

TURKISH STARTUP ECOSYSTEM

2022 Q3 REPORT

V1.01 - OCTOBER 11, 2022

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- 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 2022, **1 billion 495 million dollars** were invested across **208 deals** in seed, early and later vc stages.
- The **all-time record (\$727M)** was broken when Getir deals were excluded.
- In Q3-2022, **90 million dollars** were invested across **51 deals** in seed, early and later vc stages.
- In terms of deal count; **fintech, SaaS, Game, AI** and **Marketplace** were hot topics of first nine months of 2022.
- The **economic downturn** has led to iBuyer-style startups like Easycep, Getmobil, Vavacars getting investment.
- The gaming vertical continued to be the vertical that generated the **most startups**.
- In the first 9 months of 2022, although the number of game investments fell, the **all-time record** for the amount invested was broken.
- Türkiye was the **third most invested country** in terms of game investments in the first 9 months.
- In the first nine months of 2022, foreign investors participated **1 out of every 5 deals**.
- In the first nine months of 2022, **73 out of 208** investments had a company or a CVC among the investors.
- Deal sizes and deal counts continued to fall in many countries. Considering the 3rd quarter, Turkey fell to a lower league.
- In the first nine months of 2022, **52 out of 208** investments had female founders.
- **Carny, Sybercode, tatil.com** and **Yuvarla** are the exits of Q3-2022.
- Thanks to the amendment of the communiqué 2 years ago, a **record number of GSYF** were established in the first 9 months of 2022











Champions League











Super League

1. League

2. League

	United Kingdom	\$4.1B	(373)
	Germany	\$2.3B	(209)
	France	\$1.8B	(103)
	Sweden	\$1.4B	(39)

	Italy	\$955M	(42)
	Switzerland	\$746M	(85)
	The Netherlands	\$533M	(85)
	Ireland	\$445M	(40)
	Spain	\$361M	(66)
	Finland	\$275M	(20)
	Denmark	\$273M	(29)
	Norway	\$244M	(23)
	Belgium	\$214M	(20)
	Estonia	\$171M	(21)

	Iceland	\$99M	(10)
	Türkiye	\$90M	(51)
	Poland	\$61M	(32)
	Austria	\$60M	(22)
	Portugal	\$48M	(16)
	Czechia	\$38M	(5)
	Luxembourg	\$19M	(7)
	Slovenia	\$17M	(5)
	Lithuania	\$16M	(7)
	Hungary	\$13M	(4)

Champions League

Super League

1. League

2. League

 Israel **\$2.1B** (95)

 United Arap E. **\$745M** (35)

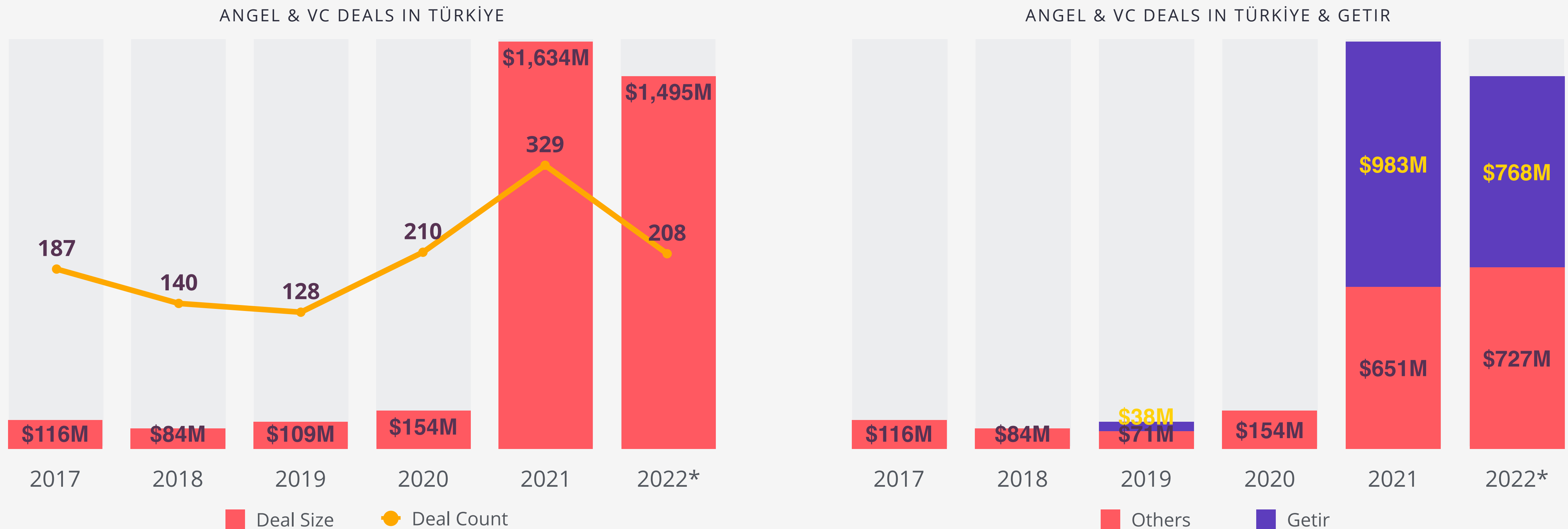
 Egypt **\$131M** (27)

 Saudi Arabia **\$122M** (9)

 Türkiye **\$90M** (51)

 Georgia **\$13M** (3)

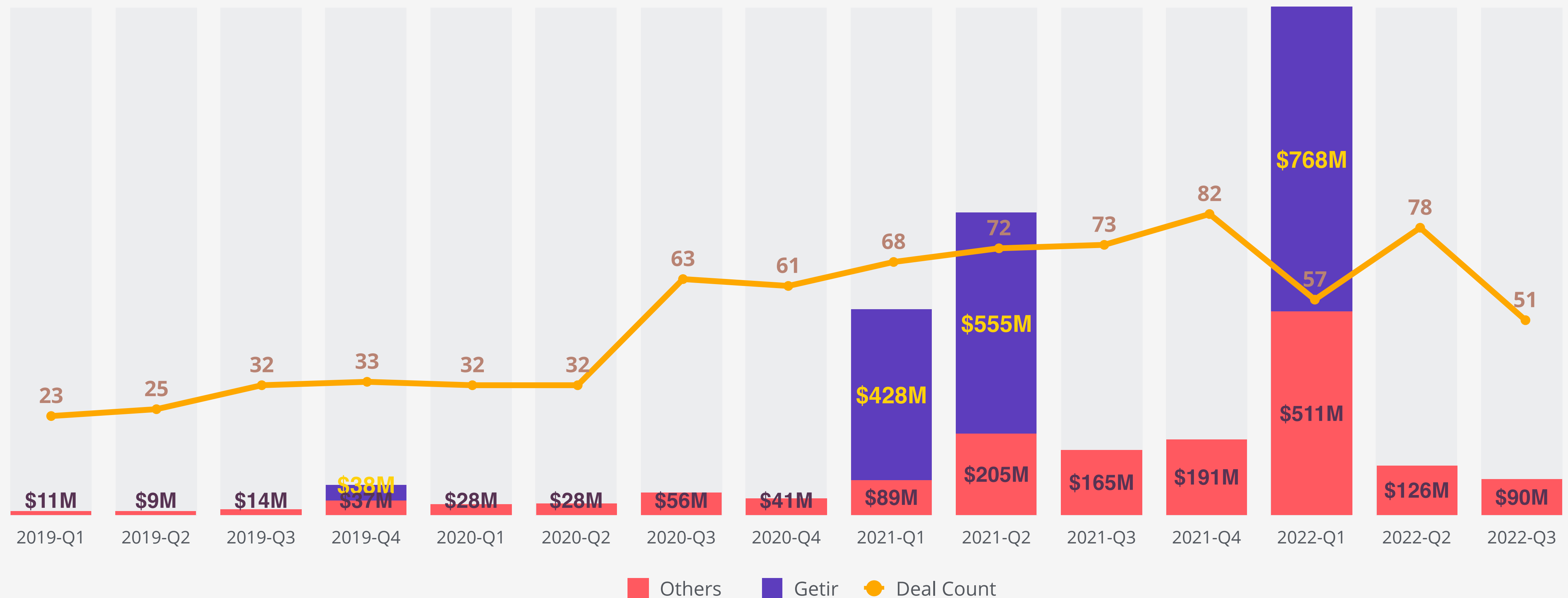
- In the first nine months of 2022, **1 billion 495 million dollars** were invested across **208 deals** in seed, early and later vc stages.
- The all-time record (\$727M) was broken when Getir deals were excluded.
- 10 deals accounted for 88% of all deals in terms of amount invested.
- Considering the expectations for the fourth quarter, the number of deals in 2022 is expected to lag far behind 2021.



* : As of Sep 30, 2022 ; 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 Q3-2022, **90 million dollars** were invested across **51 deals** in seed, early and later vc stages.
- The top 3 deals in Q3 accounted for **67%** of all deals. (Vavacars, Appsilon, Oplog)
- In Q3 2022, the deal size decreased by **28%** and the deal count by **35%** compared to the previous quarter.

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 2022, the number of deals in seed, Series A and Series B will probably fall behind the 2021 figures. We can correlate this decline to the fact that investors started to hesitate to invest in new startups due to the **global downturn**.
- Although 30 out of 186 seed investments in 2022 were equity-based crowdfunding, the number of seed investments dropped dramatically.
- In the first 9 months of 2022, there was also a significant decline in Early Stage deals (Series A and B). This decline is unlikely to recover in the last quarter.
- Those seeking Series B investment were more dependent on foreign investors, as they had few options in Türkiye at this stage. Since there is also a contraction in investments abroad, startups at this stage are less likely to receive investment.

TÜRKİYE YEARLY DEAL (\$) ACTIVITY BY STAGES

STAGES	2017	2018	2019	2020	2021	2022*
Seed Stage (\$)	59M	47M	40M	67M	136M	210M
<i>YoY Growth</i>		-21%	-14%	67%	102%	54%
Early VC Stage (\$)	33M	22M	61M	49M	643M	105M
<i>YoY Growth</i>		-35%	184%	-19%	1206%	-84%
Later VC Stage (\$)	23M	15M	7M	37M	855M	1,181M
<i>YoY Growth</i>		-35%	-52%	409%	2211%	38%

TÜRKİYE YEARLY DEAL (#) ACTIVITY BY STAGES

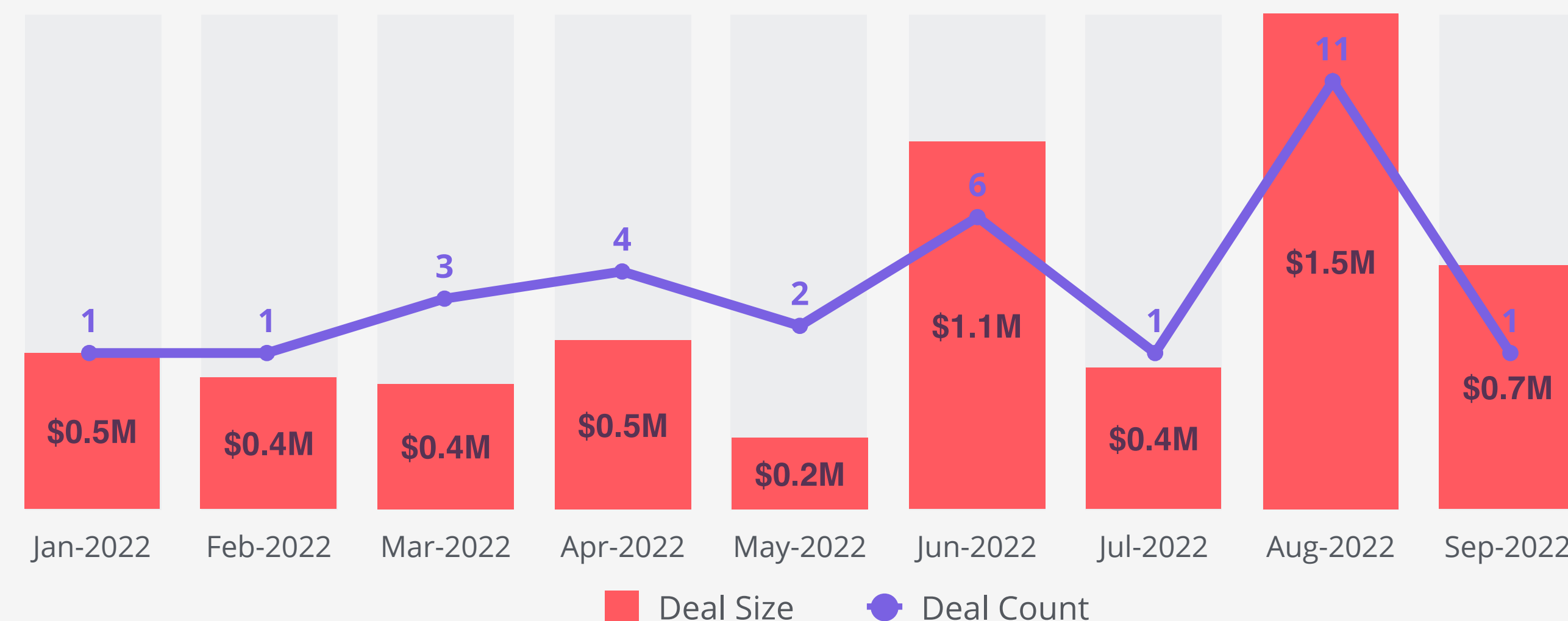
STAGES	2017	2018	2019	2020	2021	2022*
Seed Stage (#)	166	126	113	188	295	186
<i>YoY Growth</i>		-24%	-10%	66%	57%	-37%
Early VC Stage (#)	19	9	12	20	32	18
<i>YoY Growth</i>		-53%	33%	67%	60%	-44%
Later VC Stage (#)	2	5	3	2	2	4
<i>YoY Growth</i>		150%	-40%	-33%	0%	100%

- In 2021, 5 equity-based crowdfunding platforms were authorized for establishment, and 3 in 2022.
- While a total of 30 startups were successful on 3 platforms in the first 9 months of 2022, this number will increase significantly with the opening of other platforms in the coming months.
- Looking at the deal sizes so far, equity-based crowdfunding platforms have only been a good option for entrepreneurs at the seed stage.
- In the coming months, secondary transactions by those who have invested so far will be a key factor in shaping the future of equity-based crowdfunding platforms. Although investing in startups is a long-term business, the individual retail investor may not have the patience of traditional angel investors or VCs.

TÜRKİYE YEARLY EQUITY BASED CROWDFUNDING DEALS

	2017	2018	2019	2020	2021	2022*
Equity Based Crowdfunding Deal Size (\$)	0M	0M	0M	2M	1.9M	5.6M
Seed Stage Deal Size (\$)	59M	47M	40M	67M	136M	210M
<i>% of Deal Size</i>	0%	0%	0%	3%	1.4%	2.7%
Equity Based Crowdfunding Deal Count	0	0	0	1	18	30
Seed Stage Deal Count	166	126	113	188	295	186
<i>% of Deal Count</i>	0%	0%	0%	0.5%	6.1%	16.1%

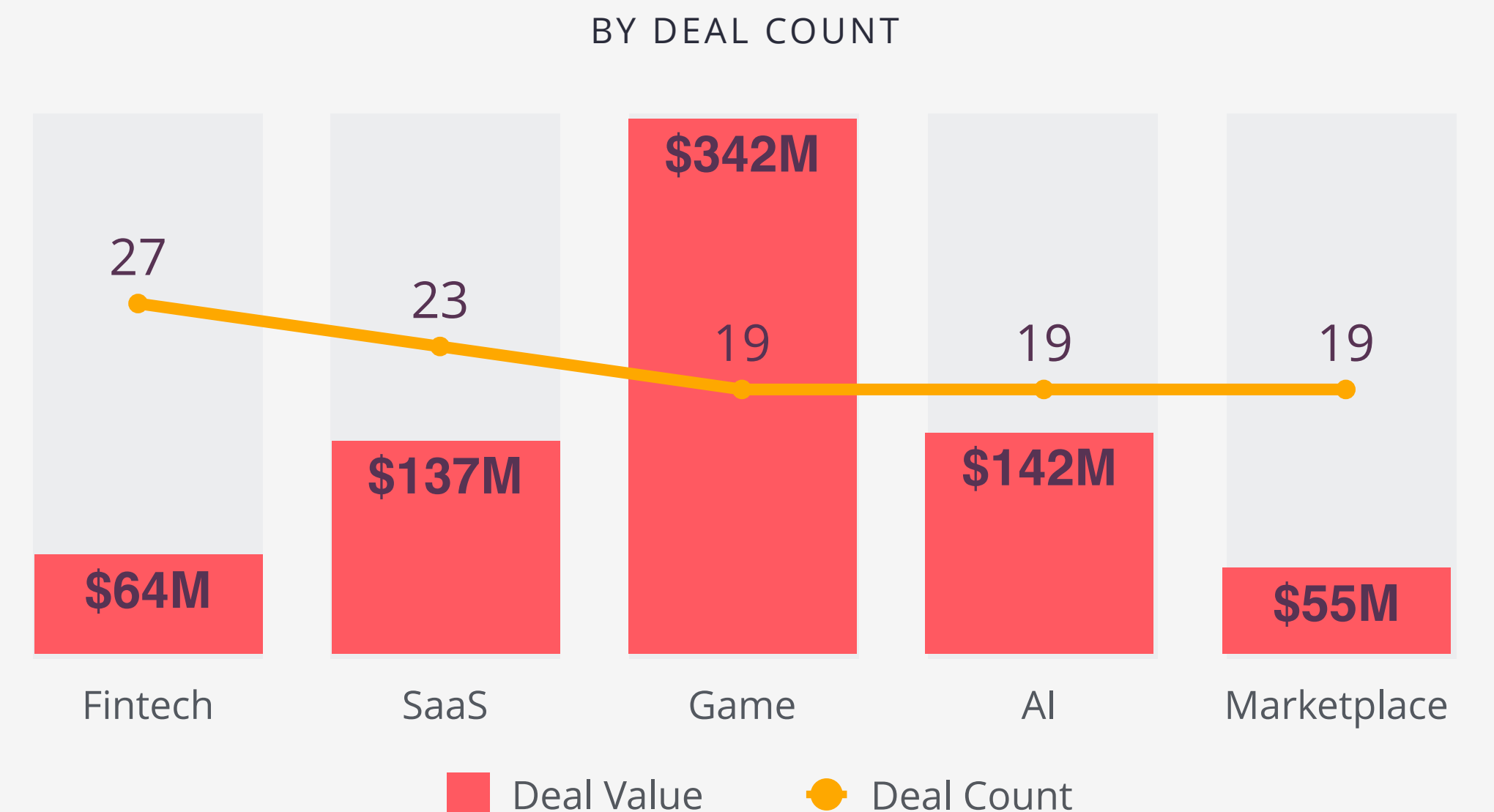
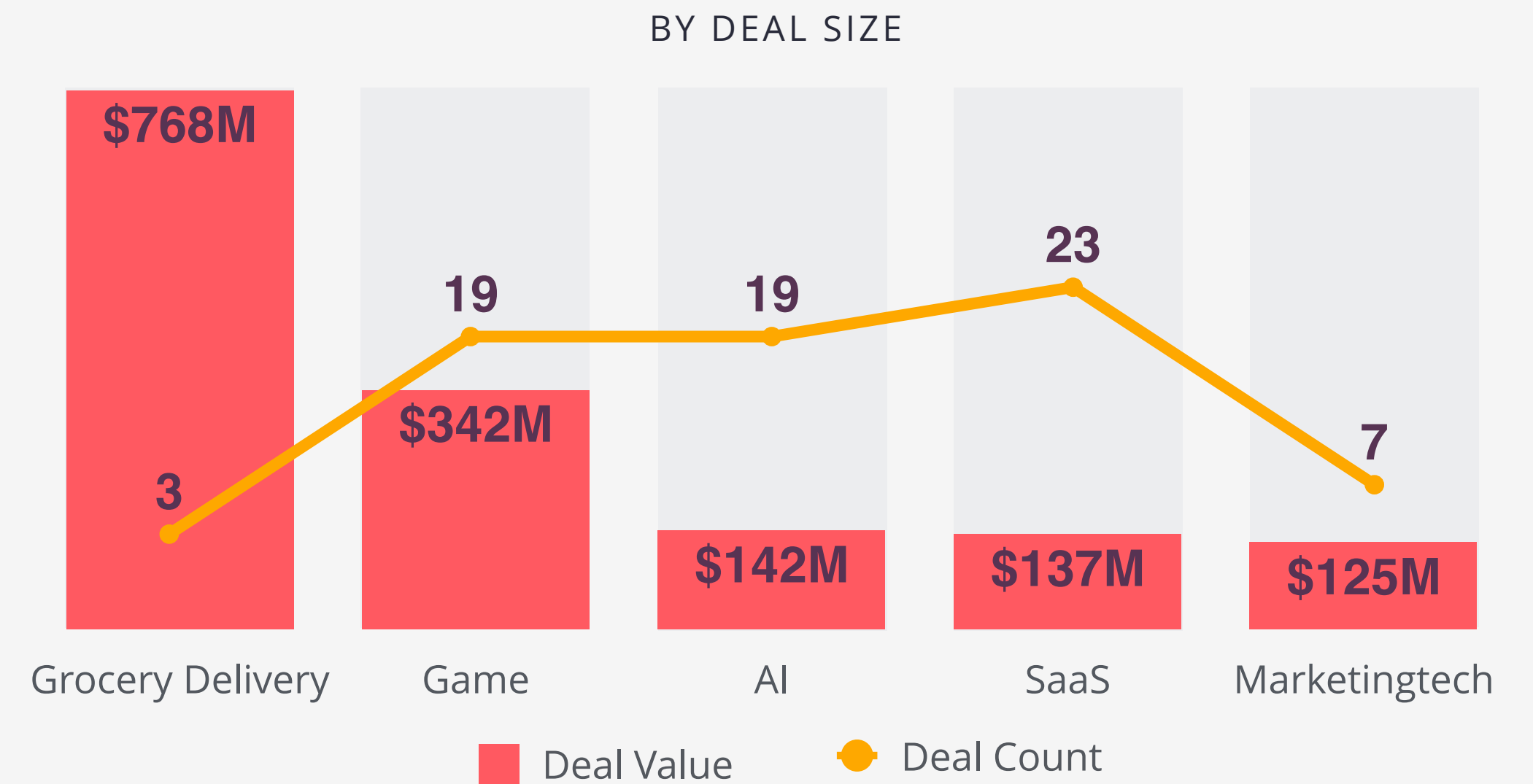
TÜRKİYE MONTHLY EQUITY BASED CROWDFUNDING DEALS



* : As of Sep 30, 2022 ; 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 2022*

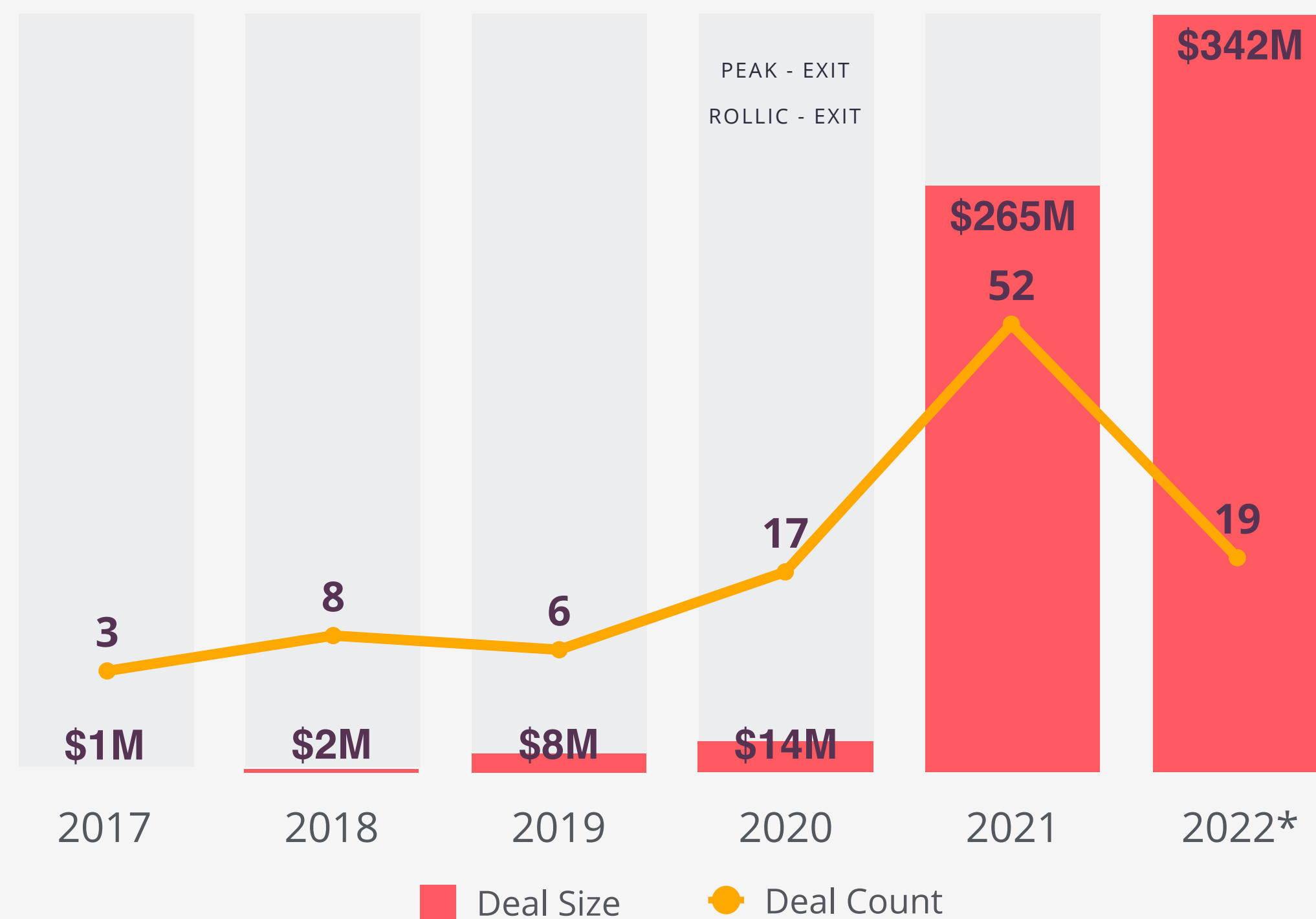
- In terms of deal size; grocery delivery, game, AI, SaaS and marketingtech were hot topics of first nine months of 2022.
- In terms of deal count; fintech, SaaS, Game, AI and Marketplace were hot topics of first nine months of 2022.
- The economic downturn has led to iBuyer-style startups like Easycep, Getmobil, Vavacars getting investment. Even though these startups look like marketplaces or second-hand sites, they have a different structure that buys your product from you and then sells it to someone else. With this structure, it also looks like a financial instrument for those who want to quickly convert the product they have into cash.



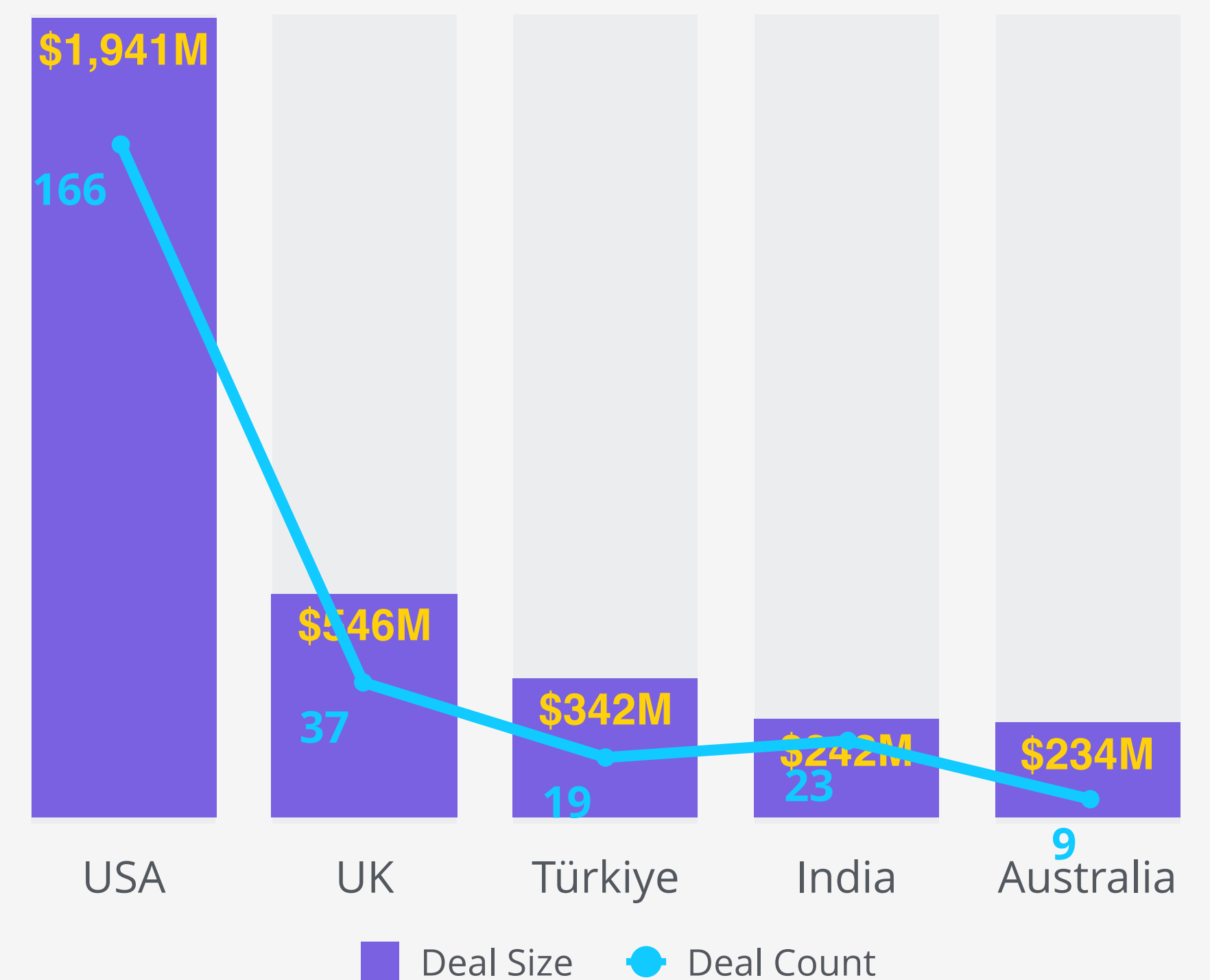
* : As of Sep 30, 2022 ; Notes : Only disclosed equity fundings are counted. Non-equity, secondary and post-IPO transactions, grants and convertible debts are excluded. (Check startups.watch for updates)

- In the first 9 months of 2022, although the number of game investments fell, the **all-time record** for the amount invested was broken.
- We anticipate that investments will not slow down in the fourth quarter and even another unicorn may emerge.
- We have said in our previous reports that gaming startups may not need much investment as long as they get positive results on LTV-CAC. Nevertheless, Türkiye was the third most invested country in terms of game investments in the first 9 months.

GAMING DEALS IN TÜRKİYE

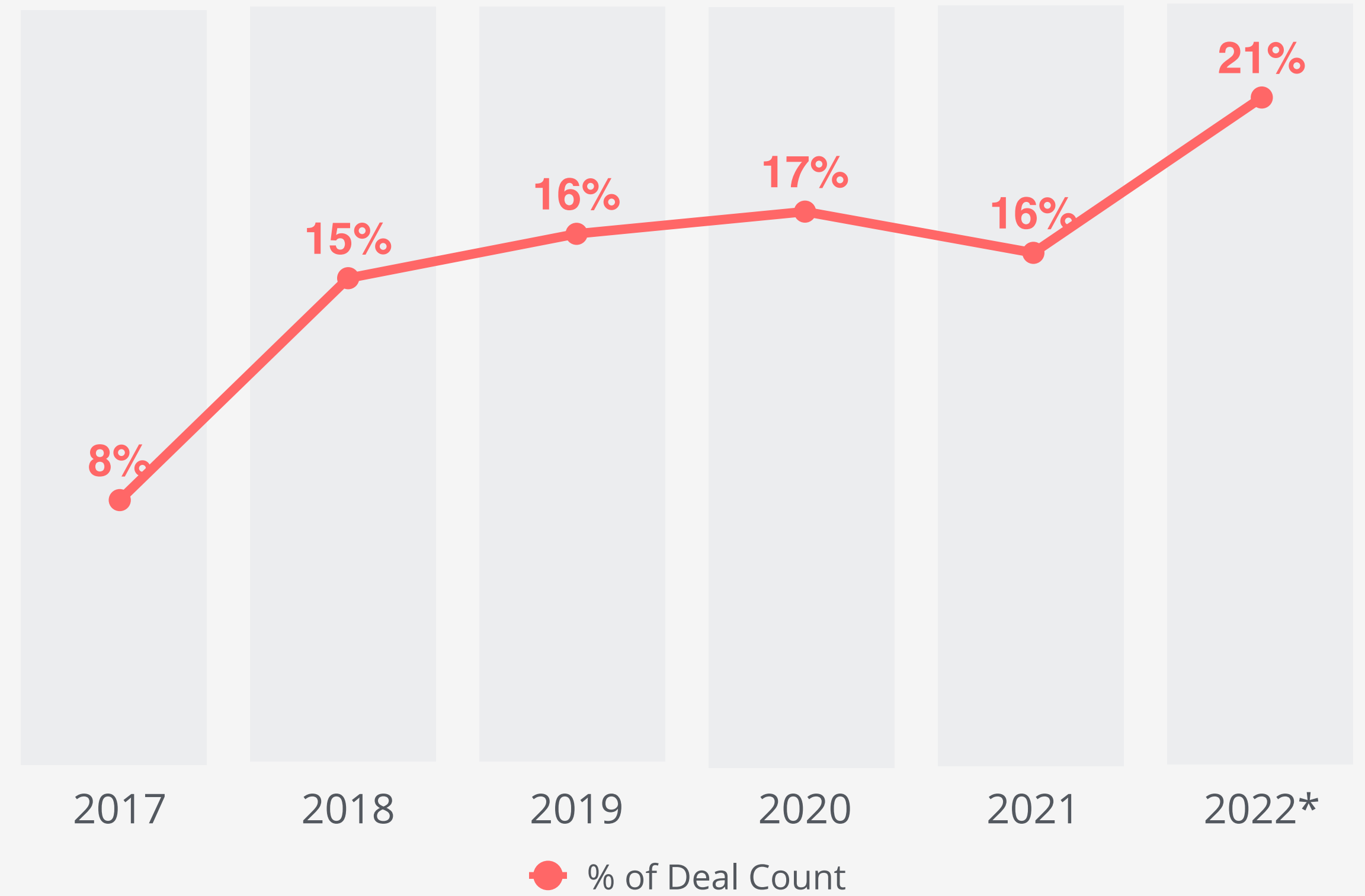


TOP 5 COUNTRIES IN GAMING DEALS IN 2022*



- In the first nine months of 2022, foreign investors participated **1 out of every 5 deals**.
- Foreign investors were mostly participated **8 gaming** and **8 fintech** deals.
- Accel, Balderton Capital, Ceecat Capital, EBRD, Hummingbird, Felix Capital, Goodwater Capital, Goldman Sachs, Index Ventures, Qatar Investment Authority, Sequoia Capital, Startup Wise Guys, Tiger Global, Wamda Capital are just some of the globally known foreign investors investing in Turkish startups in the first nine months of 2022.

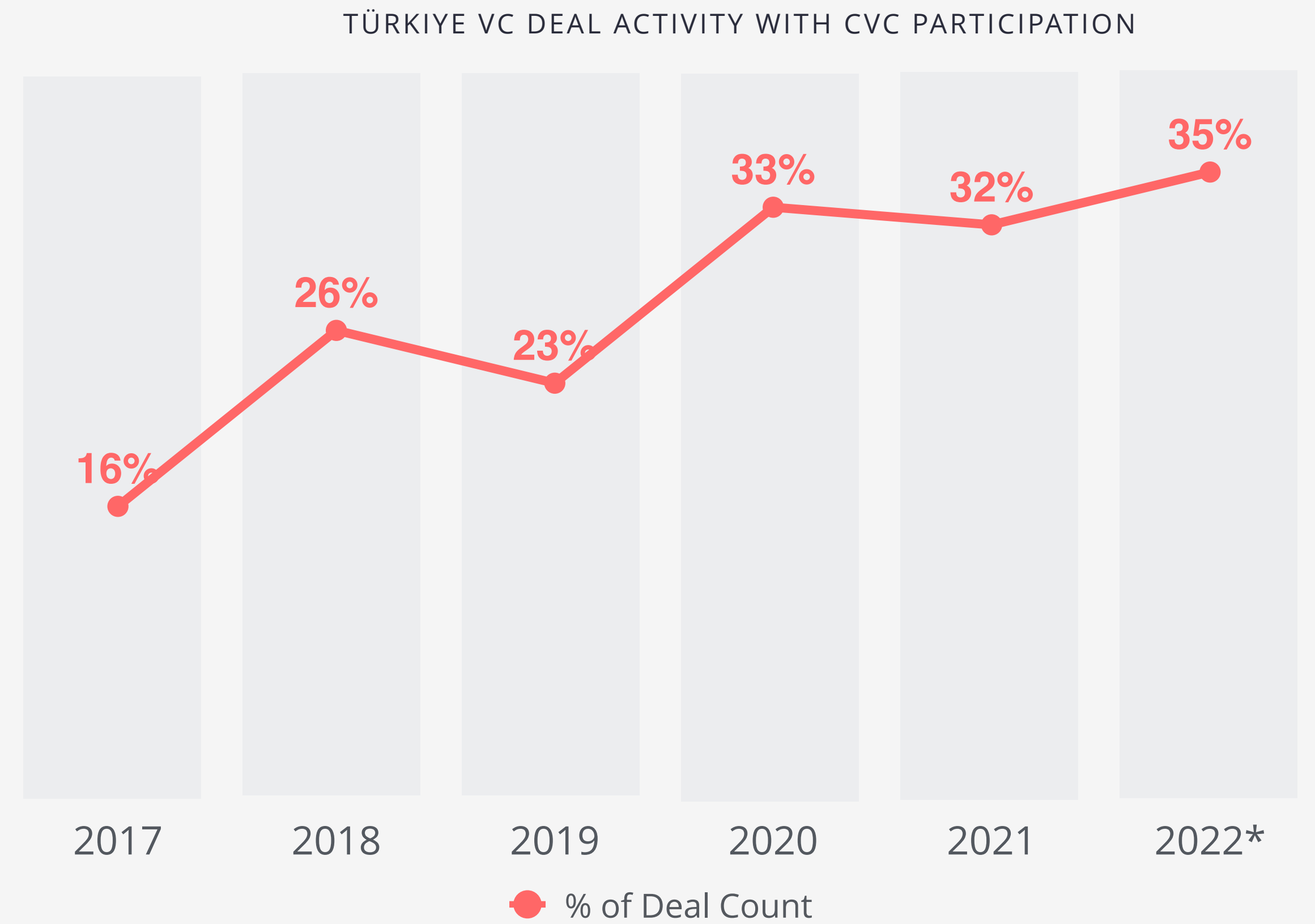
FOREIGN INVESTOR PARTICIPATION (ANGEL & VC DEALS)



	2017	2018	2019	2020	2021	2022*
DEALS PARTICIPATED (#)	15	21	21	36	52	43
TOTAL DEAL COUNT	187	140	128	210	329	208

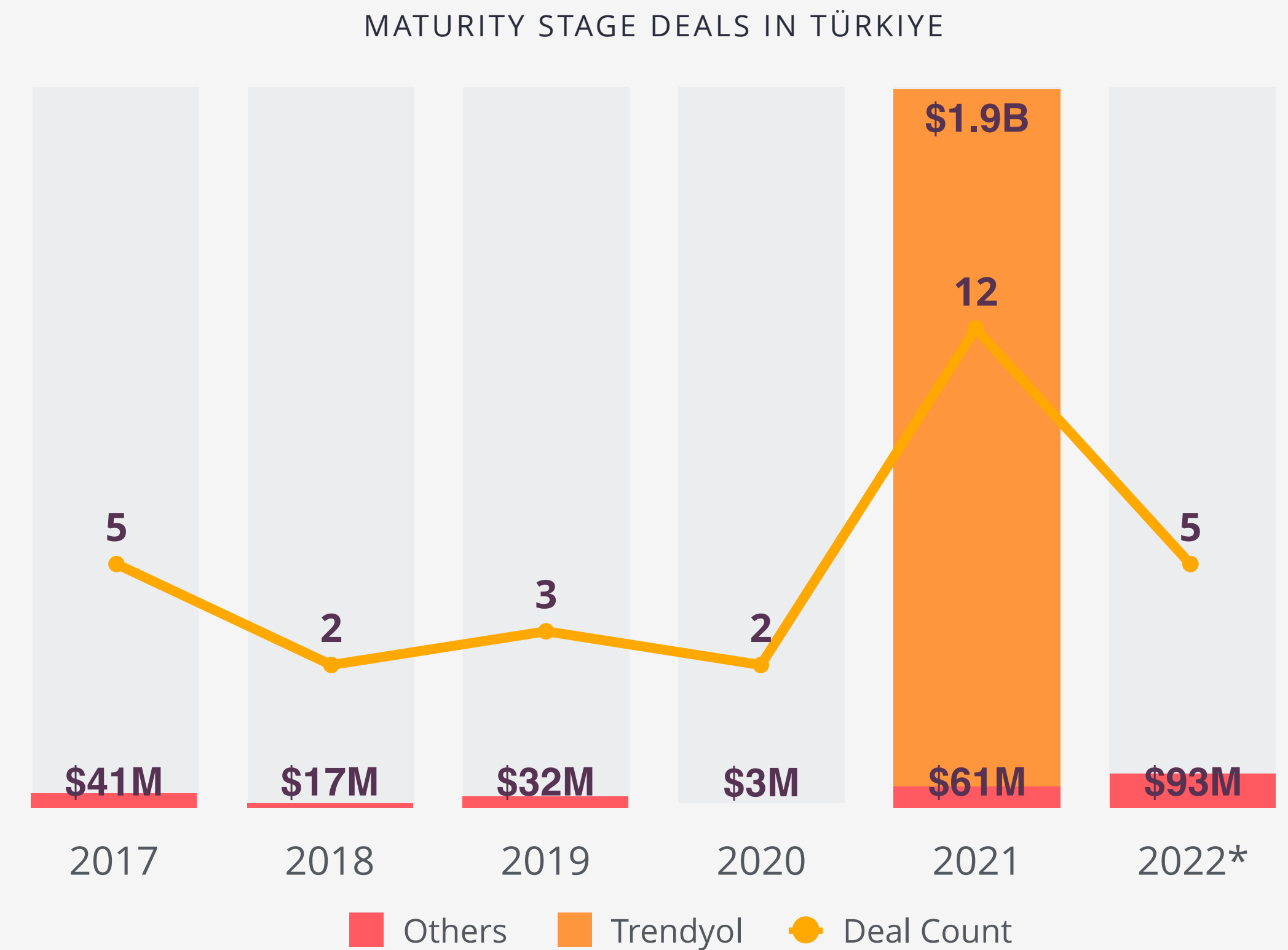
* : As of Sep 30, 2022 ; Notes : Only disclosed equity fundings are counted. Non-equity, secondary and post-IPO transactions, grants and convertible debts are excluded. (Check startups.watch for updates)

- In the first nine months of 2022, **73 out of 208** investments had a company or a CVC among the investors.
- Although the CVC investment rate is the highest in recent years in terms of ratio, it is behind last year in terms of deal count.
- Alesta Yatırım, Ankara Kalkınma Ajansı, APY Ventures, Bilişim Vadisi GSYF, Birleşik Ödeme, Esas Private Equity, Fiba & Finberg, Mindvest, Paribu Ventures, Sabancı Ventures, Sistem Global were among the most active CVCs.



	2017	2018	2019	2020	2021	2022*
DEALS PARTICIPATED (#)	30	37	30	69	106	73
TOTAL DEAL COUNT	187	140	128	210	329	208

- As in previous years, the number of investments in the maturity stage is quite low.
- One of the main reasons for this is the relocation of startups abroad after Series A investment. In other words, startups move abroad before reaching the maturity stage.
- Another reason is that many startups exit before reaching the PE level.



	2017	2018	2019	2020	2021	2022*
DEAL SIZE (\$)	41M	17M	32M	3M	1,911M	93M
<i>YoY Growth</i>		-60%	93%	-92%	72282%	-95%
DEAL COUNT	5	2	3	2	12	5
<i>YoY Growth</i>		-60%	50%	-33%	500%	-58%

- Istanbul ranked **6th** among European cities in the first 9 months of 2022.
- In the first 9 months, Istanbul was the city with the highest number of game investments in Europe after London. It ranked **fourth** globally.
- Based on cities in Türkiye, Istanbul ranked first, as expected.

ANGEL & VC DEALS IN EUROPEAN CITIES IN 2022*

RANK	CITY	DEAL SIZE (\$)	DEAL COUNT
1	London	16.1B	937
2	Paris	7.3B	249
3	Berlin	4.8B	284
4	Stockholm	2.2B	105
5	Munich	1.6B	96
6	Istanbul	1.4B	159

GAMING DEALS IN EUROPEAN CITIES IN 2022*

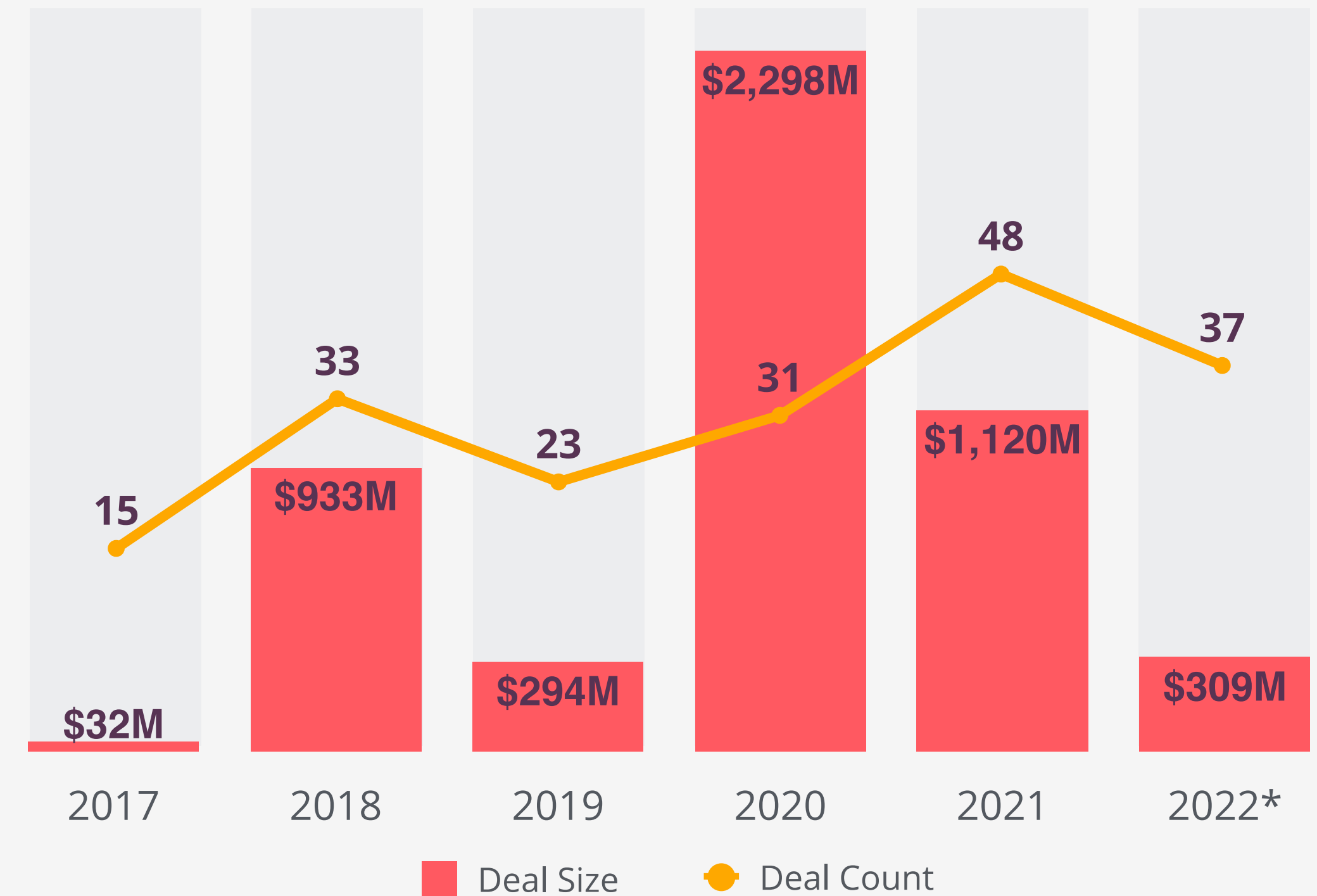
RANK	CITY	DEAL SIZE (\$)	DEAL COUNT
1	London	503M	26
2	Istanbul	341M	16
3	Lisbon	80M	5
4	Berlin	64M	6
5	Helsinki	61M	4

ANGEL & VC DEALS IN CITIES IN TÜRKİYE IN 2022*

RANK	CITY	DEAL SIZE (\$)	DEAL COUNT
 1	Istanbul	1,441M	159
2	Ankara	48M	30
3	Kocaeli	2M	4
4	Izmir	1M	5
5	Konya	1M	2

- Carny, Sybercode, tatil.com and Yuvarla are the exits of Q3-2022.
- Vepara and Udo Games had secondary transactions.
- The biggest exits in 2022 remained unchanged in Q3. Alictus, Airties and Volt Lines were the biggest exits of 2022.
- The fact that none of the exits in Q3-2022 had investors was a bad indicator for the ecosystem. Likewise, Alictus, the biggest exit of this year, also had no investors.

ACQUISITIONS & SEC. TRANSACTIONS IN TÜRKİYE



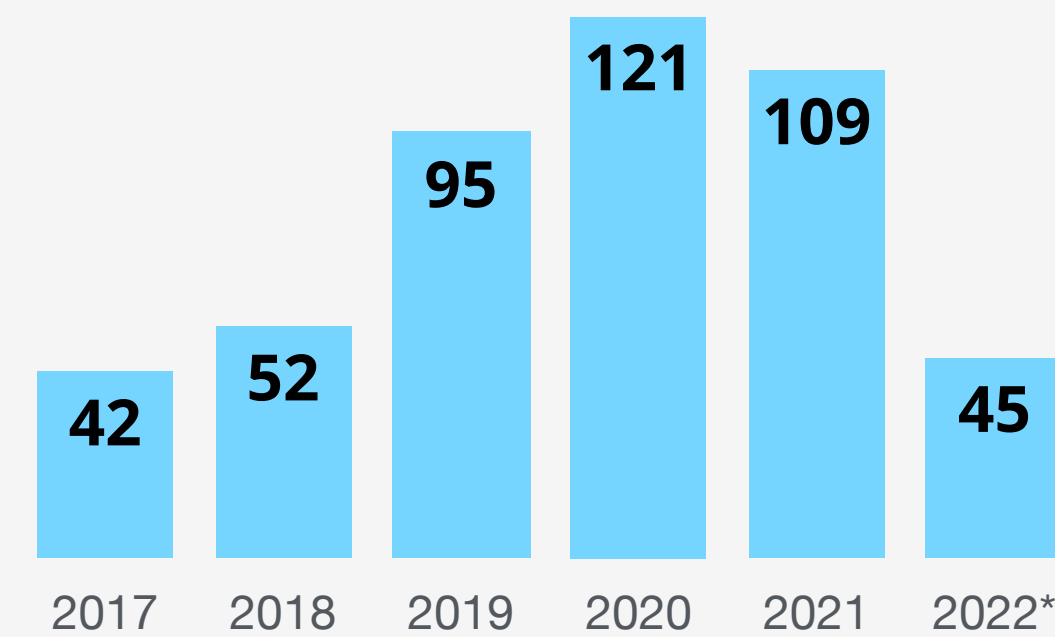
	2017	2018	2019	2020	2021	2022*
DEAL SIZE (\$)	32M	933M	294M	2,298M	1,120M	309M
<i>YoY Growth</i>		2826%	-69%	682%	-51%	-72%
DEAL COUNT	15	33	23	31	48	37
<i>YoY Growth</i>		120%	-30%	35%	55%	-23%

* : As of Sep 30, 2022

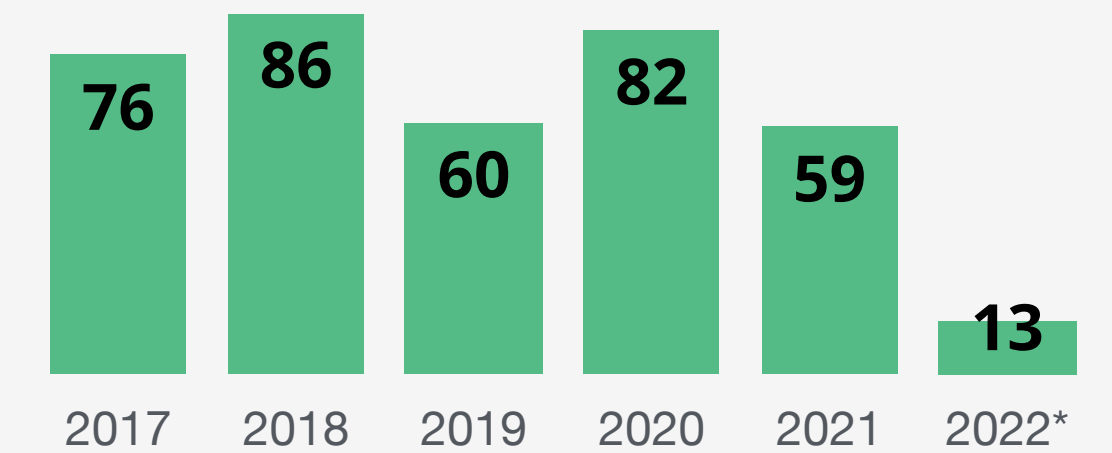
- The gaming vertical continued to be the vertical that generated the most startups. The gaming industry is also the most effective industry in terms of creating global players.
- Although the fintech vertical is behind the gaming industry in terms of producing global champions, it continues to be in the top 5.
- Although NFT and Blockchain seem to have produced a lot of startups, they will fall out of the top 5 in the coming months as the numbers are lagging behind.
- The infrastructures built by Teknopark Istanbul and Boğaziçi University in the field of deeptech seem to ensure that more deeptech startups will emerge in the coming future.

TOP 5	2017	2018	2019	2020	2021	2022*
1	FINTECH	FINTECH	GAMING	GAMING	GAMING	GAMING
2	SAAS	SAAS	AI	AI	FINTECH	FINTECH
3	DEEPTECH	AI	SAAS	HEALTHTECH	AI	AI
4	HEALTHTECH	DEEPTECH	FINTECH	FINTECH	HEALTHTECH	NFT
5	GAMING	HEALTHTECH	HEALTHTECH	SAAS	SAAS	BLOCKCHAIN

GAMING STARTUPS



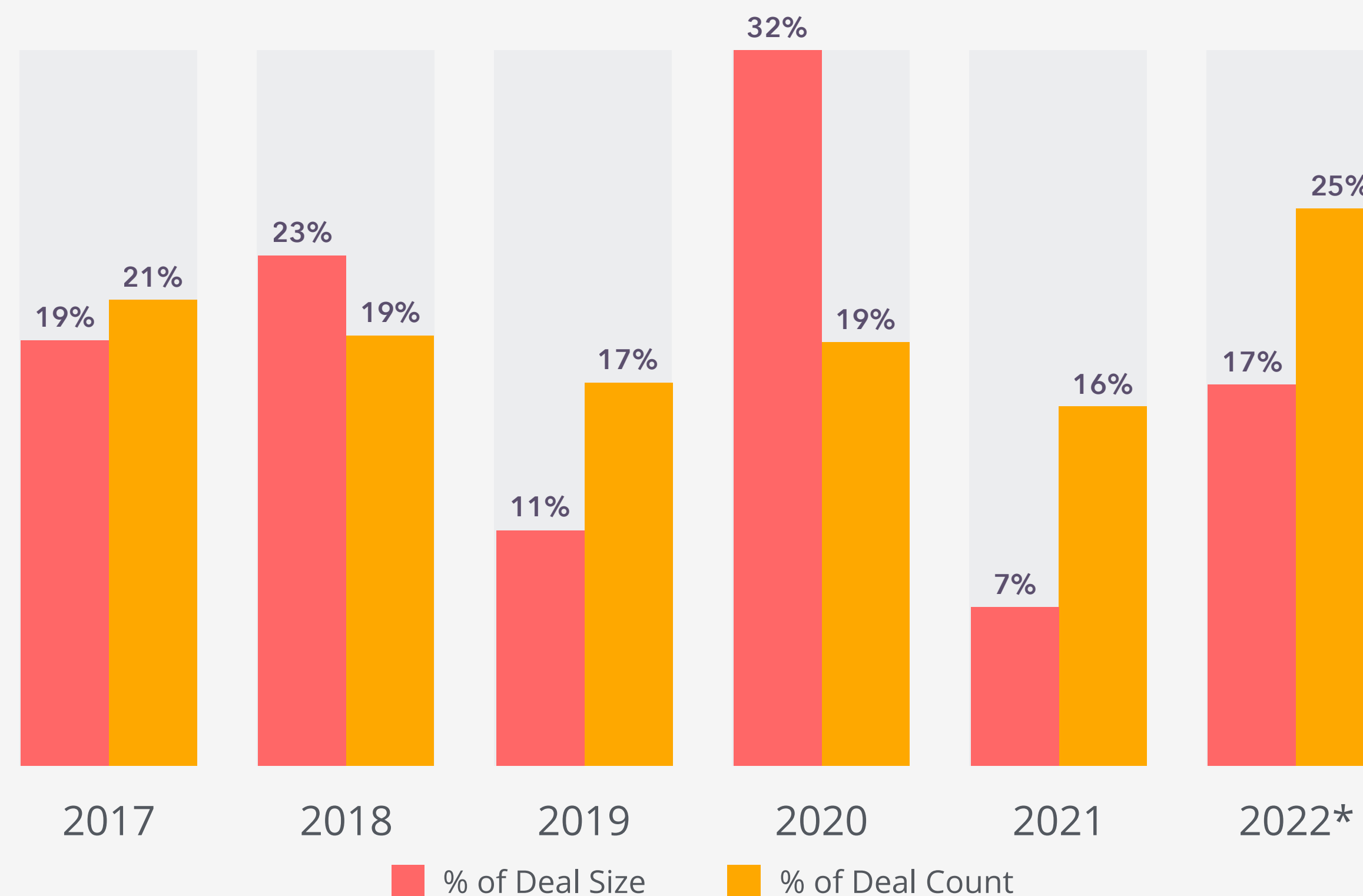
FINTECH STARTUPS



* : As of Sep 30, 2022 ; Notes : Top 5 verticals with the most startups established that year were considered.

- In the first nine months of 2022, **52 out of 208** investments had female founders. This is the highest rate in recent years, reaching 25%.
- In Q3-2022, VavaCars, F-Ray, Tazi.ai, Getmobil, Heralogy, Atlas Space, Hirize, tarifist, heyBooster, Triwi, Maly and Varsapp were the most invested startups with female entrepreneurs.
- In the first 9 months of 2022, there was a decline in the number of female entrepreneurs in established startups. The rate of female entrepreneurs in game startups established so far is **8%**. This lowers the overall average.

TÜRKİYE VC DEAL ACTIVITY WITH FEMALE FOUNDER



FEMALE FOUNDERS IN TÜRKİYE

	2017	2018	2019	2020	2021	2022*
Female Founded Startups / Total Startups	17%	16%	18%	19%	22%	16%

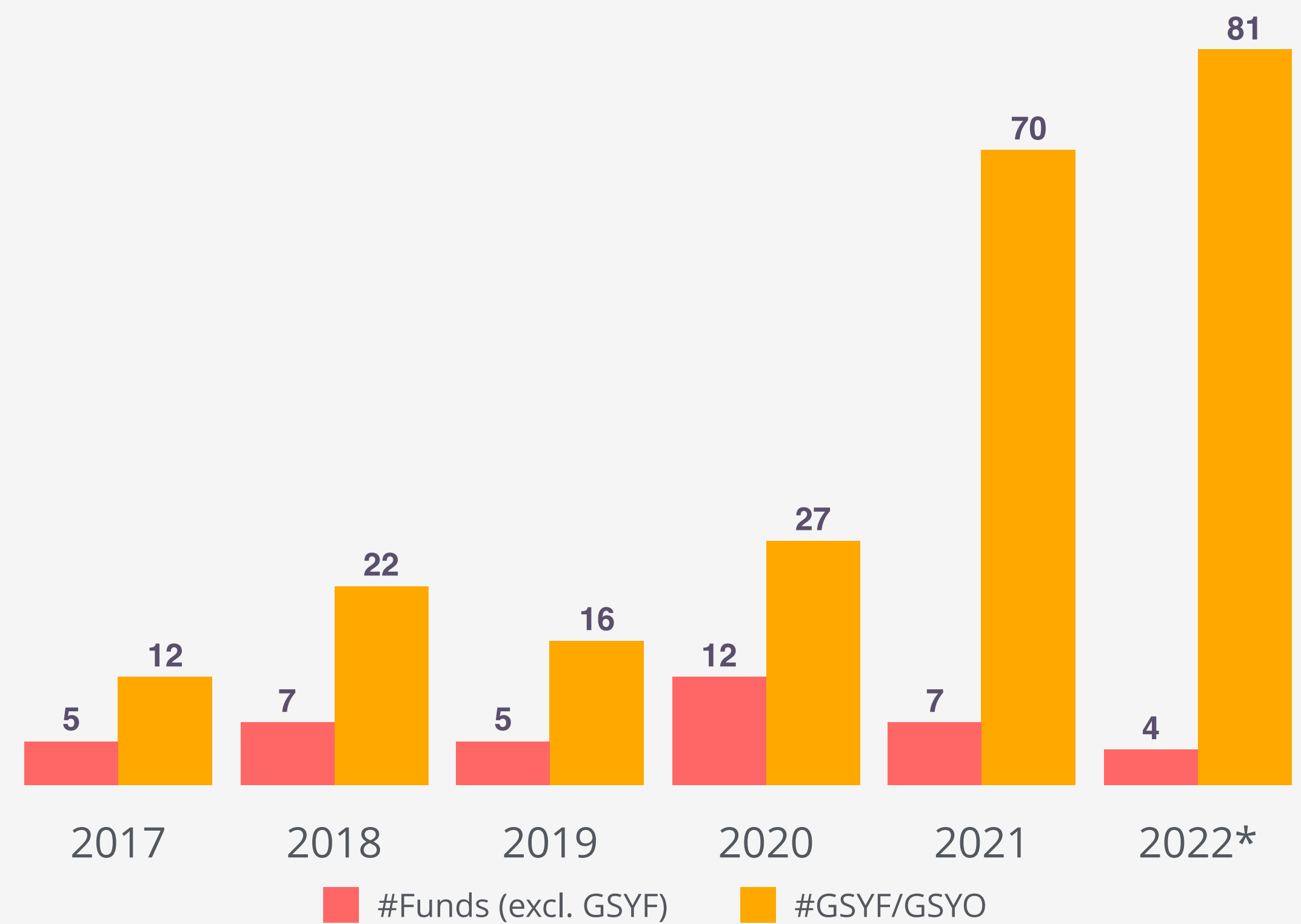
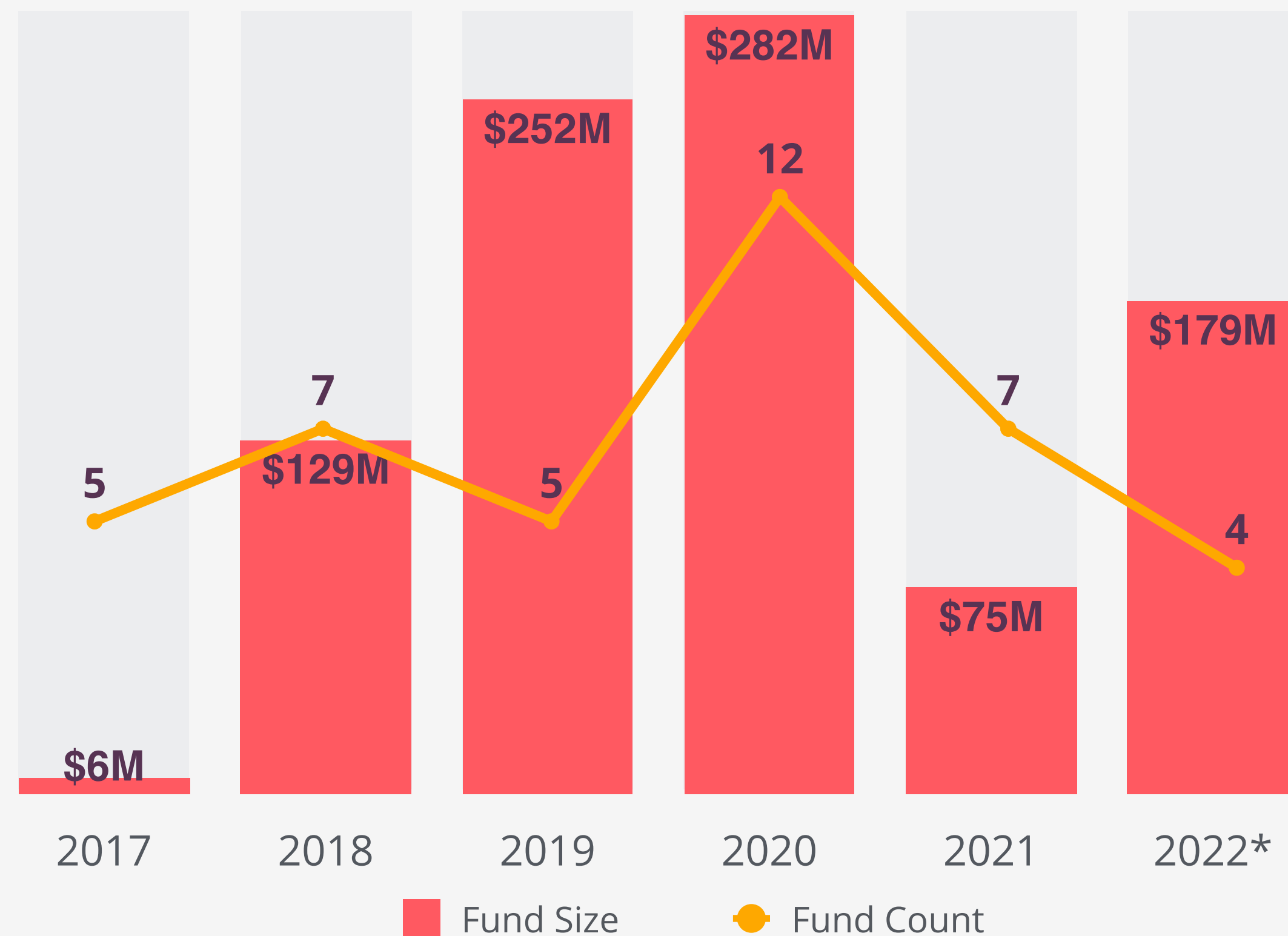
	2017	2018	2019	2020	2021	2022*
DEALS W/ FEMALE FOUNDER (\$)	22M	19M	12M	49M	116M	255M
TOTAL DEAL SIZE (\$)	116M	84M	109M	154M	1,634M	1,495M
DEALS W/ FEMALE FOUNDER (#)	39	27	22	40	53	52
TOTAL DEAL COUNT	187	140	128	210	329	208

* : As of Sep 30, 2022 ; 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 2020, the amendment to the **GSYF (VCIF - Venture Capital Investment Fund)** communiqué (III-52.4) paved the way for the establishment of a record number of funds in Türkiye. Since the fund sizes of these funds are not clear, a comparison was made in terms of numbers with funds established abroad.
- it is possible to refer to these funds as "**onshore micro funds**" as the vast majority of GSYFs have a fund size of less than \$10M and are based in Türkiye. Despite this, there is still a lack of larger funds in Türkiye for Series A and beyond.

NEW FUNDS EXCLUDING GSYF/GSYO BY YEAR

NEW GSYF (VCIF) & GSYO VS OTHER FUNDS



* : As of Sep 30, 2022 ; Source : Capital Markets Board of Türkiye Newsletters, Investors, startups.watch (Check startups.watch for updates)



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