



Breakeven Point

The break-even point formula is established by dividing the total fixed costs associated with production by the revenue per individual unit, minus the variable costs per unit. The fixed costs refer to those which do not change depending on the number of units sold.

The breakeven point formula is defined a point where total costs and total revenue are equal and there is no net profit or loss.

$$\text{Business Breakeven} = \frac{\text{Fixed Costs}}{\text{Gross Profit Margin}}$$