Cracker Barrel Old Country Store, Inc. (CBRL) Q4 2026 Earnings Call Transcript

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Q4: 2026-09-23 Earnings Summary

EPS of $0.99 beats by $0.82 | Revenue of $849.34M (-2.15% Y/Y) beats by $4.35M

Cracker Barrel Old Country Store, Inc. (CBRL) Q4 2026 Earnings Call September 23, 2026 8:15 AM EDT

Company Participants

Adam Hannon - Manager of Investor Relations
David Deno - President, CEO & Director
Craig Pommells - Senior VP & CFO

Conference Call Participants

Anthony Trainor - Wells Fargo Securities, LLC, Research Division
Dennis Geiger - UBS Investment Bank, Research Division
Jeffrey Farmer - Gordon Haskett Research Advisors
Karen Holthouse - Citigroup Inc., Research Division

Presentation

Operator

Good day, and welcome to the Cracker Barrel Fiscal 2026 Fourth Quarter Conference Call. [Operator Instructions] Please note, this event is being recorded.

I would now like to turn the conference over to Adam Hanan, Director of Investor Relations. Please go ahead.

Adam Hannon

Manager of Investor Relations

Thank you. Welcome to Cracker Barrel's Fourth Quarter Fiscal 2026 Conference Call and Webcast. Earlier today, we issued a press release announcing our fourth quarter results. In this press release and on this call, we will refer to non-GAAP financial measures such as adjusted EBITDA for the fourth quarter ended July 31, 2026. Please refer to the footnotes in our press release for further details about these metrics.

The company believes these measures provide investors with an enhanced understanding of the company's financial performance. This information is not intended to be considered in isolation or as a substitute for net income or earnings per share information prepared in accordance with GAAP. The last pages of the press release include reconciliations from the non-GAAP information to the GAAP financials.

On the call with me are Cracker Barrel's President and CEO, Dave Deno; and Senior Vice President and CFO, Craig Pommells. Dave and Craig will provide a review of the business, financials and outlook. We will then open up the call for questions. On this call, statements may be made by management of their beliefs and expectations regarding the company's future operating results or expected future events. These are known as forward-looking statements, which involve risks and uncertainties that, in many cases, are beyond management's control and may cause actual results to differ materially from expectations.

We caution our listeners and readers in considering forward-looking statements and information. Many of the factors that could affect results are summarized in the cautionary description of risks and uncertainties found at the end of the press release and are described in detail in our reports that we file with or furnish to the SEC. Finally, the information shared on this call is valid as of today's date, and the company undertakes no obligation to update it, except as may be required under applicable law.

I'll now turn the call over to Cracker Barrel's President and CEO, Dave Deno. Dave?

David Deno

President, CEO & Director

Good morning, everyone, and thank you for joining us. As many of you know, I stepped into the CEO role about 6 weeks ago. Having spent several decades working in the industry, I have long admired this iconic brand and been excited about the opportunity ahead of us. Given my brief tenure at the company, today's remarks will focus on early observations and priorities. Over the past few weeks, I've spent the vast majority of my time meeting with team members, visiting stores and speaking with our guests. I've also tried to get a deeper understanding of the brand, our current strategy and recent performance.

A few things are already very clear to me. First, Cracker Barrel is on the right track. Second, we are a highly differentiated brand with tremendous potential. Third, we have a passionate guest base among the most passionate I've seen. Fourth, our people are critical to our success. They are the foundation for our hospitality and the connection that guests feel to our brand.

We have 75,000 talented and dedicated employees who are committed to delivering exceptional guest experiences. They are energized by our momentum and are invested in the long-term success of Cracker Barrel.

Next, broadly speaking, the company is already focused on the right areas and has a strong plan as demonstrated by the continued improvements in performance over the last several quarters. We are working to refine and further strengthen our plan, particularly as it relates to our focus on food and guests. Finally, this company has been through a difficult stretch and has come out stronger. The team made hard calls, listened to guests and got the business back on offense. The results of the past couple of quarters speak for themselves.

A big part of my management philosophy is doing fewer things better and concentrating on opportunities that can have the greatest impact. For restaurants, the formula is pretty straightforward. You must offer great food, provide a guest -- great guest experience and hire and retain excellent employees who deliver both. So these are the priorities that we will be focused on: food, experience and people.

I'll now speak briefly about each area. Our first priority is food, more specifically enhancing our quality while making it more craveable. We are making investments to improve food quality. Dinner is our biggest opportunity, and we plan to upgrade our chicken, hamburger and steak offerings. We also want to ensure our great food meets guest expectations for taste, temperature and quality on every visit.

These changes are all about increasing guest satisfaction and not about taking out costs and the associated investments are embedded in our guidance. Although enhancing our dinner offerings is the priority from a daypart perspective, breakfast remains our strongest area in both food scores and traffic trends. Our menu work and marketing will capitalize on this strength even as we work to improve dinner.

Guest experience is our second priority. Operationally, the company has made impressive gains across the key metrics in recent quarters. This is thanks to the dedicated efforts of our teams in the stores as well as our store support center. In Q4, our Google Star rating increased 2% year-over-year and remained near an all-time high. Food taste and service scores increased nearly 400 basis points and food temperature scores improved 500 basis points compared to Q4 last year.

These results are very encouraging, and we are confident in our ability to improve hospitality even further. The retail shop is critically important to the Cracker Barrel brand. This has been one of the biggest and most pleasant surprises for me since I joined the company. The business is a real competitive advantage because we are the only full-service restaurant brand offering guests a true retail experience alongside their meal.

We will make the retail experience even better for our guests. From a product standpoint, we'll continue to offer unique quality assortments at a strong value. From a merchandising standpoint, we're introducing targeted enhancements to improve the shopping experience. This includes simplifying our product layouts, widening aisles and improving sight lines.

Another key part of the guest experience is our loyalty program, Cracker Barrel Rewards. The strength of the program is remarkable. We have over 12.5 million members that account for over 40% of tracked sales. This is a differentiator that we will continue to leverage. The team is continuing to improve our personalization capabilities, and we recently launched a new website and app to make the experience easier and more seamless for our guests.

Turning to our final priority, our people. Cracker Barrel has a special culture, and our team members are our greatest asset. Employee engagement and retention are critical to our plan. We continue to see favorable turnover trends. In Q4, hourly turnover improved 450 basis points and manager turnover improved 85 basis points compared to the prior year.

To sustain these gains and support strong execution, we will ensure our team members are equipped with the skills and training to be successful and highly effective. Additionally, we'll be enhancing our training and development programs and tools.

In closing, we have a strong and focused plan. We will accomplish our objectives by relentlessly executing against the priorities we have identified and doing fewer things much better. Most importantly, the entire organization is aligned against our objectives, investing in and improving our food, continuing to provide outstanding service and hospitality and creating a great work experience for our people. As a result of the strong execution of these priorities, we will meaningfully improve profitability and cash flow in fiscal '27 and set the business up for long-term success.

I'll now turn it over to Craig to review Q4 financials and the fiscal '27 outlook.

Craig Pommells
Senior VP & CFO

Thank you, Dave, and good morning, everyone. Before reviewing our results, I want to build on Dave's remarks and thank our teams. The business continues to gain traction as reflected in the improvement in our underlying traffic trend, key guest metrics and overall financial results. I'm proud of our team's work and excited about the opportunity ahead.

Now, turning to the fourth quarter results. Total revenue was $849.3 million. Restaurant revenue was $698.5 million. Comparable store restaurant sales decreased 2.1%, which included a traffic decline of 6.1%. As a reminder, in Q4, we were lapping a stronger quarter in the prior year, and there was significant variability in the prior year comparisons for Q3 and Q4. Controlling for this variability, we were pleased with the continued gradual improvement in the traffic trend and these top line results exceeded our expectations.

The restaurant average check increased 4.2%, including pricing of 4.4%. Menu mix was slightly negative, but we continue to benefit from menu initiatives, such as the option to upgrade to 3 sides. Off-premise sales were 19% of restaurant sales, an increase of approximately 100 basis points compared to the prior year, driven by growth in third-party delivery.

Retail revenue was $150.8 million. Comparable store retail sales increased 0.7%, driven by increases in the average unit selling price and units per transaction. This was partially offset by lower traffic. We were pleased with the performance of our retail business with this quarter representing the strongest retail comp sales growth since the second quarter of fiscal '23. We saw strength in the toys and housewares categories, and we also benefited from pulling forward our Halloween assortment.

Moving to profitability. We reported adjusted EBITDA of $62.1 million, which was up 11.4% versus the prior year. The current year adjusted EBITDA results include a $15 million tariff refund benefit, $5.9 million of which was reinvested in the business for a net tariff refund benefit of $9.1 million. Additionally, the adjusted EBITDA results include 2 offsetting $10 million legal settlements, one of which favorably impacts other operating expenses and another that unfavorably impacts G&A.

As noted in the press release, our adjusted EBITDA results exclude CEO transition costs, expenses related to the Maple Street divestiture and a gain from the sale-leaseback transaction. Please review the non-GAAP reconciliation tables in the press release for additional details.

Now, moving on to our fourth quarter expenses. Total cost of goods sold was 28.8% of total revenue versus 30.5% in the prior year. Restaurant cost of goods sold was 26% of restaurant sales versus 26.3% in the prior year. This 30 basis point decrease was primarily driven by menu pricing, partially offset by commodity inflation. Commodity inflation was 3.1%, driven principally by higher beef, produce and seafood prices, partially offset by lower egg and poultry prices.

Retail cost of goods sold was 41.6% of retail sales and includes a benefit of approximately $15 million from tariff refunds. Excluding the tariff refund impact, retail COGS were 51.6% of retail sales and increased 60 basis points compared to the prior year, primarily due to higher markdowns.

Quarter-end inventories were $163.9 million compared to $180.6 million in the prior year. This decrease was primarily driven by timing and retail clearance events to reduce aged inventory. Labor and related expenses were 37.5% of revenue compared to 36.5% in the prior year. This 100 basis point increase was primarily driven by the following: first, sales deleverage; second, the reversal of the prior year's kitchen labor initiative; and third, higher store bonuses.

Wage inflation was approximately 2%. Other operating expenses were 23.7% of revenue and include a $10 million benefit from a legal settlement related to antitrust litigation. Excluding this benefit, other operating expenses were 24.9% of revenue and approximately flat to the prior year as lower advertising expenses offset higher maintenance expenses.

Adjusted general and administrative expenses were 6.9% of revenue. This excludes approximately $6.7 million in CEO transition expenses, but includes an unfavorable $10 million legal expense. Backing out the legal expense, G&A was 5.7% of revenue and approximately flat to the prior year. Additionally, our GAAP financial results include the following items, which are excluded from adjusted EBITDA.

First, a $47.4 million net gain on sale of assets related to the sale-leaseback transaction; second, a $27 million noncash loss on sale related to the Maple Street divestiture; and third, a noncash impairment charge of $8.5 million related to the Maple Street divestiture and a noncash impairment charge of $13 million related to low-performing Cracker Barrel stores, three of which closed during the quarter.

Taking all of the above into account, adjusted EBITDA was $62.1 million or 7.3% of total revenue and increased 11.4% compared to the prior year's $55.7 million. These results exceeded our expectations and demonstrate our continued momentum.

Net interest expense was $3 million compared to $4.7 million in the prior year. This decrease was primarily the result of a lower debt balance. GAAP income taxes were a $2 million credit and adjusted income taxes were $1.1 million. GAAP earnings per diluted share were $0.54 and adjusted earnings per diluted share were $0.99.

Now, turning to capital allocation and the balance sheet. We continue to diligently manage the company's capital resources and are pleased with the progress we have made to further strengthen the balance sheet. The sale-leaseback transaction generated $77 million in net proceeds, which were used to pay down debt and partially offset the $150 million debt related to the 0.625% convertible senior notes that matured and was repaid in June.

The quarter ended with total debt of $337.2 million, which was $147.4 million below the prior year. The current debt is comprised entirely of the 1.75% convertible senior notes due in 2030, with the revolver balance undrawn at quarter end. We continue to have ample access to liquidity, ending the quarter with $541.3 million in available capacity. Capital expenditures in the fourth quarter were $27.4 million.

Turning to the outlook. We expect the following for fiscal '27. Total revenue of $3.325 billion to $3.4 billion. This assumes comparable store restaurant sales growth of approximately 3% to 5% with no new stores. Total pricing of approximately 3% with pricing highest in Q1 and dropping sequentially each quarter, commodity inflation of approximately 3% and hourly wage inflation of approximately 2.5% to 3%. Taking all of the above into account, we anticipate full year adjusted EBITDA between $180 million and $200 million.

When thinking about the quarterly cadence in fiscal '27, please keep in mind that the quarterly EBITDA distribution for fiscal '26 was unusual. The first half of fiscal '26 was meaningfully below the prior year, while the second half significantly improved and was largely in line with prior year.

Regarding taxes, on an adjusted basis, we anticipate a full year tax credit of $4 million to $8 million, which reflects routine employer tax credits such as the FICA tip credit. Finally, we expect capital expenditures to be between $110 million and $125 million, comprised of approximately 65% maintenance and 35% technology and other strategic initiatives. We are not opening any new units this year.

With that, I'll now turn the call over to the operator for Q&A.

Question-and-Answer Session

Operator

[Operator Instructions] The first question today comes from Anthony Trainor with Wells Fargo.

Anthony Trainor
Wells Fargo Securities, LLC, Research Division

So my first question for you, Dave, is you spent several weeks, kind of, in the business. What still needs to be fixed today? And as you -- as investors are comparing what's -- looking at what's changing in the strategy today? What more can you, kind of, elaborate on where it's moving?

David Deno
President, CEO & Director

Yes. Well, as I mentioned in my remarks, I mean, this is really a well-positioned iconic brand. And I think the company is very well positioned to move forward. So let me spend a minute or 2 just talking about what we can build on and some of those things I already mentioned.

So we have great strength at breakfast, a very strong value equation, a passionate guest base and talented employees. And I think one of our biggest opportunities is food, especially at dinner. And I talked in my prepared remarks about the steps we're doing to address it. We're going to be investing in food quality, and that's embedded in our guidance for the year.

We're going to absolutely remain a relentless focus on consistent execution, and we've made progress in hospitality over the past year. We want to make even more faster. And we want to ensure that our stores and our people are trained to give the hospitality that people expect from Cracker Barrel. So that's what I've been trying to do it since I've been here for the last 6 weeks or so. And when you look at the restaurant industry overall, that's what great restaurant companies do.

Anthony Trainor
Wells Fargo Securities, LLC, Research Division

And then my second question, Craig. So the FY '27 EBITDA outlook implies $30 million to $50 million step-up in EBITDA. Can you bucket us out what's actually driving the -- bridge us what's actually driving the increase? And then with the restaurant comp guide of 3% to 5%, I see that price was going to be plus 3%, maybe that's, kind of, the lower end towards the historical range that we were expecting. How should we think about the price component of the outlook over the next several years?

Craig Pommells
Senior VP & CFO

Absolutely. Anthony, good question. The -- it is a robust increase in EBITDA year-over-year. There are a couple of things driving that. One is the underlying improvement traffic trend. Then building on that are a number of our initiatives, our -- one of those is menu mix, and initiatives that support that, that will drive increased menu margin outside of pricing. We also have a number of cost savings and efficiency initiatives that are -- initiatives that do not -- they're not takeaways in any way, shape or form from the guest. So that menu margin work is particularly important.

As it relates to pricing, we're essentially pricing on a percent basis to offset inflation. We've done a lot of work over the last couple of years on the strategic pricing initiative. That's a pretty sophisticated data-driven approach at a store level. That initiative has worked well. It is largely successfully completed. There is always more work to do with pricing as you optimize. But the big chunk of that was done and it was well received.

So as we go forward, there's always a little bit of pluses and minuses on strategic pricing, but a big chunk of that is behind us. We do think as we look to the future and we think about dinner and so on, there's opportunity in the menu mix component of the business that is a win-win for our customers and then obviously improving our margins as well.

Operator

The next question comes from Dennis Geiger with UBS.

Dennis Geiger
UBS Investment Bank, Research Division

I wanted to ask a little bit more about the same-store sales comp -- same-store sales guide for the full year. Helpful on the pricing dynamic, Craig. Anything on cadence through the year, sort of, how you started the year and how you're thinking about cadence of same-store sales through the year? And just anything more on, sort of, some of the biggest sales drivers and traffic drivers this year?

Craig Pommells
Senior VP & CFO

Yes. Dennis, it's a great question. In terms of cadence, our pricing is going to be at the highest level, 3% across the full year. It's at its highest early in the year, in the first quarter, and then it will, kind of, taper down as the year goes on. So sequentially, quarter-by-quarter, that number will tick down a bit.

Then in terms of drivers, what we have found in terms of menu mix, in particular, is that the -- there are a lot of things that we've been adding, for example, in shareables or appetizers where the take rate in those is really good. So we've been pleased with the work there. We've made some changes with sides as well and the option to use 3 sides instead of 2 sides, and that's gone over very well also.

Some of those initiatives are supporting that 3% to 5%. And then obviously, there is the underlying traffic trend improvement. Now that traffic trend improvement is multifaceted. There are a lot of operational components to that, and the team has done an outstanding job when we look at our operating metrics, they keep getting better, and Dave mentioned those as well.

Now as we think about the cadence in terms of EBITDA growth year-over-year for '27 versus '26, I would just keep in mind that the first half of '26 was particularly challenged in relation to '25 and the second half of '26 was much closer to '25. So I would just take that in consideration as you do your modeling.

David Deno
President, CEO & Director

Yes. If I could add -- thanks, Craig. If I could add a couple of things on the traffic drivers. First of all, I've been in the restaurant business for a long time. We've got 12.5 million loyalty members. That's amazing. That allows us to speak to our guests, market them in a certain way and clearly, it's a traffic-driving opportunity. Craig talked about the attach rates. And certainly, we'll get over time with our improvements in hospitality and food, we'll see traffic from that.

Then lastly, we have a very strong -- this has probably been the biggest surprise for me, a very strong and successful retail business. And the opportunity to merchandise between retail and our restaurants is very strong. And we -- and you look at their trends in the past quarter, it's been very good. And so there's an opportunity there to also drive traffic for the whole box. So those are the 4 or 5 different levers we have to drive traffic this year.

Dennis Geiger
UBS Investment Bank, Research Division

Very helpful. And if I could ask one more. Just a question about how you think about the opportunity for margins, obviously, as we look to this year, but even longer term. And maybe, Dave, it's a little bit early, but given your track record of finding efficiencies on the margin side of things and the margin opportunity presumably that exists here to get back to levels that the business was previously had. Any commentary right now on both the, kind of, short or medium term, but also the longer term at a high level as far as margin opportunity goes?

David Deno
President, CEO & Director

Yes, sure. Being a former CFO and CEO in the business, what I learned over the years is you pursue margin opportunities and the stuff that guests does not see. So in other words, margin is not about taking cost of food out. It's not about taking labor out, et cetera. It's about our store support centers being stronger and stronger and stronger and investing in technology. And I have to say, I've been pleasantly surprised by the level of our technology and expertise we have here and the progress we've made in technology. That's a big help to us as we go forward.

On the overall box, it's all about traffic and improving our menu mix as we think about our menu and merchandising. So we have great food. We want to invest in it more and make it even more craveable. We want -- we've seen opportunities in mix. People are attaching sides to a greater level than we thought.

We just did a strong dessert promotion that has worked really well. That's -- it's obvious. Our customers and our guests crave our desserts. So there's attachment opportunity, there's menu mix opportunity and there's traffic opportunity. And that's how we're going to build margin in the box and then look at cost outside the restaurant for productivity.

Operator

The next question comes from Sara Senatore with Bank of America.

Unknown Analyst

This is [Aisling] on for Sara. Congrats on the results. My question is just on free cash flow priorities. After CapEx and any remaining transition or Maple Street cash costs, how are you thinking about 2027 free cash flows, specifically shareholder returns? Is debt reduction the priority? Or has, kind of, the lower leverage position changed the relative attractiveness of buybacks?

David Deno
President, CEO & Director

Yes. No, I -- thank you for the compliment of our results, by the way. I appreciate it. First and foremost, the balance sheet that the company has is in great shape. And like I said, I can speak to that as a former CFO as well. And we're very fortunate to be in this position. The team has done a great job strengthening over the past year given some of the headwinds.

And for us, this puts, sort of, opportunity to allocate capital in a very broad way, and it's something we discuss regularly. We're going to pursue a balanced capital allocation strategy. We're going to continue to prioritize organic growth. So opportunities come up, if we have more of a chance to invest in some of our stores, if we have a chance to push a little harder on food, et cetera, we're going to be using some of the free cash flow for that because it's going to grow sales and grow traffic.

But past that, we're going to remain -- retain a conservative balance sheet. So we're going to look at -- as we work with our Board, we're going to discuss our dividend policy and future repurchases. This is something we talk about regularly with our Board. And as you noticed today, we announced our regular quarterly dividend. So the good news is with these results and this forecast, there's ample free cash flow to go forward with this business, and it's a very, very big step in the right direction.

Unknown Analyst

Great. My other question is just on marketing in 2027. How are you thinking about marketing expense following the slight step down in the second half of this year? Does your outlook assume spending remains near the recent run rate? Or is there any kind of reinvestment around traffic?

David Deno

President, CEO & Director

Yes, a couple of things. And I'll turn it over to Craig in a second to talk about some of the financials. But what's really progressed in the industry is the chance to do marketing in so many different ways in so many different channels. And our team is all over that, especially through social media and through other technology opportunities and things like that. That is, for us, a mechanism that we have to really think through how we're going to spend our money. And I'm very pleased with what I've seen so far. And for the financial side of it, I'll turn it over to Craig.

Craig Pommells

Senior VP & CFO

Yes. Just for a little bit of context in terms of our marketing spend. Our longer-term marketing spend was in the, kind of, upper 2% range. In fiscal '25 and the first half of '26, we increased that a bit. And then in the second half of '26, we reduced our marketing spend, our advertising spend down to about 3% of sales. So that is actually closer to our long-term run rate.

As we think about '27, our initial point of view on this is we'll be in that roughly 3% range. Now keep in mind, that 3% is in addition to all of this capability that we have with our loyalty program, and that now represents over 40% of sales. But beyond all of that, we're continuing to test and learn. And if we find an approach that requires more spending and we can drive profitable guest growth with that approach, we'll happily do it. It's not a philosophical issue. In terms of our marketing spend, we're just trying to have the optimal level. We feel comfortable at 3%, where we're willing to do more, and we also have the benefit of the loyalty program as well.

Operator

The next question comes from Jeff Farmer with Gordon Haskett.

Jeffrey Farmer
Gordon Haskett Research Advisors

And definitely welcome back, Dave. Good to have you back in the fold. A couple of questions for you guys. So really, the high-level assumptions about the consumer backdrop that are captured in your guidance, how are you guys thinking about what's going on out there in terms of, sort of, a bigger backdrop knowing that both the lower income consumer and some of the younger age demo consumers are, sort of, not spending as much. So I'm just curious how you guys are thinking about the broader consumer backdrop in casual dining.

David Deno
President, CEO & Director

Jeff, first, thank you for the welcome. I really appreciate it, and I admired your work over the years. So it's good to be back. So the state of the consumer, as we all know, the macroeconomic environment remains mixed. But having said that, if you look at the industry, casual dining sales have held up pretty well. And I think there are people in this industry doing really well, and we want to be one of them. And I think our trends, as you saw, are getting stronger and stronger.

When it comes to us specifically, yes, we do see some pressure with our low-income guests. But our trends, as I said, have gotten better. And our current trends that we're seeing is embedded in Craig's guidance for the year. We don't give quarter-to-date updates and things, but I think our current trends are embedded in what Craig is talking about.

And finally, to make sure that we continue to keep our trends going and improve our trends, our priority is going to be on food, experience and people and what matter most in regardless of the backdrop. That's how restaurant companies win.

Craig Pommells
Senior VP & CFO

And related to your -- the second part of your question, Jeff, in terms of the cohorts of guests, we are continuing to see some softness with the lower income cohort, and we're seeing relative strength at the higher income. So I think a lot of folks have reported that and that's the relationship that we see. And then in terms of how we maneuver in that environment, I believe -- I think we believe that Cracker Barrel value equation is really outstanding. We've got a check average that's in the $16 range, and that compares to casual dining, that's $27 versus our $16 and family dine-in, that's $20 again, versus our $16. And I think even if you break that apart and you look at dinner, our dinner check average is still in the low $16. So I think that positions us well in that regard.

Then beyond that, we have a -- some special pricing constructs with really sharp starting price points. For example, we have our Sunrise Pancake Special that's every day at $7.99. It's a great deal. We have Early Dine Monday through Friday that starts at $8.99. And then we also have, again, the loyalty program, and we have lunch specials. So there are a lot of ways that if you're feeling pressured from an income perspective -- discretionary income perspective, there are a lot of ways you can still have a great experience at Cracker Barrel.

Jeffrey Farmer
Gordon Haskett Research Advisors

Okay. And then just as a follow-up really for both of you, a lot of moving pieces. But as, sort of, the business continues to, sort of, get set and your -- get reset, I should say, and as you move forward into '27 and '28, how are you thinking about a potential framework for, let's just call it, a longer-term algorithm? So the same-store sales unit growth, cash return to shareholders. Do you envision this, sort of, returning -- the business returning to low single-digit unit growth? Cash return to shareholders, obviously, has come down as you guys have cleaned up the balance sheet, but that could theoretically go back up with free cash flow holds on. So I'm just curious your early thoughts from both of you guys on a longer-term algorithm as you move forward.

David Deno
President, CEO & Director

Yes, Jeff. First of all, not to dodge the question, but I've been here 6 weeks. So maybe give me a little more time to get my arms around that. You know the business well. You know what we can do. We should be able to have strong, maintain sales growth, earnings growth, cash flow, return cash to shareholders, run a strong balance sheet. All that is certainly possible here, and we would like to return to unit growth. So -- and invest in our stores.

That's all part of the equation here, Jeff. But it's a little early for me to say this much in sales, this much in pricing, this much in margin, et cetera. But, no, top of mind for us is to improve those key metrics. Same-store sales, revenue growth, cash flow, margin, traffic, capital allocation, returning cash to shareholders, that is all certainly part of the equation. More to follow though.

Operator

[Operator Instructions] The next question comes from Jon Tower with Citi.

Karen Holthouse
Citigroup Inc., Research Division

This is Karen Holthouse on for Jon. I wanted to ask about freight prices on the retail side of the business. And what are you starting to see or expecting to see in terms of fuel surcharges and how you're thinking about absorbing that versus passing it on?

Craig Pommells
Senior VP & CFO

Karen, it's Craig. Yes, we are seeing fuel surcharges and so on related to freight, both from the perspective of retail and to a lesser degree on the restaurant side. All of that's built into our projection with the best information that we have today. So it goes into the overall pricing algorithm and overall margin structure that we've got planned in.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over for any closing remarks.

David Deno

President, CEO & Director

Yes. Thank you, everybody, for your interest today. As I mentioned before, I'm very pleased to be part of this company and have the opportunity. We have a terrific brand, well positioned, and I think we're going to be very strong going forward. We've got -- the reason why we've got a good foundation. This is a very, very, very differentiated brand I mentioned, and it's engaged and has committed employees and passionate guests. We're working on the right areas as demonstrated by the continued improvement in our performance.

In closing, our results wouldn't be possible without the hard work of our employees. I want to thank them for their passion, dedication and commitment, which gives each of them give me high confidence -- which gives me high confidence in the path ahead and the time ahead. Going forward, our priorities will be to lean even more into food, experience and people. And we're very optimistic about the future of Cracker Barrel and look forward to talking about more in the coming months. Thank you.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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