



PRESS RELEASE

European LNG demand to drive competition for new supply and dominate trade in the long term

London, February 16, 2023 – Europe’s increased need for liquefied natural gas (LNG) looks set to intensify competition with Asia for limited new supply available over the next two years and may dominate LNG trade over the longer term, according to Shell’s LNG Outlook 2023.

European countries, including the UK, imported 121 million tonnes of LNG in 2022, an increase of 60% compared to 2021, which enabled them to withstand a slump in Russian pipeline gas imports following its invasion of Ukraine. A 15 million tonne fall in Chinese imports combined with reduced imports by South Asian buyers helped European countries to secure enough gas and avoid shortages. Europe’s rapidly rising appetite for LNG pushed prices to record highs and generated volatility in energy markets around the world.

With reduced Russian pipeline gas, LNG is becoming an increasingly important pillar of European energy security, supported by the rapid development of new regasification terminals in north-west Europe. In contrast, China is evolving from being a rapidly growing import market to playing a more flexible role with an increased ability to balance the global LNG market.

“The war in Ukraine has had far-reaching impacts on energy security around the world and caused structural shifts in the market that are likely to impact the global LNG industry over the long term,” Steve Hill, Shell’s Executive Vice President for Energy Marketing, said.

“It has also underscored the need for a more strategic approach – through longer-term contracts – to secure reliable supply to avoid exposure to price spikes.”

The drop in Russian pipeline gas flows prompted unprecedented policy and regulatory intervention as governments in Europe sought to bolster energy security and shield their economies from high costs, including prioritising LNG imports and quickly developing new import terminals.

In 2022, Europe’s LNG demand forced other buyers to reduce their imports and switch to other fuels, generating more emissions. High global LNG prices led to a drop in LNG imports in South Asia, with Pakistan and Bangladesh importing more fuel oil to minimise power supply shortages and India using more coal.

Total global trade in LNG reached 397 million tonnes in 2022. Industry forecasts expect LNG demand to reach 650 to over 700 million tonnes a year by 2040. More investment in liquefaction projects is required to avoid a supply-demand gap that is expected to emerge by the late 2020s.

Diverse new technologies to reduce emissions from gas and LNG supply chains will help to consolidate its role in the energy transition. And there is growing industry focus on the development

and deployment of decarbonised gases – including renewable natural gas, synthetic natural gas, hydrogen and ammonia – to deliver more sustainable energy security in the future.

To view Shell's LNG Outlook 2023, visit www.shell.com/Ingoutlook

Enquiries

Media International: +44 20 7934 5550

Media Americas: +1 832 337 4355

Media APAC: apac-media@shell.com

Cautionary note

The companies in which Shell plc directly and indirectly owns investments are separate legal entities. In this press release, "Shell", "Shell Group" and "Group" are sometimes used for convenience where references are made to Shell plc and its subsidiaries in general. Likewise, the words "we", "us" and "our" are also used to refer to Shell plc and its subsidiaries in general or to those who work for them. These terms are also used where no useful purpose is served by identifying the particular entity or entities. "Subsidiaries", "Shell subsidiaries" and "Shell companies" as used in this press release refer to entities over which Shell plc either directly or indirectly has control. Entities and unincorporated arrangements over which Shell has joint control are generally referred to as "joint ventures" and "joint operations", respectively. "Joint ventures" and "joint operations" are collectively referred to as "joint arrangements". Entities over which Shell has significant influence but neither control nor joint control are referred to as "associates". The term "Shell interest" is used for convenience to indicate the direct and/or indirect ownership interest held by Shell in an entity or unincorporated joint arrangement, after exclusion of all third-party interest.

Forward-Looking Statements

This press release contains forward-looking statements (within the meaning of the U.S. Private Securities Litigation Reform Act of 1995) concerning the financial condition, results of operations and businesses of Shell. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Shell to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as "aim", "ambition", "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "may", "milestones", "objectives", "outlook", "plan", "probably", "project", "risks", "schedule", "seek", "should", "target", "will" and similar terms and phrases. There are a number of factors that could affect the future operations of Shell and could cause those results to differ materially from those expressed in the forward-looking statements included in this press release, including (without limitation): (a) price fluctuations in crude oil and natural gas; (b) changes in demand for Shell's products; (c) currency fluctuations; (d) drilling and production results; (e) reserves estimates; (f) loss of market share and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) the risk of doing business in developing countries and countries subject to international sanctions; (j) legislative, judicial, fiscal and regulatory developments including regulatory measures addressing climate change; (k) economic and financial market conditions in various countries and regions; (l) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, delays or advancements in the approval of projects and delays in the reimbursement for shared costs; (m) risks associated with the impact of pandemics, such as the COVID-19 (coronavirus) outbreak; and (n) changes in trading conditions. No assurance is provided that future dividend payments will match or exceed previous dividend payments. All forward-looking statements contained in this press release are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Additional risk factors that may affect future results are contained in Shell plc's Form 20-F for the year ended December 31, 2021 (available at www.shell.com/investor and www.sec.gov). These risk factors also expressly qualify all forward-looking statements contained in this press release and should be considered by the reader. Each forward-looking statement speaks only as of the date of this press release, 16 February 2023. Neither Shell plc nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this press release.

Shell's net carbon footprint

Also, in this press release we may refer to Shell's "Net Carbon Footprint" or "Net Carbon Intensity", which include Shell's carbon emissions from the production of our energy products, our suppliers' carbon emissions in supplying energy for that production and our customers' carbon emissions associated with their use of the energy products we sell. Shell only controls its own emissions. The use of the term Shell's "Net Carbon Footprint" or "Net Carbon Intensity" are for convenience only and not intended to suggest these emissions are those of Shell plc or its subsidiaries.

Shell's net-Zero Emissions Target

Shell's operating plan, outlook and budgets are forecasted for a ten-year period and are updated every year. They reflect the current economic environment and what we can reasonably expect to see over the next ten years. Accordingly, they reflect our Scope 1, Scope 2 and Net Carbon Footprint (NCF) targets over the next ten years. However, Shell's operating plans cannot reflect our 2050 net-zero emissions target and 2035 NCF target, as these targets are currently outside our planning period. In the future, as society moves towards net-zero emissions, we expect Shell's operating plans to reflect this movement. However, if society is not net zero in 2050, as of today, there would be significant risk that Shell may not meet this target.

Forward Looking Non-GAAP measures

This press release may contain certain forward-looking non-GAAP measures such as cash capital expenditure and divestments. We are unable to provide a reconciliation of these forward-looking Non-GAAP measures to the most comparable GAAP financial measures because certain information needed to reconcile those Non-GAAP measures to the most comparable GAAP financial measures is dependent on future events some of which are outside the control of Shell, such as oil and gas prices, interest rates and exchange rates. Moreover, estimating such GAAP measures with the required precision necessary to provide a meaningful reconciliation is extremely difficult and could not be accomplished without unreasonable effort. Non-GAAP measures in respect of future periods which cannot be reconciled to the most comparable GAAP financial measure are calculated in a manner which is consistent with the accounting policies applied in Shell plc's consolidated financial statements.

The contents of websites referred to in this press release do not form part of this press release.

We may have used certain terms, such as resources, in this announcement that the United States Securities and Exchange Commission (SEC) strictly prohibits us from including in our filings with the SEC. Investors are urged to consider closely the disclosure in our Form 20-F, File No 1-32575, available on the SEC website www.sec.gov.