SHELL PLC
FOURTH QUARTER 2021 RESULTS

Ben van Beurden, CHIEF EXECUTIVE OFFICER OF SHELL PLC

Welcome to our fourth quarter and full year results presentation.

Today, Jessica and I will talk about the implementation of our Powering Progress strategy, we will provide insights into our strong Q4 and full year performance and we will tell you how we plan to improve our delivery even further in 2022.

A little over a year ago, I hoped that 2021 would be a much calmer year than 2020. Well, it was not. COVID continued to have a major impact, cost of living went up, supplies across the world were disrupted. All affecting our everyday lives and work. This was challenging, but I also saw great resilience last year, in and outside Shell.

Extraordinary times call for extraordinary measures. And we made 2021 a momentous year for Shell - from launching our Powering Progress strategy, to simplifying our organisation and share structure. We have strengthened our balance sheet, provided significant shareholder distributions, and invested in the energy transition.

So, let's look at our delivery starting with the first goal of Powering Progress - generating shareholder value.

We need to deliver shareholder value while we transition to the energy system of the future. And in July last year, we stepped up our dividend to a sustainable and more meaningful level in line with our cash generation. In 2021, we also announced share buybacks in the amount of $3.5 billion. And today we have launched an $8.5 billion share buyback programme and we expect to increase the dividend for Q1 2022. More on this later.

We also have made measurable progress with another goal of our strategy: achieving net-zero emissions. In October last year, we announced that we will halve our net absolute Scope 1 and 2 emissions by 2030. This is compared with our base year 2016. Since 2016, we have also made good progress on reducing the net carbon intensity of the energy products that we sold. In the Annual Report we will disclose the energy transition component in the remuneration long-term incentive plans. It will be the first time we do this.

The energy transition also requires a change in energy demand. So, last year we started more than 25 sectoral collaborations. We are working with the car industry, aviation, technology sector and others to reduce emissions.

A third goal of our strategy is respecting nature. And here, we made steady progress in reducing our fresh-water consumption in water stressed areas. And we are working on more than 55 projects in 20 countries rising to challenges, such as reforestation and conservation.

Powering Progress also means powering lives, for example, by supporting an inclusive society. And, we now have some 30% female representation within our 1250 senior leadership positions.

So, I have talked about the progress we made. And you can find more examples on shell.com. But I also want to give you an idea of what this progress adds up to. How does Shell look different today? To start, Shell has become a much simpler business, focused on customers. We have reorganised and we are on track to reduce around 7,800 jobs and save some $2 billion annually by the end of 2022, compared with 2019.

Last year, we have also been transforming our business. So, in our Upstream pillar, we further focused our portfolio. We strengthened our positions in core regions, like Brazil and the Gulf of Mexico, while also selling several assets, including the Permian in the United States. In our Transition pillar, we announced divestments of 8 of our refineries around the world, and we are transforming the remainder. In our Growth pillar, we are strengthening our leading position in Marketing by investing in charge points for electric vehicles and in convenience retail. And we are growing our Renewables and Energy Solutions business by securing access to electrons and expanding our customer-facing businesses.

Supporting our customers on their decarbonisation journey will require interdependent offerings across our businesses. Offerings that Shell is uniquely positioned to provide... thanks to the integrated nature of our business. So, we can offer renewable power, hydrogen fuelling, lubricants as well as Carbon Capture & Storage and Nature-based Solutions offsets for products that cannot be decarbonised. For example, from our Energy and Chemicals Park Singapore we will focus on supplying our customers in the Asia-Pacific region with biofuels, circular chemicals, bitumen, advanced lubricants, and renewable energy.

So, in 2021 our business became simpler, became more focused and integrated... one that invests profitably in the energy transition.

Over to you, Jessica.

Jessica Uhl, CHIEF FINANCIAL OFFICER OF SHELL PLC

Thank you, Ben. This quarter we have delivered strong results.

We generated $11.1 billion of cash flow from operations, excluding working capital movements. Our Adjusted Earnings were $6.4 billion, mainly due to strong results in Integrated Gas.

The scale and scope of our LNG trading and optimisation portfolio allowed us to capture opportunities in the current price environment. However, the ongoing supply issues have not been fully resolved and are likely to provide some challenges in the near term, until we bring in additional feedgas supply.

As Ben said, 2021 was indeed a very strong year for us. For 2021, our cash flow from operations excluding working capital movements was more than $55 billion... and our organic free cash flow was around $27 billion. Our Adjusted Earnings were some $19 billion for the year. In 2021, we had an Underlying opex of around $35 billion, delivering on our target, and maintaining cost discipline in a higher price environment.

This strong financial performance is a result of the way we have reshaped and focused our portfolio over the last years. Through our focus on value over volume, our business has generated around $6 billion more in cash flow from operations, excluding working capital, compared with 2018 when the Brent price was similar.

And our capital discipline combined with solid financial performance have contributed significantly to reducing our Net debt. In 2016, our Net debt peaked at almost $80 billion. It increased by almost $16 billion in 2019 when the IFRS 16 accounting method was introduced. By year end, we reduced Net debt to $53 billion, substantially improving our financial resiliency.

Our disciplined capital spend, consistent high cash generation and strong balance sheet provide us with a solid foundation to deliver significant shareholder distributions and lead in the energy transition. The amount we are spending on the energy transition is increasing significantly - improving Shell's emissions profile while enabling our customers to achieve their emissions targets. In 2022, over 35% of our total opex and capex spend will be dedicated to producing low-carbon energy as well as non-energy products for our customers that generate no Scope 3 emissions and securing solutions for hard to abate emissions. We expect our energy transition spend to constitute 50% of our total spend by 2025.

Looking ahead, from Q1 this year we will report our Renewables & Energy Solutions business separately from Integrated Gas. Oil Products and Chemicals will be reorganised into two segments – Marketing and Chemicals & Products. The new reporting segments align with our Powering Progress strategy and provide additional transparency in our Growth pillar.

A critical part of our performance is safety, and here, we had mixed results. We have made improvements in some areas, for example in road safety where in 2021 we reached 1.2 billion kilometres without injuries in Shell-operated ventures. But we had a particularly painful experience in Nigeria this year when 6 people were killed in a security incident. This brought our fatalities to 8 for the year. Each of these is a tragedy and while we have significantly reduced injuries and fatalities in the last decade, we must and will do more to reduce the number of serious incidents. From an operational excellence perspective, Shell continued to overcome extraordinary challenges to keep our assets running and our projects moving forward.

Despite considerable worldwide supply disruptions, through our unique ecosystem of supply chain partnerships, we moved materials and equipment on time in over 80% of cases, compared with a market average of around 35%. Our recovery from Ida in the US Gulf of Mexico was impressive, achieving a restart across our platforms safely and ahead of schedule. Our project delivery in Upstream and Integrated Gas, including well delivery, continued to lead the industry for four consecutive years, according to external benchmarks.

As our results show, Shell is delivering, investing, and changing. We are generating strong earnings and cash, bringing real energy transition solutions to the market while increasing shareholder distributions.

And now, back to Ben.

Ben van Beurden, CHIEF EXECUTIVE OFFICER OF SHELL PLC

So, we have looked back at our strategy delivery, our transformation, and our strong performance in 2021. Because of our delivery and resilience, I am confident about the future. Let's look ahead.

We are accelerating the pace of our shareholder distributions in 2022. As I mentioned earlier, we have announced an $8.5 billion share buyback programme for the first half of 2022. These distributions are around half of our CFFO over the previous two quarters. And excluding the Permian-related amount, the shareholder distributions announced for the first half of the year are expected to be in the higher end of the 20 to 30% CFFO range.

We also expect to increase our dividend by around 4% for Q1 2022, bringing our quarterly dividend to $25 US cents per share.

Following its peak in 2019, our oil production declined by around 8% from 2019 to 2021. Excluding the impact from the Permian divestment, we expect oil production to decline on average by 1-2% a year until 2030.

That brings me to our capital spend. We expect our cash capex to be at the lower end of the $23 to 27 billion dollar range in 2022. The increase in spend from 2021 will be disciplined and will be measured. More than half of the increase is expected to go to our Growth businesses.

With these investments, we will ensure that our financial delivery remains strong in the future… so we can thrive through the energy transition and provide significant shareholder distributions.

Thank you.

Shell plc
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www.shell.com/investors

DEFINITIONS AND CAUTIONARY NOTE

Adjusted Earnings is the income attributable to Shell plc shareholders for the period, adjusted for the after-tax effect of oil price changes on inventory and for identified items. In this presentation, “earnings” refers to “Adjusted Earnings” unless stated otherwise. Adjusted EBITDA (FIFO basis) is the income/(loss) attributable to Shell plc shareholders adjusted for identified items; tax charge/(credit); depreciation, amortisation and depletion; exploration well write-offs and net interest expense. Adjusted EBITDA on a CCS (current cost of supplies) basis is used to remove the impact of price changes on our inventories in our Oil Products and Chemicals segments, therefore enabling comparisons over time. In this presentation, “operating expenses”, “costs” and “underlying costs” refer to “Underlying operating expenses” unless stated otherwise. Underlying operating expenses represent “operating expenses excluding identified items”. Operating expenses consist of the following lines in the Consolidated Statement of Income: (i) production and manufacturing expenses; (ii) selling, distribution and administrative expenses; and (iii) research and development expenses. Cash flow from operating activities excluding working capital movements is defined as “Cash flow from operating activities” less the sum of the following items in the Consolidated Statement of Cash Flows: (i) (increase)/decrease in inventories, (ii) (increase)/decrease in current receivables, and (iii) increase/(decrease) in current payables. In this presentation, “capex” refers to “Cash capital expenditure” unless stated otherwise. Cash capital expenditure comprises the following lines from the Consolidated Statement of Cash Flows: Capital expenditure, Investments in joint ventures and associates and Investments in equity securities. Free cash flow is defined as the sum of “Cash flow from operating activities” and “Cash flow from investing activities”. Organic free cash flow is defined as free cash flow excluding inorganic cash capital expenditure, divestment proceeds and tax paid on divestments. In this presentation, “divestments” refers to “divestment proceeds” unless stated otherwise. Divestment proceeds are defined as the sum of (i) proceeds from sale of property, plant and equipment and businesses, (ii) proceeds from sale of joint ventures and associates, and (iii) proceeds from sale of equity securities. Net debt is defined as the sum of current and non-current debt, less cash and cash equivalents, adjusted for the fair value of derivative financial instruments used to hedge foreign exchange and interest rate risks relating to debt, and associated collateral balances. Reconciliations of the above non-GAAP measures are included in the Shell plc Unaudited Condensed Financial Report for the full year ended December 31, 2021. Reserves: Our use of the term “reserves” in this presentation means United States Securities and Exchange Commission (SEC) proved oil and gas reserves. Resources: Our use of the term “resources” in this presentation includes quantities of oil and gas not yet classified as SEC proved oil and gas reserves. Resources are consistent with the Society of Petroleum Engineers (SPE) 2P + 2C definitions.

This presentation contains certain following 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 the company, 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 companies in which Shell plc directly and indirectly owns investments are separate legal entities. In this presentation “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 presentation 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. 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.

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, Shell’s operating plans, outlooks, budgets and pricing assumptions do not reflect our net-zero emissions target. In the future, as society moves towards net-zero emissions, we expect Shell’s operating plans, outlooks, budgets and pricing assumptions to reflect this movement. Also, in this presentation we may refer to Shell's "Net Carbon Footprint", which includes 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" is for convenience only and not intended to suggest these emissions are those of Shell plc or its subsidiaries.

This presentation 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 presentation, 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 presentation 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, 2020 (available at www.shell.com/investors and www.sec.gov). These risk factors also expressly qualify all forward-looking statements contained in this presentation and should be considered by the reader. Each forward-looking statement speaks only as of the date of this presentation, February 3, 2022. 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 presentation. The content of websites referred to in this announcement does not form part of this announcement. We may have used certain terms, such as resources, in this presentation that the 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.