

# Tix4 | Diligence Memo

Diligence Team Lead: Devon Riche, John Toretta, Shayan Hosseini , Natalia Rasmussen

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**THIS DEAL SUMMARY IS NOT AN INVESTMENT RECOMMENDATION. IT IS ONLY A SUMMARY OF A LIMITED REVIEW PERFORMED BY OUR MEMBERS. YOU MUST MAKE YOUR OWN THOROUGH REVIEW OF ALL INFORMATION INCLUDING THE OPPORTUNITY TO SPEAK WITH REPRESENTATIVES OF THE COMPANY. IT IS YOUR RESPONSIBILITY TO MAKE YOUR OWN INVESTMENT DETERMINATION BASED ON YOUR OWN INDEPENDENT EVALUATION OF THE COMPANY AND ITS PROSPECTS. ALL ANGEL INVESTMENTS ARE HIGHLY SPECULATIVE.**

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## INVESTMENT ASSESSMENT

### Investment Strengths

- Tix4 has a team of highly experienced and successful entrepreneurs with deep ties in the entertainment industry
- Tix4 has a proven business model that generated significant ticket sales before the pandemic

### Investment Risks

- Tix4 previously filed for bankruptcy under different leadership, highlighting the business's vulnerability to macroeconomic shocks and downturns in tourism.
- Tix4 is operating on a D2C model which has been traditionally hard to make venture scalable
- The team is drawing significant salaries, with John Emmons earning \$10k a month and is slated to receive a \$150K bonus solely for securing the \$6 million Series A round.
- Some C-suite executives are also projected to receive 25% salary increases in the following year, adding to the already high fixed cost structure.

### Valuation

- **Raise**
  - \$6M
- **Terms**
  - \$24M Pre Money Valuation (\$30M Post)
  - Priced Preferred Round
- **Amount committed for the round**
  -
- **Cap table**

Tix4 Issued Shares	Percent	Shares
Total Issued		50,000,000
Darin Feinstein	40.00%	20,000,000
Ernie Lee	40.00%	20,000,000
Brent Berge	10.00%	5,000,000
Larry Rudolph	10.00%	5,000,000
Jason Gastwirth		696,429
Issued Totals	100%	50,000,000

- **Use of funds**

Category	Allocation
New booth build-outs	\$1M
Tech & AI development	\$1.2M
Affiliate marketplace	\$800K
Digital marketing	\$1.5M
Personnel (sales, ops)	\$900K
Working capital/reserves	\$600K

- **Exit/ Likely Buyers**

- The Tix4 team wants to IPO in Q4 of 2028

## Possible Acquirers

### Major Ticketing & Event Platforms

These companies could acquire Tix4 to gain physical distribution channels or strengthen their last-minute sales strategy:

- **Ticketmaster / Live Nation** – to consolidate local resellers and gain control over spontaneous foot traffic sales.
- **AXS** – to compete more directly with Ticketmaster in live entertainment distribution.
- **Eventbrite** – if expanding further into in-person events and last-minute, in-market ticketing.

### Secondary Ticket Marketplaces

Tix4 complements online resale platforms with an offline presence:

- **StubHub** – to expand into physical locations and same-day sales.
- **Gametime** – to own a last-minute, physical sales channel in Vegas, aligning with their mobile-first focus.
- **Vivid Seats** – to expand their footprint into tourist-driven locations.

## TEAM ASSESSMENT

### [Andrew Shack](#)- CEO

#### Education

- **Boston University**  
Bachelor of Business Administration
- **Whittier Law School**  
Doctor of Law (J.D.)

#### Experience

- **President & Partner – Priority Records** (1988–2003)  
Played a key leadership role at one of the most influential independent record labels in the U.S.
  - **Executive Vice President – Capitol Records** (2003–2008)  
Oversaw major label operations and contributed to strategic direction during a transformative period in the music industry.
  - **President – 33rd St. Transformation LLC** (2010–2016)
  - **President & Co-Founder – Flush Records** (2016–Present)
- 

### [John Emmons](#)- CSO

#### Education

- **California State University, East Bay**  
B.A., History & Political Science
- **Foothill College**  
Coursework in History

#### Experience

- **Director of Sales – Smalltown.com** (2007–2009)  
Led sales for a hyperlocal advertising platform that exited via M&A.
- **Director of Business Development and Sales – CafePress (PlanetArt)** (2009–2012)  
Drove sales and strategic growth for the print-on-demand e-commerce platform, contributing during its IPO phase.

- **Director – San Mateo SBDC (2013–2014)**  
Founding director of the San Mateo County Small Business Development Center.  
Achievements:
  - Created over 140 jobs
  - Raised \$17M in funding
  - Launched 34+ startups
- **Head of Sales and Business Development – Tilt (Acquired by Airbnb) (2014–2015)**  
Led revenue and partnership efforts for a group-funding platform focused on frictionless, social pooling of funds.
- **CRO & Co-Founder – Project Wilbur (2012–Present)**  
Leads a strategic consulting firm supporting early- to growth-stage companies in marketing, fundraising, product development, and financial modeling.
- **COO – Learn With Socrates (2020–2022)**  
Oversaw operations and product strategy for an adaptive learning platform used in K–8 education, backed by the National Science Foundation.
- **Vice President of Entrepreneurial Development – X Co (Jan–Sep 2022)**  
Focused on launching and accelerating startups through a regional innovation hub.
- **Strategic Advisor – X Co (Sep 2022–Oct 2023)**

### [Carlos Reynoso](#)- COO

**Executive – Caesars Entertainment**

**Senior Role – Red Mercury**

**Senior Roles – AEG Presents & Goldenvoice**

Contributed to tour and residency development, working closely with major artists, venues, and production teams to bring large-scale entertainment experiences to the Las Vegas market.

### [Darin Feinstein](#)- Chairman

#### **Education**

- **University of Wisconsin–Madison**  
Undergraduate Studies (1990–1993)
- **University of Arizona**  
Accounting Studies (1993–1995)
- **Southwestern Law School**  
Doctor of Law (J.D.), 1995–1998

## Experience

- **Owner – Blackstar Investments, LLC** (2009–Present)  
Leads private investment firm focused on real estate, hospitality, technology, and entertainment assets across multiple sectors.
- **Founder – Core Scientific** (2017–2024)  
Founded and scaled Core Scientific into one of North America’s largest blockchain infrastructure and digital asset mining companies. The company went public via SPAC in 2021.
- **Founder & Executive Chairman – Blockcap, Inc.** (2019–2021)  
Launched one of the largest Bitcoin mining operations in the U.S., which later merged with Core Scientific.

## Board of Directors

Director- Brent Berg

Director- Larry Rudolph

Director- Jason Gastwirth

Director- Ernest Lee

## Management Discussion

Tix4 is led by a seasoned team with deep experience in entertainment, ticketing, and startup operations. CEO Andrew Saxe brings decades of leadership in the music industry, including at Capitol and Priority Records. CRO John Emmons has a strong track record in startup growth, sales, and strategy, with past roles at Tilt and CafePress. Carlos Reynosso adds significant Las Vegas market expertise, having held senior roles at Caesars Entertainment, Red Mercury, AEG, and Goldenvoice.

Though the company previously went bankrupt under different leadership, the current team’s combined experience and industry ties position Tix4 well for a strategic relaunch and long-term resilience.

## MARKET ASSESSMENT

### Description of Market and Targeted Segments

Business model includes:

- **Hybrid Sales Channels:** Combining physical kiosks and booths in high-traffic tourist

areas with an online platform (TIX4.com) to capture both on-site and digital sales.

- **AI-Powered Technology:** Utilizing AI for concierge services and kiosks to enhance customer experience and streamline bookings.
- **Affiliate and Influencer Marketplaces:** Developing partnerships and integrating with APIs to expand reach and drive sales.
- **Destination Packages:** Offering bundled experiences to increase customer value and sales.
- **Aggressive Marketing:** Leveraging high-visibility signage, LED posters, and vibrant branding, supported by a sales-driven approach with high compensation and contests.

Tix4's current operations focus on the Las Vegas Strip, with plans to expand to 8 locations and 14 booths within 10–18 months, targeting \$25 million in annual sales and over \$3 million monthly. Expansion plans include physical booths in NYC, Nashville, and other cities, with online sales covering multiple locations.

## Market Focus

Tix4 operates in the **retail ticketing market**, selling tickets directly to consumers for:

- **Shows:** Concerts, theater performances (e.g., Broadway in NYC, residencies in Las Vegas), comedy, and magic shows.
- **Tours:** Sightseeing and guided experiences.
- **Experiences:** Attractions and other entertainment activities.

Tix4 operates at the **retail level** of the ticketing cycle, aggregating tickets from primary issuers (e.g., venues, promoters) and selling them directly to consumers through physical and digital channels. Their focus on tourist-heavy locations and impulsive purchases differentiates them from primary sellers and broad online platforms.

## Overview of Target Markets

Tix4's expansion plans include Las Vegas, NYC, Nashville, and other unspecified cities. Each market has a vibrant entertainment and tourism sector, driving demand for retail ticketing:

- **Las Vegas:** Attracts over 40.8 million visitors annually, with 80,000 daily tourists on the Strip, generating significant entertainment spending LVCVA Research Center.
- **New York City:** Welcomed 64.3 million visitors in 2024, with strong demand for Broadway, concerts, and cultural experiences NYC Tourism + Conventions.
- **Nashville:** A growing music and tourism hub, with over 16 million visitors annually, known for its live music scene Visit Nashville.
- **Other Cities:** Assumed to be comparable to Nashville in market size, contributing to Tix4's broader reach.

## Total US Market

## Las Vegas

- **Total Entertainment Ticketing:** Las Vegas's non-gaming revenue was \$15 billion in 2023, with entertainment ticketing estimated at \$4–5 billion KNPR. Assuming shows, tours, and experiences account for 50%, this segment is \$2–2.5 billion.
- **Strip Share:** The Las Vegas Strip accounts for approximately 70% of this segment, yielding a TAM of **\$1.4–1.7 billion**. The previous analysis used **\$2.5 billion**, likely reflecting a broader definition or higher estimates, which we adopt for consistency.
- **TAM Estimate: \$2.5 billion** for retail ticketing on the Las Vegas Strip.

## New York City

- **Broadway Contribution:** Broadway grossed \$1.9 billion in the 2024–25 season, with 14.7 million attendees Broadway League.
- **Concerts and Other Events:** NYC's live music and other events (e.g., comedy, off-Broadway) are estimated to contribute an additional \$3–4 billion, based on the city's \$35.1 billion nightlife economic output, with ticketing as a significant component NYC Nightlife Economic Impact Report 2019.
- **TAM Estimate: \$5 billion** for retail ticketing of shows, tours, and experiences in NYC, reflecting its status as a global entertainment hub.

## Nashville

- **Music and Tourism Hub:** Nashville's live music scene, including venues like the Grand Ole Opry, attracts significant tourist spending. With 16 million visitors annually, the ticketing market for shows, tours, and experiences is estimated at **\$1 billion**, a conservative figure given its smaller scale compared to NYC.
- **TAM Estimate: \$1 billion.**

## Other Cities

- **Assumption:** Tix4 plans to expand to "other places," assumed to be two cities with markets similar to Nashville (e.g., Austin, Orlando). Each is estimated at **\$1 billion**, totaling **\$2 billion**.
- **TAM Estimate: \$2 billion.**

## Total Market Potential

- $\$2.5B + \$5B + \$1B + \$2B = \$10.5B$
- Global market \$200B global  $\rightarrow$  \$31B US = 6.45x US market

**TAM - \$67.7B (global)**

**SAM - \$10.5B (US)**

## Valuation Cap / Sanity Check:



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Invest Amount Requested \$	6,000,000	Industry EBITA Multiple ×	Percent of ownership %
Required Return Multiple ×	50x	15	20%
Industry Sales Multiple %	3		
Valuation (or Cap) \$	30,000,000	Expected Dilution %	Required Exit \$
		44%	\$2.7B
Option Pool %	A Round Pool %	B Round Pool %	
12.5	20	20	
C Round Pool %	Other Rounds %		
0	0		
Total Addressable Market \$	67.7	Billion ▾	
Serviceable Addressable Market \$	10.5	Billion ▾	
Serviceable Obtainable Market \$		Million ▾	
		Percent of TAM %	Percent of SAM %
		1.32%	8.5%

Using a 3x industry sale multiple, Tix4 would have to have almost \$900M in annual sales and exit for \$2.7B to reach a 50x. This analysis focuses on Vegas, NYC, Nashville, and 2 more cities comparable to Nashville. If they are able to expand to many more locations, their TAM and SAM would increase, and the \$30M valuation would be more reasonable.

## PRODUCT / BUSINESS MODEL ASSESSMENT

### Problem

Many Las Vegas visitors make last-minute decisions about entertainment, yet most ticket sales platforms are online-only and geared toward advance purchases, creating a gap in accessibility and convenience for spontaneous buyers. As a result, tourists often face limited options, higher prices, or missed opportunities when trying to secure tickets on short notice.

### Solution

Tix4 addresses this gap by operating high-visibility, in-person ticket booths along the Las Vegas Strip, offering tourists convenient, same-day access to discounted show and attraction tickets. By combining real-time availability with a physical presence in high-traffic areas, Tix4 meets the needs of last-minute buyers and capitalizes on

spontaneous purchase behavior.

### Target Customer Profile

Tourists on the Las Vegas Strip who are looking for last-minute entertainment deals and prefer in-person service over online booking platforms.

### Business Model

Tix4 operates a **commission-based resale model** centered around physical ticket booths on the Las Vegas Strip. Here's a concise breakdown:

- **Revenue Source:** Earns a commission on each ticket sold, typically through consignment or affiliate agreements with entertainment venues and promoters.
- **Distribution:** Sells tickets in person via strategically located booths to capture last-minute, high-intent foot traffic.
- **Target Inventory:** Primarily unsold or discounted show and attraction tickets, often for same-day or next-day events.
- **Value Proposition:** Provides convenience, in-person customer service, and real-time access to discounted entertainment options.

This model allows Tix4 to operate with low upfront ticket inventory risk while monetizing spontaneous tourist demand. Let me know if you'd like a visual version for a business model canvas.

### Sales Process/Go-to-Market

#### 1. Inventory Acquisition

- Partners with Las Vegas venues, promoters, and show producers to access unsold or last-minute ticket inventory.
- Agreements are typically commission-based or structured through affiliate or consignment models, minimizing upfront cost and risk.

#### 2. Real-Time Inventory Management

- Ticket availability and pricing are synced across all booths via a centralized point-of-sale system.
- Ensures staff can offer accurate, up-to-date options to customers in real time.

### **3. Physical Distribution via Booths**

- Operates branded ticket booths in high-traffic locations along the Las Vegas Strip.
- These booths serve as key sales hubs, capitalizing on impulse-driven tourist behavior.

### **4. Customer Acquisition**

- Relies on foot traffic, in-person signage, staff outreach, hotel concierge partnerships, and branded marketing materials to drive awareness.
- Focuses on engaging tourists who are already in-market and ready to buy within hours.

### **5. On-Site Sales Conversion**

- Staff assist walk-up customers by recommending available shows, offering last-minute discounts, and completing purchases directly.
- The convenience of immediate, face-to-face service helps increase conversion rates.

### **6. Partner Payout & Settlement**

- Revenue from sales is split with content partners based on the terms of each agreement.
- Tix4 avoids holding large ticket inventories, focusing instead on efficient distribution and service.

## **Product/Solution Discussion**

Tix4 offers a physical-first ticketing solution tailored to tourists who make last-minute decisions about entertainment. Unlike online-only platforms, Tix4 operates in-person ticket booths along the Las Vegas Strip, giving visitors real-time access to discounted tickets for same-day or next-day shows without the need for apps or pre-planning. By partnering with venues to sell unsold inventory, Tix4 helps fill empty seats while offering a convenient, walk-up experience. While Las Vegas is the launch market, the company plans to expand this model to other major tourist destinations with high foot traffic and demand for live entertainment, positioning itself as the go-to solution for spontaneous ticket buyers nationwide.

## COMPETITION

### Competitor Analysis

#### **Live Nation entertainment (NYS: LYV)**

Market Cap: \$33.41B

TTM Total Revenue: \$22.74B

TicketMaster generated \$2.99B in revenue for Live Nation

General Information: Live Nation Entertainment, founded in 2005 and headquartered in Beverly Hills, CA, is a major player in the live entertainment industry. The company operates as a concert promoter, venue operator, and ticketing platform, with a workforce of 16,200 employees. Live Nation has a global presence with offices in 45 countries and holds exclusive booking rights to nearly 400 venues, promoting around 55,000 events and selling approximately 640 million tickets through its Ticketmaster service in 2024.

Notes: Live Nation is the largest player in the live entertainment industry, having extended its market dominance with the 2010 acquisition of Ticketmaster, enabling full control over event production, promotion, and ticketing. However, Ticketmaster operates almost exclusively online, creating an opportunity for alternative approaches. Tix4 has carved out a unique niche by operating in-person booths along the Las Vegas Strip. This high-visibility, boots-on-the-ground strategy allows Tix4 to directly serve tourists and spontaneous buyers segments underserved by digital-only platforms, offering competitive last-minute deals.

#### **Vegas.com**

Valuation: Acquired by Vivid Seats for \$248.3M in 2023

**Description:** Provider of destination-specific travel services based in Las Vegas, Nevada. The company's website features updated information for travelers to Las Vegas and provides a full range of travel products including hotel rooms, air-hotel packages, show tickets, tours and golf and also offers exclusive inventory and products such as dining reservations and front-of-the-line nightclub passes.

Notes: Vegas.com is one of Tix4's most near term direct competitors, offering a broad range of services including show tickets, attractions, and hotel bookings within the same Las Vegas market. However, just like with Ticketmaster, Tix4 differentiates itself from [Vegas.com](#) by specializing in last-minute ticket sales and maintaining a high-visibility physical presence through strategically located booths along the Strip.

#### **Gametime**

Valuation: \$125M

Total Raised to Date: \$118.86M

**Description:** Operator of a mobile sports ticketing platform intended to help people to find and buy tickets to a nearby concert or sporting event at the last minute. The company sells tokens to major-league venues for baseball, football, basketball, hockey, and soccer, enabling users to select access by price and location and then book instantly and get them delivered.

Notes: Gametime operates in the exact niche that Tix4 is trying to gain market share back in. The big difference between them is the on the ground booths where Tix4 hopes to generate more revenue and steal business from the online vendors.

### **Concerns**

Tix4 filed for bankruptcy in mid-2021 after the COVID-19 pandemic brought Las Vegas tourism and the live entertainment industry to a near standstill. The company's heavy reliance on the Vegas Strip and the entertainment market made it particularly vulnerable to such an external shock. While a pandemic-level disruption is rare, economic downturns or even modest declines in tourism like Las Vegas has been seeing recently could have a similarly damaging impact on Tix4's business. Their current dependence on a single market poses a significant concentration risk and emphasizes the need for them to rapidly expand into new markets.

### **Competitive Advantage**

Tix4's competitive advantage stems from its seasoned leadership team and differentiated distribution model. From the board to the C-suite, the company is backed by accomplished professionals with strong track records in entertainment, operations, and business growth. Additionally, Tix4's physical, on-the-ground ticketing presence sets it apart from major competitors that rely solely on digital platforms.

### **Competition Discussion**

The ticketing industry is large, highly competitive, and notoriously difficult to penetrate. Despite these challenges, Tix4 has demonstrated a viable business model, having previously carved out a foothold in the Las Vegas market. Unfortunately, their early momentum was disrupted by the COVID-19 pandemic, a rare, industry-halting event that severely impacted tourism and live entertainment.

That said, future success is far from guaranteed. Tix4 faces intense competition from dominant players like Ticketmaster, whose exclusive partnerships and scale bolstered by their acquisition by Live Nation—give them significant market leverage. Other major competitors like StubHub lead the secondary resale market, while platforms such as Gametime also target last-minute buyers with discounted pricing.

To regain and grow market share, Tix4 will need to double down on its unique value proposition: a strong physical presence on the Strip that captures foot traffic from spontaneous tourists seeking last-minute deals. Additionally, leveraging affiliate partnerships to offer discounted pricing and undercut competitors will be critical in establishing Tix4 not just as a discount ticket booth, but as a go-to destination for live entertainment bookings.

## FINANCIALS

### Forecast

	2025	2026	2027	2028
<b>Tickets sold</b>	209,915	2,251,294	4,550,498	5,646,320
<b>Gross Revenue</b>	\$ 20,026,897	\$ 214,478,865	\$ 440,567,232	\$ 552,465,574
<b>AVG MO REV</b>	\$ 1,668,908	\$ 17,873,239	\$ 36,713,936	\$ 46,038,798
<b>Net Revenue</b>	\$ 5,247,543	\$ 55,877,460	\$ 119,480,177	\$ 154,196,240
<b>Operations</b>	\$ 9,323,048	\$ 55,484,442	\$ 97,302,352	\$ 91,389,843
<b>EBIDTA</b>	\$ (4,075,505)	\$ 393,018	\$ 22,177,824	\$ 62,806,396

### P&L

### Major Expenses and Drivers

- C-suite executives annual salaries range from \$180K to \$240K, with total prorated compensation for 2025 estimated at **\$632K** for the C-suite execs. Many of the C-suite execs will see salary raises in the 25% range in 2026.
- Company-wide salary expenses for 2025 are expected to total **\$2.93 million**.
- Rent for their in person locations is currently at \$126K per month and is projected to increase to \$183K per month with new locations opening up
- John Emmons the CRO gets a bonus of \$150k immediately after completing the raise for \$6 million, he would have received \$50K more if he completed the raise before June 30th
- Wages for the in person locations currently totals \$168k per month, but will likely go up in the second half of 2025 to \$260-300k per year with new locations needing staffing.

### Future Financing

### Financial Discussion

John Emmons is set to receive a \$150K bonus solely for closing the \$6 million funding round—an incentive structure that may prompt questions about alignment with long-term company performance. This is in addition to a monthly salary of \$10K, and C-suite compensation is expected to increase by as much as 25% for some executives in the following year. If Tix4's revenue projections hold true, the company should have sufficient runway to cover expenses through the end of 2025. However, with planned increases in fixed costs—particularly executive compensation and operating overhead—Tix4 will either need to achieve the rapid growth that their forecast projects or raise additional capital very soon to sustain operations. Without current sales data,

it's difficult to gauge whether these expenses are justified or sustainable, making the lack of financial transparency a key area of concern.