

IPO Criteria Has Eased for Certain Sectors

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Dear Clients, Colleagues and Friends,

The Capital Markets Board ("**CMB**"), with its decision published in its Bulletin dated 29 December 2023, and numbered 2023/82, increased the monetary threshold amounts for public offerings by re-evaluation and the re-evaluated threshold amounts tighten the conditions for initial public offerings.

According to the 12th Development Plan, approved by the General Assembly of the Turkish Grand National Assembly on 31 October 2023, productivity increase was targeted with a sector prioritization approach and some sectors were identified as priority sectors.

In parallel with the Development Plan, CMB, with its decision numbered 18/505 s.k. published in the Capital Markets Board Bulletin dated 28 March 2024 and numbered 2024/17, decided to reduce the public offering monetary thresholds in relation to total assets and net sales revenues of issuers, limited to companies operating in certain sectors and meeting the following conditions. Accordingly;

- a. For the companies operating in the renewable energy sector and providing at least 75% of its revenue from renewable energy generation sales as of the financial statements of the last two years prior to the application date, prepared in accordance with the CMB regulations and subject to private independent audit,
- b. For the companies operating in the petrochemical sector with a license from the Energy Market Regulatory Authority and providing at least 75% of its revenue from petrochemical production sales as of the financial statements of the last two years prior to the application date, prepared in accordance with CMB regulations and subject to private independent audit,
- c. For the companies operating in the defense industry sector or providing services to the said sector in the field of information and communication technologies and software, providing at least 75% of its revenue from production / service sales for the defense industry as of the financial statements of the last two years prior to the application date, prepared in accordance with the CMB regulations and subject to private independent audit,
- d. For the companies operating in the agricultural sector and providing at least 75% of its revenue from the sales of unprocessed raw products obtained as a result of agricultural production as of the financial statements of the last two years prior to the application date, prepared in accordance with the CMB regulations and subject to private independent audit,

- e. For the companies that are certified by a public authority to have an innovative and scalable business model that produces high-added value based on advanced technology by supporting green and digital transformation, providing at least 75% of its revenue from these activities as of the financial statements of the last two years prior to the application date, prepared in accordance with the CMB regulations and subject to private independent audit and have any two of the following conditions,
- Having been accepted to one of the zones designated as a Technology Development Zone by the Ministry of Industry and Technology ("**Ministry** ") and having continuing business activities therein as of the application date.
 - Having an active R&D Centre approved by the Ministry in accordance with Law No. 5746 on Supporting Research, Development and Design Activities as of the IPO application date.
 - Having a valid patent issued by the Turkish Patent and Trademark Office within the last five years.
 - Benefitting from incentives provided within the scope of R&D, Product Development and Innovation Support Program of the Small and Medium Scale Enterprises Development and Support Administration (KOSGEB) within the last five years.
 - Having a publicly funded R&D project started or completed within the last five years.

total assets and net sales revenue amounts will be applied as follows:

TRY	For the Year of 2022	For the Year of 2023
Net Sales Revenue	180,000,000	270,000,000
Total Assets	300,000,000	450,000,000

With this decision, the CMB significantly lowered the monetary thresholds for public offerings in renewable energy, petrochemicals, defence industry, agriculture and sectors supporting green and digital transformation, thereby encouraging public offerings in these sectors.

Please do not hesitate to contact us for any further information on this briefing.

Kind regards,



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