

Tesco is working closely with the government to ensure the safety of its employees and customers, it announced in a Covid-19 update this Wednesday.

The U.K. based multinational retailer released an unprecedented report on the state of its sales and operations amid the global health crisis to keep consumers and stakeholders up to date before sharing its final financial report.

Tesco outlined three of its biggest "exceptional challenges" during the Covid-19 pandemic and the active steps it's taking to put it in a "strong operational and financial position".

Saying the difficulties are three-fold, it points to the change in consumer purchasing habits, the impact of the virus on its employees and helping the most vulnerable in U.K. society.

First, it highlights the shift in buying behaviors of customers that it has seen in recent weeks as significant panic buying swept grocers across the world - while the U.K. saw a 30% uplift.

Now normalizing, sales volumes are about on par with expectations. In response to changing shopping habits, Tesco has recruited 45,000 more employees to meet demand as it has experienced a "significant absence of colleagues".

## **Continuing extra measures during Covid-19**

As panic buying subsides and service levels are returning to normal, the company says it continues efforts to restrict the number of items shoppers can buy to stabilize stocks of necessities.

It also introduced special store hours for elderly shoppers and employees, expanded its "Grocery Home Shopping" platform by more than 20% and temporarily closed all of its cafes, phone shops and deli counters.

Along with in-store measures to provide safety for everyone, it has enhanced cleaning routines and created special social distancing measures for stores, Tesco detailed in the release.

"There are significant extra costs in feeding the nation at the moment but these are partially offset by the UK Business rates relief," explained chief executive Dave Lewis.

It's true that Covid-19 is having a serious impact on the retailer's business operations. As it still incurs more costs than normal during this time, Tesco reminds stakeholders and

consumers that it is "impossible to predict with a high degree of certainty" what the potential next steps will be.

At this stage in the game, the impact of the crisis on Tesco's financial standing is unsure. However, it predicts that retail cost lines will be hit by US\$805m to US\$1bn of additional, unanticipated costs.

For now and looking into the future, it remains positive on its mission to provide food to those who need it and protect the safety of all.

"Covid-19 has shown how critical the food supply chain is to the UK and I'm very proud of the way Tesco, as indeed the whole UK food industry, has stepped forward," said Lewis.