu Şirketleri 1. Özel GSYF, Korun Teknoloji, KVK Yatırım, Logo Ventures (II), Lokal, Lonca GSYF, Maxis (MGS), Mercan Kimya, Mindvest, Muzaffer Akpınar Enerji ve Teknoloji Yatırımları, NiyaziÖnen Holding, OSTİM GSYF,Otokoç, Papara, Param, Porsche, Rem People, Sabancı Ventures, Saves Enerji, Sintek Madencilik,Sistem Global, Toshiba Energy Systems and Solutions, Tüpraş Ventures, Turkcell Yeni Teknolojiler GSYF, United Payment, Yaşar Çelik Orman Ürünleri, Yıldız Tekno GSYO, Ziraat Katılım were participated in deals in the first nine months of 2023.

TÜRKİYE VC DEAL ACTIVITY WITH CVC PARTICIPATION

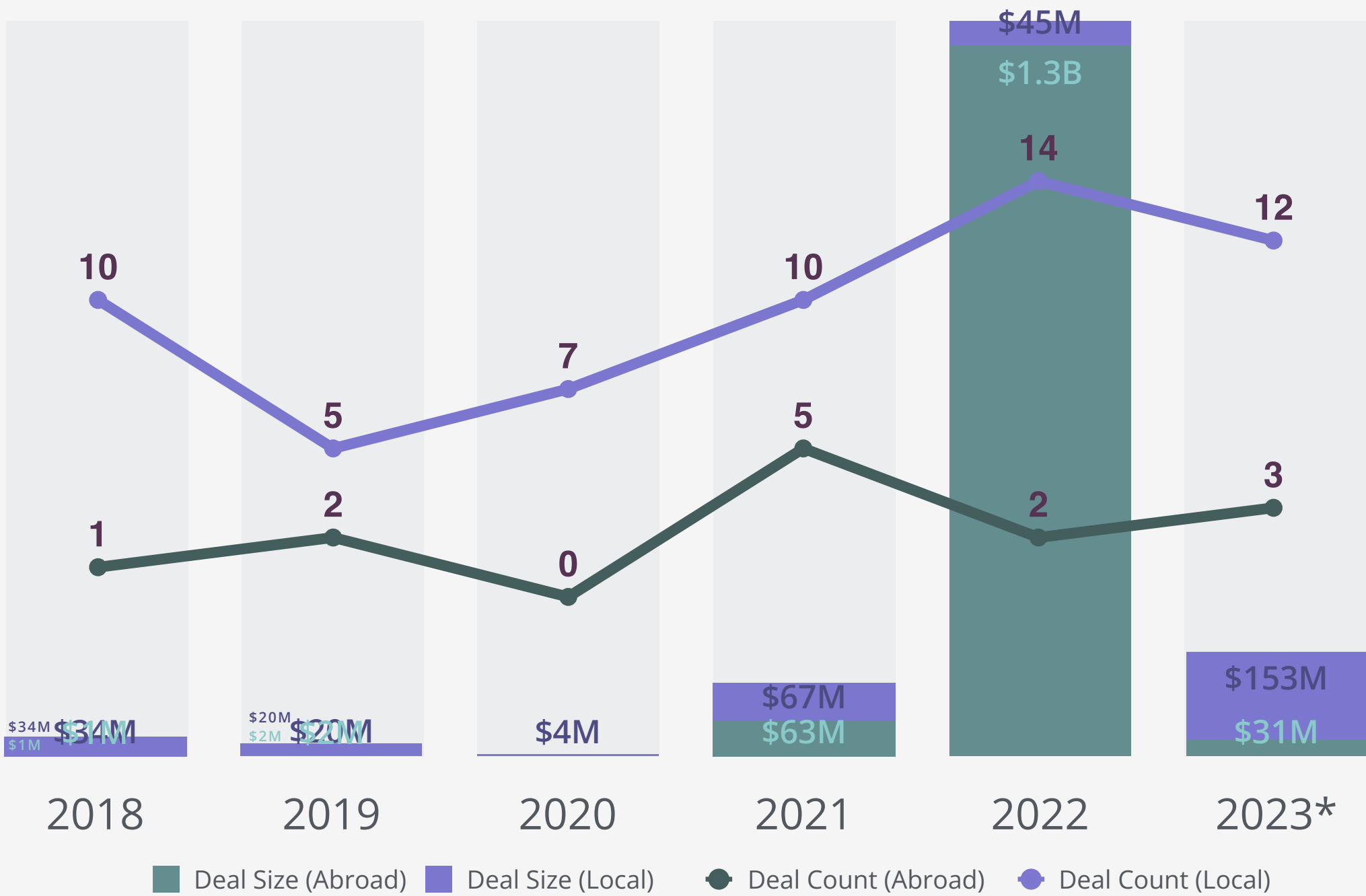


	2018	2019	2020	2021	2022	2023*
DEALS PARTICIPATED (#)	37	30	69	109	116	82
TOTAL DEAL COUNT	139	132	213	340	342	219

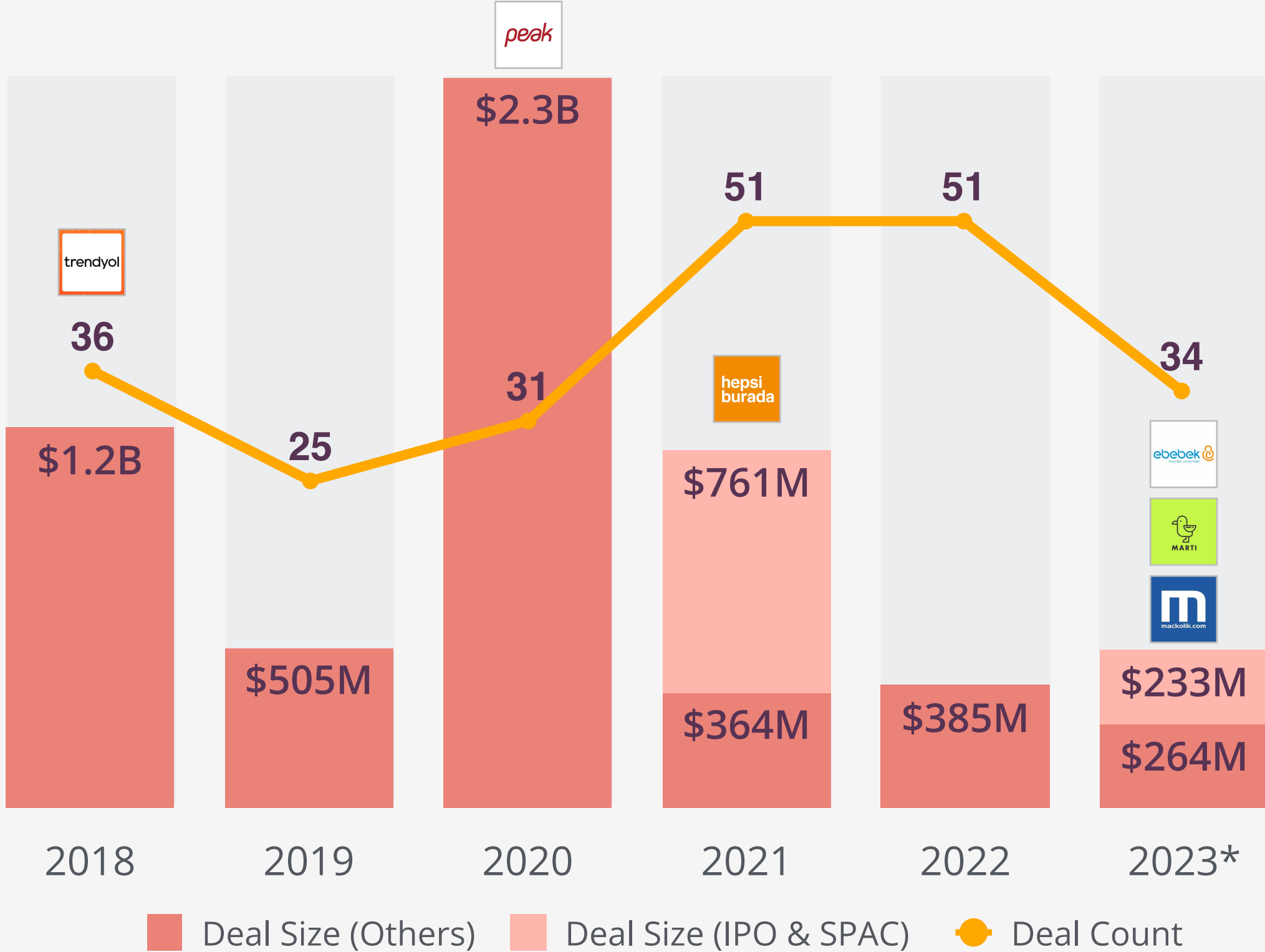
In Q3 2023, MRT's IPO through SPAC method, E-Bebek's IPO, Param and Papara's acquisitions abroad drew attention.

The growing appetite of Turkish startups to acquire startups both in the local market and abroad is proof that the Turkish startup ecosystem is now at a different level.

ACQUISITIONS & SEC. TRANSACTIONS OF TURKISH STARTUPS



ACQUISITIONS & SEC. TRANSACTIONS IN TÜRKİYE



	2018	2019	2020	2021	2022	2023*
DEAL SIZE (\$)	1,195M	505M	2,298M	1,125M	385M	498M
YoY Growth		-58%	355%	-51%	-66%	29%
DEAL COUNT	36	25	31	51	51	34
YoY Growth		-31%	24%	65%	0%	-33%

*: As of September 30, 2023

- In the first nine months of 2023, **46 out of 219** investments had female founders.

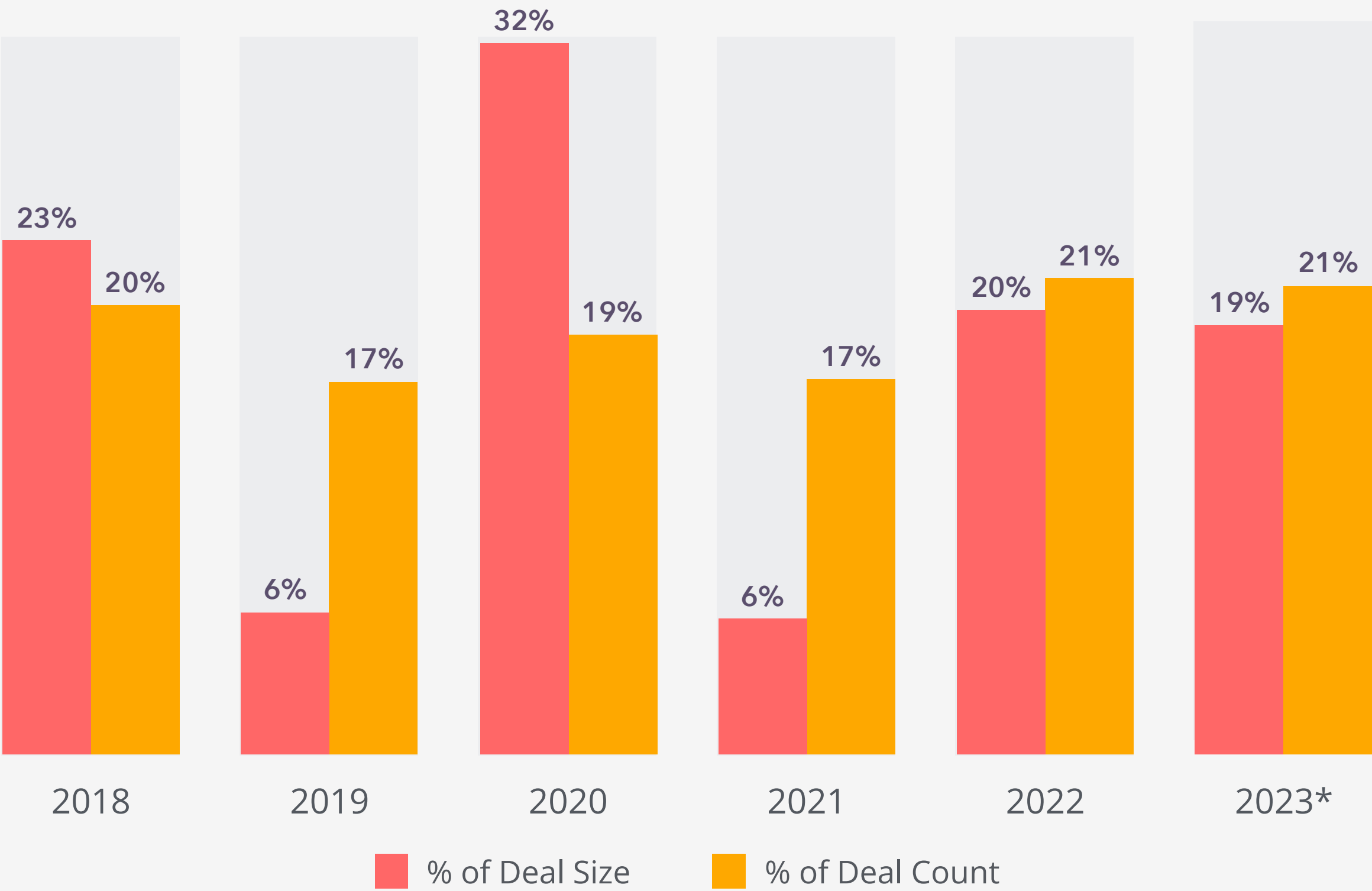
FEMALE FOUNDERS IN TÜRKİYE

	2018	2019	2020	2021	2022	2023*
Female Founded Startups / Total Startups	15%	19%	19%	22%	18%	15.71%

VC DEAL ACTIVITY WITH FEMALE FOUNDER

	2018	2019	2020	2021	2022	2023*
Deals W/ Female Founder (#)	28	22	40	57	73	46
Total Deal Count	139	132	213	340	342	219

TÜRKİYE VC DEAL ACTIVITY WITH FEMALE FOUNDER





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OFFICE

Fatih Sultan Mehmet Mah.
Balkan Cad.
Meydan İstanbul AVM
No:62A 572D
34770 Ümraniye, İstanbul

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ABOUT STARTUPS.WATCH

Startups.watch is the leading market intelligence and analytics platform for investors and business development specialists who are looking for data and insights about Turkish startup ecosystem.

It's founded in June 2015. It has paid customers in 20+ countries.

ABOUT 212

212 invests in growth-stage tech companies across Türkiye, CEE, and MENA. With €80 million under management and 25 investments, 212 finances B2B tech solutions with significant traction, a clear product-market fit, and readiness to scale globally. <https://212.vc/>