

Gaming Lounge Financial Blueprint

Navigating Capital, Costs, and the 14-Month Path to Break-Even.



The Year-One Financial Reality at a Glance



\$49,500

Estimated average monthly operating expense required in 2026.



\$23,125

Projected monthly payroll (before taxes/benefits)—the single largest recurring expense.



**February
2027**

The target break-even milestone, requiring 14 months of sustained runway.

Securing the \$420,000 Working Capital Lifeline



\$45,000 Fixed Overhead



\$15,000 Initial Revenue



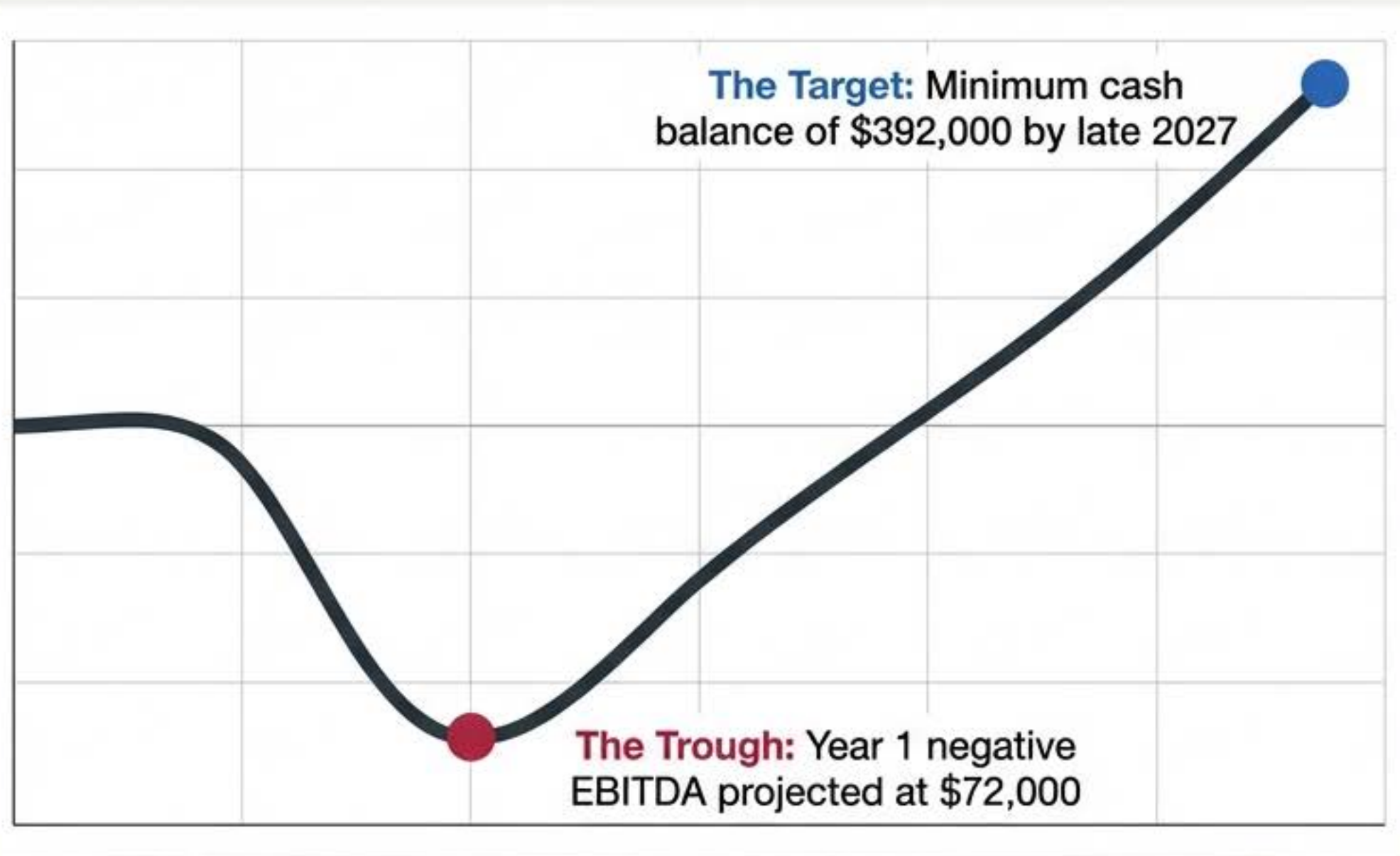
\$30,000 Initial Monthly Burn Rate



\$30,000 Burn × 14 Months = \$420,000 Total Working Capital

Strategic Lever: Secure the base \$420k plus a 20% contingency buffer to manage unexpected delays without facing immediate insolvency.

Bridging the Liquidity Gap to December 2027



- Liquidity must bridge the gap between spending and positive contribution margin.
- Ancillary sales (F&B) are the fastest way to improve contribution margins.
- Extended onboarding times (14+ days) significantly elevate churn risk.

Pitfall to Avoid: Assuming hardware inventory purchases can be funded by early revenue. Working capital must support all initial hardware inventory.

Deconstructing the Operating Budget Matrix



Fixed Overheads

- Rent
- Core Salaries (Payroll)
- Utilities & Power
- Asset Protection

Note: Inflexible; survival depends on tightly controlling these outlays.



Variable Costs

- F&B & Merch COGS
- Marketing & Customer Acquisition
- Game Software Licensing

Note: Scales with session utilization; requires constant margin optimization.

Core Takeaway: High rent demands higher session utilization to hit the break-even threshold.

Running Cost 1: The Non-Negotiable Rent Floor



\$10,000
Monthly Fixed Rent



\$120,000
Annual Fixed Rent

This cost establishes the absolute floor of the business. It is separate from variable COGS or marketing and must be cleared by session pricing before any margin is generated.

Actionable Mitigations

- Negotiate favourable tenant improvement allowances.
- Secure rent abatement periods during the initial build-out.
- Tie future lease increases exclusively to CPI benchmarks.

Strategic Lever: Never commit to long-term leases before unit economics are validated. Keep total occupancy costs as low as possible.

Running Cost 2: Managing the Heaviest Financial Anchor

\$277,500

Base Annual Salary (2026)

\$23,125

Monthly Base

This baseline excludes employer tax burdens and benefits. To cover this \$23k monthly drain, high utilization of the projected 25,000 gaming sessions is mandatory.

Actionable Mitigations

- Schedule staff strictly to peak session times (e.g., weekend tournaments).
- Cross-train staff to handle both floor operations and basic F&B sales.
- Benchmark staffing ratios rigidly against venue capacity.

Pitfall to Avoid: Overstaffing during slow weekday afternoons kills margins instantly. Every paid hour must align with customer demand.

Running Cost 3: Minimizing the Hardware Power Drain

\$3,000

Monthly Utility Cost

\$36,000

Annual Drain

Elite PCs and consoles require continuous power. This estimate is based on total wattage draw multiplied by commercial kWh rates over 720 hours (30 days).

Actionable Mitigations

- Source highly efficient 80 Plus Titanium Power Supply Units (PSUs).
- Negotiate specialized commercial energy contracts.
- Implement strict shutdown protocols for off-hours.

Strategic Lever: Audit idle power draw monthly. Reducing fixed utility costs requires upfront capital investment in hardware efficiency.



Running Cost 4: Tightening Margins on Ancillary Sales

70%

F&B/Merch COGS

\$39,550

Annual Direct Cost

Based on \$565,000 total projected revenue for 2026. A 70% rate leaves extremely tight margins to cover fixed overheads. Successful venues aim closer to 30%.

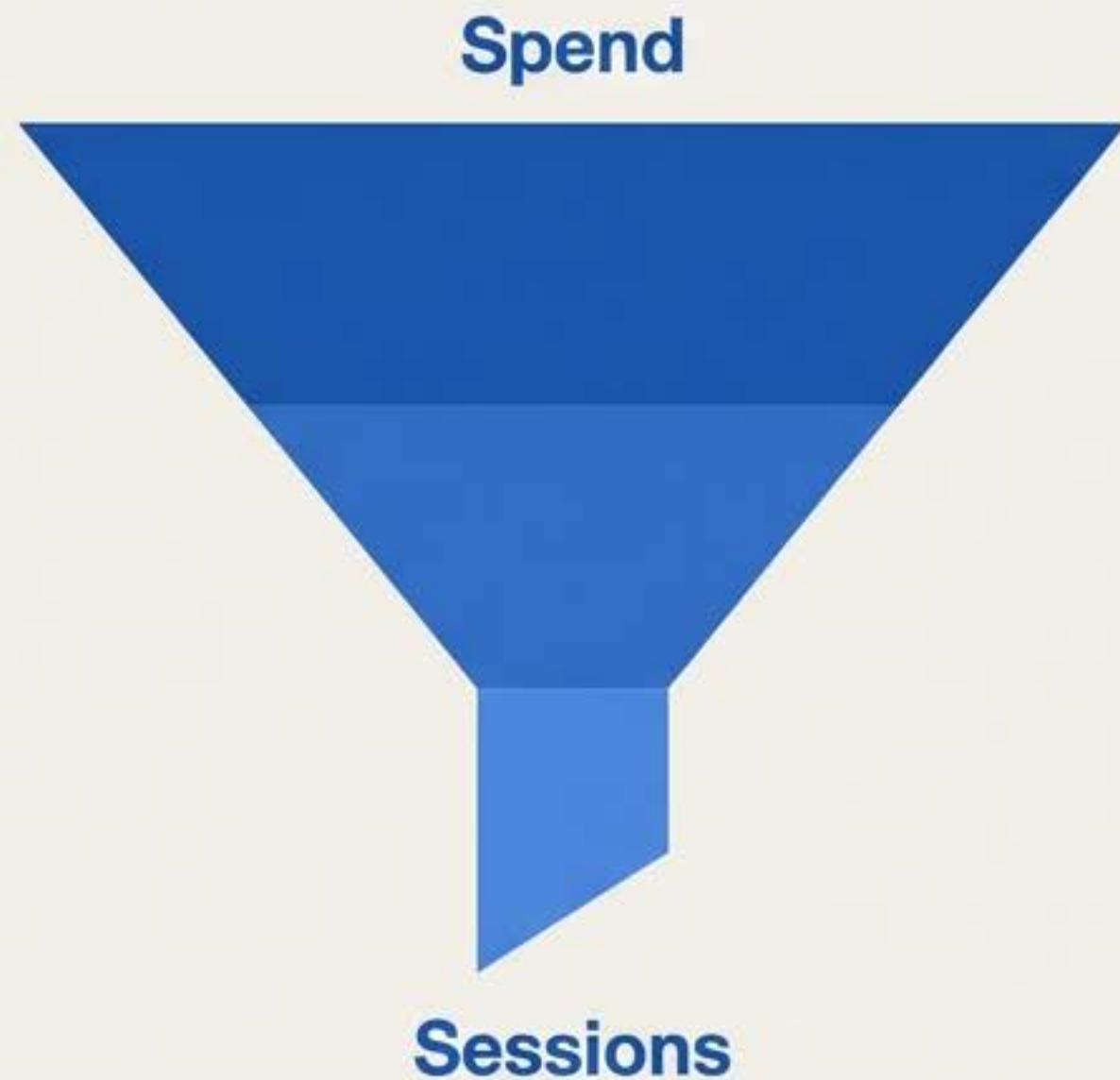


Actionable Mitigations

- Negotiate bulk deals for consumable drinks.
- Tighten inventory controls immediately to prevent shrinkage.

Pitfall to Avoid: Poor inventory tracking artificially inflates COGS. Every missing item is a direct hit to the 30% gross margin left for overhead.

Running Cost 5: Funding Customer Acquisition



\$39,550
Variable Budget

25,000
Target Sessions

\$1.58
Cost Per Session
(CPS)

Marketing consumes a massive 70% of revenue. Every dollar spent must be traceable to a paid booking or risk sinking operations.

Actionable Mitigations

- Measure CPS daily to ensure ad efficiency.
- Prioritize organic growth channels and high-LTV community events.
- Bundle marketing spend directly with F&B offers.

Strategic Lever: Maintain a hyper-focus on converting initial traffic into high Lifetime Value (LTV) recurring customers to offset the aggressive 70% acquisition cost.

Running Cost 6: Structuring Game Software Licensing

30% Revenue Rate

\$16,950 First Year Cost



Based on \$56,500 session revenue. This direct COGS impacts gross profit margins. If aiming for a 60% gross margin, this 30% fee must leave enough room to clear the \$47,100 in total fixed monthly operating expenses.

Actionable Mitigations

- Require signed agreements detailing per-unit or percentage fees.
- Negotiate tiered percentage rates that drop after hitting revenue milestones.
- Benchmark rates rigorously against industry norms.

Pitfall to Avoid: Locking into high fixed minimums when initial adoption is slow is a fatal Year 1 mistake.

Running Cost 7: Non-Negotiable Asset Protection

\$2,100
Monthly Total
Fixed Outlay



Actionable Mitigations

- Negotiate annual service agreements instead of paying for reactive repairs.
- Review insurance deductibles annually.
- Audit physical and digital security needs every six months.

\$800 / month:	Insurance
\$1,000 / month:	General Maintenance
\$300 / month:	Security Monitoring

Strategic Lever: Ensure the contribution margin from your 25,000 annual sessions covers this baseline protection cost before calculating final profits.

Emergency Protocol: Pulling the Downside Levers

Trigger: Initial revenue forecasts missed by 20%.



Lever 1: Immediate Marketing Cuts

- Slash the 70% marketing budget proportionally.
- Halt all Q4 digital ad buys lacking a guaranteed 3x ROAS.
- Review vendor contracts for termination clauses or deferrals.



Lever 2: Personnel Cost Deferral

- Freeze the planned 0.5 FTE Marketing Coordinator role.
- Save base salary plus the 25% burden cost.
- Push non-essential hires past January 1, 2025.

Strategic Lever: Reallocate any freed cash directly to the working capital buffer. Task existing staff with operational needs instead of onboarding new people.

The 14-Month Survival Checklist

Capital

- Secure **\$420k** + 20% buffer.
- Bridge the **\$72k** negative EBITDA.



Fixed Overhead

- Keep **rent** strictly at **\$10k**.
- **Cap payroll** at **\$23k/month** via peak scheduling.
- Optimise **power** (**\$3k**) with Titanium PSUs.
- Lock in **\$2.1k** asset protection.



Variable Ops

- Fight to **lower 70%** F&B COGS.
- Track the **\$1.58 CPS** meticulously.
- Negotiate tiered software licensing (avoiding 30% fixed minimums).



Emergency

- Be prepared to instantly **cut ads** (sub-3x ROAS).
- **Defer** the **0.5 FTE** hire.

Controlling the Floor Guarantees the Future

“Profitability in 2027 is determined by the discipline enforced on Day 1. Tightly managed fixed overheads and rigorous inventory control are the only true defenses against the initial \$30,000 monthly burn.”

Monitor utilization rates daily. Every idle hour erodes the working capital buffer.