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It is not possible to predict future changes in the *Real*-U.S. dollar exchange rate and what impact the Brazilian macroeconomic scenario and the Brazilian government's exchange rate policies may have on us.

Year Ended	Exchange rates of nominal <i>Reais</i> per US\$1.00			
	High	Low	Average	Period-End
December 31, 2015	4.195	2.575	3.388(1)	3.905
December 31, 2016	4.156	3.119	3.450(1)	3.259
December 31, 2017	3.381	3.051	3.203(1)	3.308
December 31, 2018	4.188	3.139	3.680(1)	3.875
December 31, 2019	4.260	3.652	3.944(1)	4.031
Month Ended				
November 30, 2019	4.260	3.979	4.119(2)	4.224
December 31, 2019	4.226	4.031	4.128(2)	4.031
January 31, 2020	4.270	4.021	4.145(2)	4.270
February 29, 2020	4.499	4.238	4.368(2)	4.499
March 31, 2020	5.199	4.488	4.844(2)	5.199
April 23, 2020	5.447	5.078	5.262(2)	5.447

(1) Average of the foreign exchange rates on the last day of each month in the period.

(2) Average of the high and low foreign exchange rates for each month.

### B. Capitalization and Indebtedness

Not applicable.

### C. Reasons for the Offer and Use of Proceeds

Not applicable.

### D. Risk Factors

*Investing in our shares and ADSs involves a high degree of risk. You should carefully consider the risks described below and the other information contained in this annual report in evaluating an investment in our shares or ADSs. Our business, results of operations, cash flow, liquidity and financial condition could be harmed if any of these risks materializes and, as a result, the trading price of the shares or the ADSs could decline and you could lose a substantial part or even all your investment.*

*We have included information in these risk factors concerning Brazil based on information that is publicly available. Other risks that we do not presently know about or deem as immaterial could also cause adverse effects on our businesses, operations, financial condition and results of operations.*

#### Risks Relating to Ultrapar and Its Industries

***Petrobras is the main supplier of LPG and oil-based fuels in Brazil. Fuel and LPG distributors in Brazil, including Ipiranga and Ultragaz, have formal contracts with Petrobras for the supply of oil-derivatives. Any interruption in the supply of LPG or oil-based fuels from Petrobras would immediately affect Ultragaz or Ipiranga's ability to provide LPG and oil-based fuels to their customers.***

Prior to 1995, Petrobras held a constitutional monopoly for the production and importation of petroleum products in Brazil. Although this monopoly was removed from the Brazilian constitution, Petrobras effectively remains the main provider of LPG and oil-based fuels in Brazil. Currently, Ultragaz and all other LPG distributors in Brazil purchase all or nearly all LPG from Petrobras. Ultragaz's net revenue from sales and services represented 8% of our consolidated net revenue from sales and services for the year ended December 31, 2019. The procedures for ordering and purchasing LPG from Petrobras are generally common to all LPG distributors—including Ultragaz. For more details, see "Item 4.B. Information on the Company—Business Overview—Distribution of Liquefied Petroleum Gas—Ultragaz—Supply of LPG".

With respect to fuel distribution, Petrobras also supplied the majority of Ipiranga and other distributors' oil-based fuel requirements in 2019. Petrobras' supply to Ipiranga is governed by an annual contract, under which the supply volume is established based on the volume purchased in the previous year. Ipiranga's net revenue from sales and services represented 84% of our consolidated net revenue from sales and services for the year ended December 31, 2019. For further information, see "Item 4.B. Information on the Company—Business Overview—Fuel Distribution—Ipiranga—Supply of fuels".

The last significant interruption in the supply of oil derivatives by Petrobras to LPG and fuel distributors occurred during 1995 due to a 15-day strike by Petrobras employees. See "Item 4.B. Information on the Company—Business Overview—Distribution of Liquefied Petroleum Gas—Industry and Regulatory Overview" and "Item 4.B. Information on the Company—Business Overview—Fuel Distribution—Industry and Regulatory Overview".

Significant interruptions of LPG and oil-based fuel supply from Petrobras may occur in the future. Any interruption in the supply of LPG or oil-based fuels from Petrobras would immediately affect Ultragaz or Ipiranga's respective ability to provide LPG or oil-based fuels to its customers. If we are not able to obtain an adequate supply of LPG or oil-based fuels from Petrobras under acceptable terms, we may seek to meet our demands through LPG or oil-based fuels purchased in the international market. The logistics infrastructure for LPG and oil-based fuel imports in Brazil is limited and is substantially all controlled by Petrobras. Any such interruption could increase our purchase costs and reduce our sales volume, consequently, adversely affecting our operating margins.

Petrobras is currently under investigation by the CVM, the Brazilian Federal Police and other Brazilian public authorities in connection with corruption allegations (so called *Lava Jato* investigations) consisting, among other things, of illegal payments made to officers, directors and other employees of Petrobras to influence commercial decisions. Petrobras was under investigation by the SEC and the US Department of Justice and announced a settlement of those investigations in September 2018. In addition, Petrobras was previously subject to a class action in the United States, which was also settled in 2018. As of December 31, 2019, as disclosed by Petrobras, it is currently party to a collective action commenced in the Netherlands, an arbitration proceeding in Argentina, and arbitration and judicial proceedings commenced in Brazil. In each case, the proceedings were brought by investors (or entities that allegedly represent investors' interests) who purchased shares of Petrobras traded on the B3 or other securities issued by Petrobras outside of the United States, alleging damages caused by facts uncovered in the *Lava Jato* investigations. Such investigations and proceedings have had a destabilizing effect on Petrobras, and it is difficult to ascertain what further impact such matters will have on Petrobras' supply of LPG and oil-based fuels to market players.

In addition, Petrobras has made several changes to the composition of its management team and has undertaken a long-term divestment plan that may change the structure and long-term outlook of the fuel market. We cannot predict the outcome that the *Lava Jato* investigations will have on the fuel market and, specifically, on the availability of, and our ability to access, the LPG and oil-based fuel supply from Petrobras.

***Our businesses may be materially and adversely affected by the outbreak of communicable diseases, such as the ongoing COVID-19 pandemic, or other epidemics or pandemics.***

A novel strain of coronavirus, COVID-19, was first identified in China in December 2019 and became a global pandemic in March 2020. Our businesses may be materially and adversely affected by the ongoing COVID-19 pandemic or the outbreak of other communicable diseases, including epidemics and pandemics.

The COVID-19 pandemic has had, and continues to have, a material impact on businesses around the world, including ours, and the economic and political environments in which businesses operate. There are a number of factors associated with the ongoing COVID-19 pandemic and its impact on global economies that could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and the market price of our securities.

We currently expect that the immediate financial impact will include (i) lower revenue as a result of a decrease in demand for certain of our products, principally reduced demand for fuel as a result of the restrictions imposed by states of Brazil on movement of people and the operation of businesses in many parts of Brazil (which has also prompted us to relax certain contractual clauses with Ipiranga's resellers), (ii) lower revenue from the sale of LPG, and (iii) an increase in credit losses and delays in the receipt of payments from our trade debtors as a result of customers experiencing financial difficulty or insolvency and as a result of any efforts that we may make to renegotiate payment terms with our customers that are impacted by COVID-19 (including accepting certain payments in installments). These impacts have had a negative effect on our cash flow from operations and our working capital position, and we expect this impact to continue at least in the short-term. We currently expect that these factors will impact our profitability in 2020, and possibly beyond, but we cannot currently predict the magnitude of such impact. Furthermore, we cannot predict the extent to which COVID-19 will impact industrial manufacturing, and consequently cannot predict the extent of the impact on the sale of specialty chemicals in our Oxiteno business, among other impacts. Our financial risk assessments and impairment testing carried out as at December 31, 2019 in connection with the preparation of our financial statements for the year ended December 31, 2019 do not reflect the now global impacts of the ongoing COVID-19 pandemic.

The COVID-19 pandemic has caused disruption to our customers, suppliers, personnel and resellers in Brazil and in all of the other countries in which we operate. A number of countries, states or areas in which we operate have implemented policies in response to the COVID-19 pandemic, including declaring states of emergency, implementing severe restrictions on the movement and activities of people and/or implementing restrictions on the operations of certain businesses. These restrictions are determined by the central or local governments of individual jurisdictions (including through the implementation of emergency powers) and impacts (including the timing of implementation and any subsequent lifting of restrictions) may vary from jurisdiction to jurisdiction. Restrictions on the movement of people and on business operations have a significant impact on economic activity in the relevant countries, states or areas and could adversely affect our operational capacity or productivity, could disrupt transportation networks and supply and distribution chains causing disruptions in our businesses operations, and could significantly reduce customer demand or result in unfavorable changes in consumer behavior. In addition, governmental and regulatory actions and support measures taken in response to the COVID-19 outbreak may impose restrictions or obligations on our businesses and may limit management's flexibility in managing our business.

Pursuant to Federal Decree No. 10,282/20, which was issued in the context of Federal Law No. 13,979/20, the activities of the subsidiaries of Ultrapar are considered essential during the ongoing COVID-19 pandemic. As a result, as of the date of this annual report, our subsidiaries have continued to operate and have ensured a continuous supply of their products and services to their clients. However, we cannot assure that the Federal Government will continue to consider the activities of our subsidiaries as essential, nor that they will not be impacted by external factors, such as the limitation of access by our subsidiaries to operational inputs, clients, and financial resources.

In addition, the COVID-19 pandemic has affected business and economic sentiment, causing significant volatility in global markets and affecting the outlook of the economy of Brazil and of the other countries in which we operate. Such affects include significant volatility in the price of crude oil, the price of LPG and the price of other commodities, as well as significant volatility in foreign exchange rates, borrowing costs and the availability of credit. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on our ability to access funding and on our ability to negotiate and agree any amendments that may be required in the future to the terms of our existing indebtedness, such as the financial covenants that are included in certain of our debt financings. The COVID-19 pandemic has led to a weakening in gross domestic product countries around the world, including in the countries in which we operate, and the probability of a more adverse economic scenario for at least the short term is substantially higher than the outlook that existed as at December 31, 2019.

As noted above, oil prices declined sharply, as a result of a significant and rapid decrease in demand for fuels caused by the ongoing COVID-19 pandemic. Brent crude oil prices dropped 57% from US\$50 per barrel in the end of February to US\$21 per barrel in the end of March 2020, thus reducing prices of gasoline and diesel worldwide. Gasoline and diesel sales prices in Brazil are directly influenced by international prices and, as such, during the first quarter of 2020 prices of diesel decreased 31% and prices of gasoline decreased 43% in Brazil. However, Petrobras' average refinery price of diesel in March 2020 was US\$342 per cubic meter compared with the average international price of US\$310 per cubic meter. If our competitors have the ability to access imported diesel and gasoline at a lower cost than our average cost, our competitiveness may be impacted and, consequently, this could adversely affect our results of operations.

It remains unclear how the COVID-19 pandemic will evolve through 2020 and beyond and there is significant uncertainty relating to the extent of the impact of the COVID-19 pandemic on our businesses and the global economy in general. The local, national and international response to the COVID-19 pandemic continues to be quickly developing, fluid and uncertain and we cannot predict the range of additional governmental policies that may be pursued to combat the COVID-19 pandemic or its effects, or the impact that such governmental policies may have on our business and operations. In addition, we cannot predict the potential severity of the economic downturn or recession and we cannot predict the post-crisis recovery environment which, from a commercial, economic, political, regulatory and risk perspective, could be significantly different to past crises and could persist for a prolonged period.

It is also unclear the extent to which our financial statements for periods after December 31, 2019 may be affected by the business, operational and financial impacts of the COVID-19 pandemic. Certain of our financial risk assessments and our impairment tests, in connection with the preparation of our financial statements, may be impacted by the COVID-19 pandemic, which may adversely impact our financial position. The following areas may be particularly affected, among others: accounts receivable deriving from possible increase in delinquency rates by our trade debtors, possible reduction in recognized amounts of deferred tax assets at Oxiten and at Extrafarma as future profits may decrease and the possible reduction of the goodwill value at Extrafarma in light of lower forecasts of business profitability, any or all of which may potentially result in impairment charges. For instance, as a result of the restrictions imposed by states of Brazil on movement of people and the operation of businesses in many parts in the country, our Ipiranga segment has experienced a decrease in demand for fuel since these restrictions began. In addition, the increased volatility in financial markets may impact our financial results where a fair value approach is required.

***Intense competition is generally inherent to distribution markets, including the LPG, the fuel distribution and the retail pharmacy markets and may affect our operating margins.***

The Brazilian LPG market is very competitive in all segments—residential, commercial and industrial. Petrobras, our supplier of LPG, and other major companies participate in the Brazilian LPG distribution market. Intense competition in the LPG distribution market could lead to lower sales volumes and increased marketing expenses, which may have a material adverse effect on our operating margins. See “Item 4.B. Information on the Company—Business Overview—Distribution of Liquefied Petroleum Gas—Industry and Regulatory Overview—The role of Petrobras” and “Item 4.B. Information on the Company—Business Overview—Distribution of Liquefied Petroleum Gas – Ultragas – Competition”.

The Brazilian fuel distribution market is highly competitive in both retail and wholesale segments. Petrobras, our supplier of oil-derivative products, and other major companies with significant resources participate in the Brazilian fuel distribution market. Furthermore, small, local and regional distributors, as well as some important international players have increased their market share in recent years. Intense competition in the fuel distribution market could lead to lower sales volumes and increased marketing expenses, which may have a material adverse effect on our operating margins. See “Item 4.B. Information on the Company—Business Overview—Fuel Distribution—Industry and Regulatory Overview—The role of Petrobras” and “Item 4.B. Information on the Company—Business Overview—Fuel Distribution—Ipiranga—Competition”.

Likewise, the Brazilian drugstore market is highly competitive. Extrafarma competes with national, regional and local drugstore chains, independent drugstores, phone marketing services, direct marketing companies, prescription-only pharmacies, internet purveyors of pharmaceutical and beauty products, and other retailers such as supermarkets, beauty products stores and convenience stores. In addition, new retailers may enter the market and compete with us. Competition in the retail pharmacy market is shaped by a variety of factors, such as location, range of products, advertising, commercial practices, price, quality of services and strength of brand name, among others. If we are unable to anticipate, predict and meet the preferences of our customers, we may lose revenues and market share to our competitors.

***Anticompetitive practices in the fuel distribution sector may distort market prices.***

In the recent past, anticompetitive practices have been one of the main problems affecting fuels distributors in Brazil, including Ipiranga. Generally, these practices have involved a combination of tax evasion and fuels adulteration, such as the dilution of gasoline by mixing solvents or adding anhydrous ethanol in an amount greater than that permitted by applicable law.

Taxes constitute a significant portion of the cost of fuels sold in Brazil. For this reason, tax evasion by some fuel distributors has been prevalent, allowing them to lower the prices they charge compared to large distributors such as Ipiranga. As the final prices for the products sold by distributors, including Ipiranga, are calculated based on, among other factors, the amount of taxes levied on the purchase and sale of these fuels, anticompetitive practices such as tax evasion may reduce Ipiranga’s sales volume and could have a material adverse effect on our operating margins. Should there be any increase in the taxes levied on fuel, tax evasion may increase, resulting in a greater distortion of the prices of fuels sold and further adversely affecting our results of operations.

***LPG and oil-based fuels compete with alternative sources of energy. Competition with and the development of alternative sources of energy in the future may adversely affect the LPG and oil-based fuels market.***

LPG competes with alternative sources of energy, such as natural gas, wood, diesel, fuel oil and electricity. Natural gas is currently the principal source of energy that we compete with. Currently, natural gas is less expensive than LPG for large industrial consumers, but more expensive for most of residential consumers. Changes in relative prices or the development of alternative sources of energy in the future may adversely affect the LPG market and consequently our business, financial results and results of operations. Oil-based fuels also compete with alternative sources of energy, such as electricity. See “Item 4.B. Information on the Company–Business Overview–Distribution of Liquefied Petroleum Gas–Ultragaz–Competition”.

***Ethylene, one of the principal raw materials used in our petrochemical operations, comes from limited supply sources. Any reduction in the supply of ethylene would have an immediate impact on Oxitenó’s production and results of operations.***

All second-generation petrochemical producers in Brazil that use ethylene as their key raw material, including Oxitenó, purchase ethylene from Brazilian suppliers. Approximately 3% of our net revenue from sales and services were derived from the sale of chemical products manufactured in Brazil that require ethylene in 2019. Oxitenó purchases ethylene from two of Brazil’s three naphtha cracker units, which are the sole sources of ethylene in Brazil. Pursuant to long-term contracts, Braskem is the sole supplier of all ethylene required at our plants located in Camaçari and Mauá. For more detailed information about these contracts see “Item 4.B. Information on the Company–Business Overview–Petrochemicals and Chemicals–Oxitenó–Raw materials” and “Item 5.F. Operating and Financial Review and Prospects–Tabular Disclosure of Contractual Obligations”. Given its characteristics, ethylene is difficult and expensive to store and transport, and cannot be easily imported to Brazil. Therefore, Oxitenó is almost totally dependent on ethylene produced by Braskem. For the year ended December 31, 2019, Brazil’s ethylene imports totaled 21 tons, representing less than 0.01% of Brazil’s installed capacity.

Due to ethylene’s chemical characteristics, Oxitenó does not store any quantity of ethylene, and reductions or interruptions in supply from Braskem, Oxitenó’s sole supplier of ethylene in Brazil, would have an immediate impact on our production and results of operations. If we further expand our production capacity, there is no assurance that we will be able to obtain additional ethylene from Braskem. In addition, Petrobras is the principal supplier of naphtha to crackers in Brazil, and any interruption in the supply of naphtha from Petrobras to the crackers could adversely impact their ability to supply ethylene to Oxitenó.

In addition, members of the Brazilian federal government and of the legislative branch, as well as former senior officers of Petrobras, have faced allegations of political corruption from the ongoing *Lava Jato* and other investigations. These government officials and senior officers allegedly accepted bribes by means of kickbacks on contracts granted by Petrobras to several infrastructure, oil and gas and construction companies, including Odebrecht S.A., Braskem’s controlling shareholder. We cannot currently predict how the investigations and any future decisions and actions by authorities in relation to Braskem’s shareholders may impact Braskem or, consequently, Oxitenó’s supply of ethylene.

***The prices of ethylene and palm kernel oil, Oxitenó’s main raw materials, are subject to fluctuations in international markets.***

The price of ethylene, which is the principal component of Oxitenó’s cost of sales and services, is directly linked to the price of naphtha, which, in turn, is largely linked to the price of crude oil. Consequently, ethylene prices are subject to fluctuations in international oil prices. A significant increase in the price of crude oil and, consequently, naphtha and ethylene, could increase our costs, which could have a material adverse effect on Oxitenó’s results of operations, particularly in Brazil.

Palm kernel oil is one of Oxitenó’s main raw materials, used to produce fatty alcohols and its by-products in the oleochemical unit. Oxitenó imports the palm kernel oil from the main producing countries, especially Malaysia and Indonesia, and therefore palm kernel oil prices are subject to the effects of foreign exchange rate variation. Palm kernel oil is a vegetable oil, also commonly used by the food industry. Consequently, palm kernel oil prices are subject to the effects of environmental and climatic variations that affect the palm plantations, fluctuations of harvest periods, economic environment in major producing countries and fluctuations in the demand for its use in the food industry. A significant increase in the price of palm kernel oil combined with foreign exchange rate variations of the *Real* could increase our costs, which could have a material adverse effect on Oxitenó’s results of operations.

***New natural gas reserves, primarily in North America, may reduce the global prices of natural gas-based ethylene, which could affect Oxitenó's competitiveness with imported petrochemical products.***

The ethylene used in the chemical and petrochemical industries can be obtained either from ethane, which is derived from natural gas, or naphtha, which is derived from oil. During the last few years, naphtha-based ethylene has been more expensive than natural gas-based ethylene, as oil prices have been higher than those of natural gas. The discovery of new shale gas reserves in North America and improvements in the technology to extract natural gas from shale gas have intensified the difference between naphtha and natural gas-based ethylene prices. Most of the ethylene produced in Brazil is derived from naphtha. As Oxitenó competes in the Brazilian market largely with imported products, declining feedstock costs of international players could affect the competitiveness of Oxitenó, which could materially affect our results.

In respect of Oxitenó's competition in the international market, since 2018, Oxitenó has operated an industrial facility in Pasadena, Texas, of ethylene oxide derivatives and purchases the raw material from local producers located in the Mexican Gulf, with ethylene oxide price referenced at the cost of natural gas in North America.

***The Brazilian petrochemical industry is influenced by the performance of the international petrochemical industry and its cyclical behavior.***

The international petrochemical market is cyclical by nature, with alternating periods typically characterized by tight supply, increased prices and high margins, or by overcapacity, declining prices and low margins. The decrease in Brazilian import tariffs on petrochemical products, the increase in demand for such products in Brazil, and the ongoing integration of regional and world markets for commodities have contributed to the increasing integration of the Brazilian petrochemical industry into the international petrochemical marketplace. As a consequence, events affecting the petrochemical industry worldwide could have a material adverse effect on our business, financial condition and results of operations.

***The reduction in import tariffs on petrochemical products can reduce our competitiveness in relation to imported products.***

Final prices paid by importers of petrochemical products include import tariffs. Consequently, import tariffs imposed by the Brazilian government affect the prices we can charge for our products. The Brazilian government's negotiation of commercial and other intergovernmental agreements may result in reductions in the Brazilian import tariffs on petrochemical products, which range between 0% and 20% (mainly concentrated between 2% and 14%) and may reduce the competitiveness of Oxitenó's products vis-à-vis imported petrochemical products. Additionally, Oxitenó's competitiveness may also be reduced in case of higher import tariffs imposed by countries to which the company exports its products. Furthermore, governmental responses to periods of increased political and economic global uncertainty can increase the extent to which sudden and unpredictable changes may occur in trade policy and tariffs. Any of the factors described above could have a material adverse effect on our business, results of operations, cash flows or financial condition.

***Regulatory, political, economic and social conditions in the countries where we have operations or projects could adversely impact our businesses and the market price of our securities.***

Our financial and operational performance may be negatively affected by regulatory, political, economic and social conditions in countries where we have operations or projects. In some of these jurisdictions, we are exposed to various risks such as potential renegotiation, nullification or forced modification of existing contracts, expropriation or nationalization of property, foreign exchange controls, changes in local laws, regulations and policies, trade controls and tariffs, global trade uncertainties and political instability. We also face the risk of having to submit to the jurisdiction of a foreign court or arbitration panel or having to enforce a judgment against a sovereign nation within its own territory. Furthermore, we operate in labor-intensive industries that are subject to the effects of instabilities in the labor market, including strikes, work stoppages, protests and changes in employment regulations, increases in wages and the conditions of collective bargaining agreements that, individually or in the aggregate, could have a material adverse effect on our results. The industries in which we operate have experienced these types of instabilities in the past and we cannot assure that these instabilities will not occur again.

Actual or potential political or social changes and changes in economic policy may undermine investor confidence, which may hamper investment and thereby reduce economic growth, and otherwise may adversely affect the economic and other conditions under which we operate in ways that could have a materially negative effect on our businesses.

We are also exposed to risks relating to the ongoing COVID-19 pandemic and the regulatory, political, economic and social impacts of that outbreak. See "—Our businesses may be materially and adversely affected by the outbreak of communicable diseases, such as the ongoing COVID-19 pandemic, or other epidemics or pandemics".

***Our businesses would be materially adversely affected if operations at our transportation and distribution facilities experienced significant interruptions.***

The distribution of LPG, fuels, petrochemicals and pharmaceutical products are subject to inherent risks, including interruptions or disturbances in the distribution system which may be caused by accidents or force majeure events, including the ongoing COVID-19 pandemic. Our operations are dependent upon the uninterrupted operation of our terminals, storage and distribution facilities and various means of transportation. We are also dependent upon the uninterrupted operation of certain facilities owned or operated by our suppliers. Operations at our facilities and at the facilities owned or operated by our suppliers could be partially or completely shut down, temporarily or permanently, as the result of any number of circumstances that are not within our control, such as:

- catastrophic events, including hurricanes and floods;
- epidemics and pandemics, such as the ongoing COVID-19 pandemic (see “–Our business may be materially and adversely affected by the outbreak of communicable diseases, such as the ongoing COVID-19 pandemic, or other epidemics or pandemics”);
- environmental matters (including environmental licensing processes or environmental incidents, contamination, and others);
- labor difficulties (including work stoppages, strikes and other events); and
- disruptions in our means of transportation, affecting the supply of our products.

Any significant interruption at these facilities or inability to transport products to or from these facilities or to our customers for any reason could subject us to liability in judicial, administrative or other proceedings, including for disruptions caused by events outside of our control, which could materially affect our businesses and results.

For example, on May 21, 2018, Brazilian truck drivers announced a nationwide strike, which lasted 10 days, demanding a reduction in taxes imposed on diesel and an amendment to the fuel pricing methodology adopted by Petrobras. The nationwide strike also involved the blockage of some of our facilities, obstruction of highways and other public roadways all over the country which have affected the delivery of various types of cargos and prevented us from carrying out our activities and operations in a normal manner. Amongst the impacts caused by the nationwide strike, the ANP issued a series of exceptional measures to remain in effect while the strike was ongoing to avoid fuel shortages. The Brazilian Federal Government also announced the implementation of measures to meet the demands made by the truck drivers to end the nationwide strike. Our results for 2018 were negatively impacted by the truck drivers’ strike, mainly due to losses of sales volume during the period of the strike in Ipiranga, Oxiteno, Ultragaz and Extrafarma and inventory losses at Ipiranga due to the reduction of R\$0.46 on the price of diesel. At Ipiranga, blockades at the distribution terminals during the strike prevented delivery of products. At Oxiteno, the strike caused a temporary stoppage at four production units due to impossibility of delivering products. At Ultragaz, difficulties of product delivery centered round the bulk segment. At Extrafarma, there were logistical problems in receiving and distributing products.

***We may be adversely affected by changes to specific laws and regulations in our operating sectors.***

We are subject to extensive federal, state and local legislation and regulation by government agencies and sector associations in the industries we operate. Rules related to quality of products, days of product storage, staff working hours, among others, may become more stringent or be amended overtime, and require new investments or the increase in expenses to adequate our operations. Changes in specific laws and regulations in the sectors we operate may adversely affect the conditions under which we operate in ways that could have a materially negative effect on our businesses and our results.

For example, as a consequence of the nationwide truck drivers’ strike, the ANP issued a series of exceptional measures to remain in effect while the strike was ongoing to avoid fuel shortages. The Brazilian Federal Government also announced the implementation of measures to meet the demands made by the truck drivers to end the nationwide strike.

The nationwide strike and the measures adopted in response had a direct impact to our businesses and results. Further strikes and any additional measures to be implemented by the Brazilian Federal Government and regulatory agencies in response may also affect our operations and further adversely impact our results.

***We may be adversely affected by the imposition and enforcement of more stringent environmental laws and regulations.***

We are subject to extensive federal and state legislation and regulation by government agencies responsible for the implementation of environmental and health laws and policies in Brazil, Mexico, the United States and Uruguay. Companies like ours are required to obtain licenses for their manufacturing facilities from environmental authorities who may also regulate their operations by prescribing specific environmental standards in their operating licenses. Environmental regulations apply particularly to the discharge, handling and disposal of gaseous, liquid and solid products and by-products from manufacturing activities.

Changes in these laws and regulations, or changes in their enforcement, could adversely affect us by increasing our cost of compliance or operations. In addition, new laws or additional regulations, or more stringent interpretations of existing laws and regulations, could require us to spend additional funds on related matters in order to stay in compliance, thus increasing our costs and having an adverse effect on our results. See “Item 4.B. Information on the Company–Business Overview–Distribution of Liquefied Petroleum Gas–Industry and Regulatory Overview–Environmental, health and safety standards”, “Item 4.B. Information on the Company–Business Overview–Fuel Distribution–Industry and Regulatory Overview–Environmental, health and safety standards” and “Item 4.B. Information on the Company–Business Overview–Petrochemicals and Chemicals–Industry and Regulatory Overview–Environmental, health and safety standards”.

***The production, storage and transportation of LPG, fuels and petrochemicals are inherently hazardous.***

The operations we perform at our plants involve safety risks and other operating risks, including the handling, production, storage and transportation of highly inflammable, explosive and toxic materials. These risks could result in personal injury and death, severe damage to or destruction of property and equipment and environmental damage. A sufficiently large accident at one of our plants, service stations or storage facilities could force us to suspend our operations in the facility temporarily and result in significant remediation costs, loss of revenues and contingent liabilities. In addition, insurance proceeds may not be available on a timely basis and may be insufficient to cover all losses. Equipment breakdowns, natural disasters and delays in obtaining imports or required replacement parts or equipment can also affect our manufacturing operations and consequently our results from operations.

For example, on April 2, 2015, part of the storage facilities operated by Ultracargo in Santos, in the State of São Paulo, endured a nine-day fire surrounding six ethanol and gasoline tanks. There were no casualties in this accident and, following an investigation by the Civil and Federal Police into the accident and its impact on the region, the cause of the accident was determined to be inconclusive. See “Item 4.A. Information on the Company–History and Development of the Company–Ultracargo – Fire at storage facilities in Santos”.

***Our level of indebtedness may require us to use a significant portion of our cash flow to service such indebtedness.***

As of December 31, 2019, our consolidated gross debt (consisting of loans and hedging instruments and debentures recorded as current and non-current liabilities) totaled R\$14,392.7 million (US\$3,570.8 million), our consolidated net debt (consisting of loans and hedging instruments and debentures recorded as current and non-current liabilities, net of cash and cash equivalents and financial investments and hedging instruments) was R\$8,680.6 million (US\$2,153.6 million) and our cash flow generated from operating activities was R\$2,924.9 million (US\$725.6 million). See “Selected Consolidated Financial Data”. The level and composition of our indebtedness could have significant consequences for us, including requiring a portion of our cash flow from operations to be committed to the payment of principal and interest on our indebtedness, thereby reducing our available cash to finance our working capital and investments.

***Our insurance coverage may be insufficient to cover losses that we might incur.***

The operation of any chemical manufacturing plant and the specialized distribution and retail, as well as the operations of logistics of oil, chemical products, LPG, fuel and pharmaceuticals distribution involve substantial risks of property damage and personal injury and may result in material costs and liabilities. Although we maintain insurance policies, the occurrence of losses or other liabilities that are not covered by insurance or that exceed the limits of our insurance coverage could result in significant unexpected additional costs.



***The suspension, cancellation or non-renewal of certain federal tax benefits may adversely affect our results of operations.***

Currently, we are entitled to federal tax benefits providing for income tax reduction for our activities in the Northeast region of Brazil, subject to certain conditions. Conversely, if the corresponding tax authorities understand that we have not complied with any of the tax benefit requirements or if the current tax programs from which we benefit are modified, suspended, cancelled, not renewed or renewed under terms that are substantially less favorable than expected, we may become liable for the payment of related taxes at the full tax rates and our results of operations may be adversely affected. Income tax exemptions amounted to R\$43.2 million, R\$107.7 million and R\$48.6 million, for the years ended December 31, 2019, 2018 and 2017, respectively. See “Item 4.B. Information on the Company–Business Overview–Distribution of Liquefied Petroleum Gas–Ultragaz–Income tax exemption status”, “Item 4.B. Information on the Company–Business Overview–Petrochemicals and Chemicals–Oxiteno–Income tax exemption status” and “Item 4.B. Information on the Company–Business Overview–Storage services for liquid bulk –Ultracargo–Income tax exemption status”.

***No single shareholder or group of shareholders holds more than 50% of our capital stock, which may increase the opportunity for alliances between shareholders and other events that may occur as a result thereof.***

No single shareholder or group of shareholders holds more than 50% of our capital stock. Due to the absence of a controlling shareholder, we may be subject to future alliances or agreements between our shareholders, which may result in the exercise of a relevant influence over our Company by them. In the event a controlling group is formed and decides to exercise its influence over our Company, we may be subject to unexpected changes in our corporate governance and strategies, including the replacement of key executive officers. Any unexpected change in our management team, business policy or strategy, any dispute between our shareholders, or any attempt to acquire control of our Company may have an adverse impact on us. The term of office of our current members of our Board of Directors, who were elected at the annual general shareholders’ meeting held on April 10, 2019, will expire in the annual general shareholders’ meeting to be held in 2021.

***As a result of the significant acquisitions of Ipiranga, União Terminais, Texaco, the Extrafarma Transaction, as well as other smaller acquisitions and possible future acquisitions, Ultrapar has assumed and may assume in the future certain liabilities related to the businesses acquired or to be acquired and risks associated with the transactions, including regulatory risks.***

Ultrapar has assumed certain liabilities of previously acquired businesses; therefore, certain existing financial obligations, legal liabilities or other known and unknown contingent liabilities or risks of the businesses acquired have become Ultrapar’s responsibility. Ultrapar may acquire new businesses in the future and, as a result, it may be subject to additional liabilities, obligations and risks. See “Item 4.A. Information on the Company–History and Development of the Company” for more information in connection with these acquisitions.

In addition, Ultrapar is subject to risks relating to acquisitions that it enters into from time to time. Such risks include that the approval of such transactions may ultimately be refused by the relevant regulatory bodies, including CADE. See “Item 8.A. Financial Information Consolidated Statements and Other Financial Information–Legal Proceedings”.

These liabilities may cause Ultrapar to be required to make payments, incur charges or take other actions that may adversely affect Ultrapar’s financial position and results of operations and the price of Ultrapar’s shares.

***Our founding family and part of our senior management, through their ownership interest in Ultra S.A. and Parth, own a significant portion of our shares and may influence the management, direction and policies of Ultrapar, including the outcome of any matter submitted to a vote of shareholders.***

Although there is no controlling shareholder of Ultrapar, our founding family and part of our senior management, through their ownership interest in Ultra S.A., beneficially own 20% of our outstanding common stock. Ultra S.A., together with Parth, another branch of the Igel family, entered into a shareholders’ agreement on May 2, 2018. Such agreement binds a total of shares representing 29% of the Company’s capital stock. See “Item 4.A. Information on the Company–History and Development of the Company” and “Item 7.A. Major Shareholders and Related Party Transactions–Major Shareholders–Shareholders’ Agreements”. Accordingly, these shareholders, acting together through Ultra S.A. and Parth, may exercise significant influence over all matters requiring shareholder approval, including the election of our directors.

***Our status as a holding company may limit our ability to pay dividends on the shares and consequently, on the ADSs.***

As a holding company, we have no significant operating assets other than the ownership of shares of our subsidiaries. Substantially all of our operating income comes from our subsidiaries, and therefore we depend on the distribution of dividends or interest on shareholders' equity from our subsidiaries. Consequently, our ability to pay dividends depends solely upon our receipt of dividends and other cash flows from our subsidiaries.

***If we fail to successfully implement our organic growth strategy in Extrafarma, our future results of operations may not meet the expectations of investors, which could adversely affect the market price of our shares and ADSs.***

Our main growth strategy for Extrafarma consists of the opening of new drugstores in Brazil. Our ability to open new drugstores could be affected if we are unable to find enough appropriate outlets for new drugstores, or if the necessary investments to adapt the property to our needs are too high. Stricter regulations, including those relating to land use and zoning laws in the regions in which we operate may also result in increased expenses and make it more difficult to find suitable outlets for opening our drugstores.

In addition, new or recently opened drugstores may not achieve maturity of its sales within the period we estimate. Also, our new or recently opened stores may adversely affect the profitability of our drugstores, what could adversely affect our business and our consolidated results.

Moreover, personnel are a key success factor in the retail pharmacy business, and we may be adversely affected if we are unable to hire, train or retain employees. Our business strategy will require the opening of new drugstores, heightening the need to hire, train and retain employees. Failure to do so may impair the process of opening new stores and our operating and financial results. Additionally, a shortage of pharmacists in Brazil as a result of continued robust market growth may result in increased wages or limit our ability to retain or recruit new pharmacists and, consequently, limit our ability to open new drugstores in the long term.

Other risks associated with the opening of new drugstores include (i) entry of new competitors in the retail pharmacy business, (ii) greater competition with market leaders in the North and Northeast regions of Brazil, (iii) limited knowledge about the new regions where we may open new drugstores and (iv) decrease in demand for our products as a result of restrictions in consumer spending or other factors. Any of these risks could adversely affect our ability to implement our organic growth strategy with respect to Extrafarma and, therefore, our business and operating and financial results. This could lead to our failure to meet the expectations of investors and to meet our goals for the operating and financial results of our drugstore business.

As of December 31, 2019, the Company recorded an impairment charge in the amount of R\$593 million related to the goodwill from the acquisition of Extrafarma, with no impact in cash. The impairment of this goodwill in our statement of financial position reflects lower than expected results compared to the original plan. See notes 2.u and 15 of our consolidated financial statements.

***Rising climate change concerns could lead to additional regulatory measures that may result in increased costs of operation and compliance, as well as a decrease in demand for our products.***

Due to concern over the risk of climate change, a number of countries, including Brazil, have adopted or are considering the adoption of regulatory frameworks to, among other things, reduce greenhouse gas emissions. These include adoption of cap and trade regimes, carbon taxes, increased efficiency standards, prohibition of oil-based fuels vehicles, and incentives or mandates for renewable energy. These requirements could reduce demand for hydrocarbons, as well as shifting hydrocarbon demand toward relatively lower-carbon sources. In addition, many governments are providing tax advantages and other subsidies and mandates to make alternative energy sources more competitive against oil and gas. Governments are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources, all of which could lead to a decrease in demand for our products. In addition, current and pending greenhouse gas regulations may substantially increase our compliance costs and, as a result, increase the price of the products we produce or distribute.

***Our governance and compliance processes may fail to prevent regulatory penalties and reputational harm.***

We are committed to conduct our businesses in a legal and ethical manner in compliance with the local and international statutory requirements and standards applicable to our activities. However, our governance and compliance processes, which include reviewing internal controls over financial reporting, may not prevent future violations of applicable legal, regulatory (including anti-corruption, antitrust and ethics and conflicts of interest laws and regulations), accounting or governance standards. Although we have implemented what we understand to be a robust compliance and anti-corruption program to detect and prevent violations of applicable anti-corruption, antitrust and conflicts of interest laws, we may be subject to breaches of our Code of Ethics, anti-corruption policies and business conduct protocols, and to instances of fraudulent behavior, corrupt, anticompetitive and unethical practices and dishonesty by our employees, contractors or other agents. In the recent past, anticompetitive practices have been one of the main problems affecting fuels and LPG distributors in Brazil, including Ipiranga and Ultragaz. There are allegations of cartels involved in price fixing in the fuel distribution and LPG sectors, and CADE has been targeting players of these sectors in different regions of Brazil. CADE has recently been actively investigating these sectors and the outcome of the ongoing investigations, administrative proceedings and lawsuits could have a material adverse effect on Ipiranga and Ultragaz. Our failure to comply with applicable laws and other standards could subject us to, among others, litigation, investigations, expenses, fines, loss of operating licenses and reputational harm.

***Information technology failures could disrupt our operations.***

We increasingly rely on information technology systems to process, transmit, and store electronic information. A significant portion of the communication between our personnel, customers, and suppliers depends on information technology. In addition, our billing systems rely heavily on technology infrastructure. As with all large systems, our information systems may be vulnerable to a variety of interruptions due to events beyond our control, including, but not limited to, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hacker attacks or other security issues.

We depend on information technology to enable us to operate efficiently and interface with customers, as well as to maintain in-house management and control. We also collect and store non-public personal information that customers provide to purchase products or services, including personal information and payment information.

In addition, the concentration of processes in shared services center means that any technology disruption could impact a large portion of our business within the operating regions we serve. Any transitions of processes to, from or within shared services centers as well as other transformational projects, could lead to business disruptions. If we do not allocate, and effectively manage, the resources necessary to build and sustain the proper technology infrastructure, we could be subject to transaction errors, processing inefficiencies, loss of customers, operations disruptions, or the loss of or damage to intellectual property through a security breach. As with all information technology systems, our system could also be penetrated by outside parties with the purpose of extracting information, corrupting information or disrupting business processes.

We take various actions with the aim of minimizing potential technology disruptions, such as tools, controls and procedures in the management and monitoring of internal and perimeter security, periodic analysis of vulnerabilities performed by an independent external company, an information security and cybersecurity awareness program, a secondary environment for disaster recovery and respective periodic tests, tools for continuous monitoring and correlation of events, a dedicated team responsible for maintaining and continuously improving the information security management system, currently certified by ISO 27001 (Information Security Management standards) and other best practices and tools, but all of these protections may be compromised as a result of third-party security breaches, burglaries, cyberattack, errors by employees or employees of third-party vendors, of contractors, misappropriation of data by employees, vendors or unaffiliated third parties, or other irregularities that may result in persons obtaining unauthorized access to company data or otherwise disrupting our business.

These or other similar interruptions could have a material adverse effect on our business, results of operations, cash flows or financial condition.

**Risks Relating to Brazil**

*The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. Brazilian political and economic conditions, including ongoing political instability and perceptions of these conditions in the international markets, could adversely affect our businesses and the market price of our shares and ADSs.*

The Brazilian government frequently intervenes in the Brazilian economy and occasionally makes substantial changes in policy and regulations. The Brazilian government's actions to control inflation and affect other policies and regulations have involved price and wage controls, currency devaluations, capital controls, strong fiscal adjustments and limits on imports, among other measures. Our businesses, financial condition and results of operations may be adversely affected by changes in policy or regulations involving or affecting tariffs, exchange controls and other matters, as well as factors such as:

- currency fluctuations;
- inflation;
- interest rates;
- exchange rate policies;
- liquidity available in the domestic capital, credit and financial markets;
- oil and gas sector regulations, including price policies;
- petrochemical and chemical sectors regulations;
- retail pharmacy business regulations;
- the impact of epidemics and pandemics, such as the ongoing COVID-19 pandemic;
- price instability;
- social and political instability;
- energy and water shortages and rationing;
- liquidity of domestic capital and lending markets;
- fiscal policy; and
- other political, economic, social, trade and diplomatic developments in or affecting Brazil.

Uncertainty over whether the Brazilian government may implement changes in policy or regulation affecting these or other factors in the future may contribute to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets and securities issued abroad by Brazilian issuers, as well as heightened volatility in the Brazilian Real. These and other future developments in the Brazilian economy or government policies may adversely affect us and our businesses as well as our results of operations and may adversely affect the trading price of our ADSs and shares. Furthermore, the Brazilian government may enact new regulations that may adversely affect our businesses and us.

Political instability in Brazil has been growing in recent years and can adversely affect the economy. Brazilian president Dilma Rousseff was reelected for a second four-year term in October 2014, which began in January 2015. Following the reelection, wide scale protests throughout Brazil called for the impeachment of Dilma Rousseff. On April 17, 2016, Brazil's lower house of Congress voted in favor of sending an impeachment motion against Mrs. Rousseff to the Brazilian Senate. In May 2016, the Brazilian Senate voted to approve the commencement of an impeachment trial, which was concluded on August 31, 2016 with approval by the Senate of the impeachment of Mrs. Rousseff. As a result, Michel Temer, the former Vice-President, assumed the presidency of Brazil following Rousseff's ouster. In January 2019, Mr. Jair Messias Bolsonaro, a former member of the lower house of Congress, took office as president for a 4-year term, from 2019 to 2022. We have no control over and cannot predict what policies or actions the Brazilian government may take. Since February 2020, Mr. Bolsonaro has been criticized for his handling of the Brazilian response to the ongoing COVID-19 pandemic, which led to protests against Mr. Bolsonaro in several cities and an impeachment request being submitted to Congress. Any of these factors may have an adverse impact on the Brazilian economy, our business, financial condition, results of operations and the market price of our ADSs and shares.

Brazilian markets experienced heightened volatility due to the uncertainties derived from the ongoing *Lava Jato* investigation. The potential outcomes from *Lava Jato* and other similar corruption investigations, being conducted by Law Courts in Paraná and other states, and the Office of the Brazilian Federal Prosecutor, could continue to adversely affect the Brazilian economy and political landscape, our businesses, financial condition, results of operations and the market price of our ADSs and shares. The Brazilian government may be subject to internal pressure to change its current macroeconomic policies in order to achieve higher rates of economic growth. Despite the lowest interest rates in Brazilian monetary history, the Brazilian government may, in the future, be pressured to increase them, thereby restricting the availability of credit and reducing economic growth.

Brazil's federal budget has been in deficit since 2014. Similarly, the governments of Brazil's constituent states are also facing fiscal concerns due to their high debt burdens, declining revenues and inflexible expenditures. The Brazilian Congress has approved a ceiling on government spending that limits primary public expenditure growth to the prior year's inflation for a period of at least 10 years. In 2019, Congress approved the reform of Brazil's pension system, which is expected to contribute towards complying with the spending limit. However, discussions in the Brazilian Congress relating to a tax reform remain ongoing as of the date of this annual report. In addition, governmental responses to the ongoing COVID-19 pandemic may have significant effect on the fiscal position in Brazil, including reduced tax revenue and increased governmental spending to combat COVID-19 and its impacts. The Brazilian Congress has approved a legislative decree that recognizes the state of public calamity in Brazil due to the COVID-19 pandemic and such state of calamity is currently effective until December 31, 2020. Due to the state of public calamity, the government is not required to meet the fiscal primary balance target for 2020. In addition, a constitutional amendment is currently under consideration by the Brazilian Senate to allow for the separation of expenses incurred to combat COVID-19 from the budget of the Federal Government, creating an extraordinary regime to allow the increase in public expenditures during the ongoing COVID-19 pandemic without the constitutional barriers that currently restrict federal spending. The proposed constitutional amendment exempts the Federal Government from the so-called fiscal "golden rule" of balancing the budget through the end of 2020 and proposals under consideration may also include significant financial support to the budgets of states and municipalities, further increasing government spending, which is expected to further increase the fiscal deficit in Brazil.

Diminished confidence in the Brazilian government's budgetary condition and fiscal stance could result in downgrades of Brazil's sovereign debt by credit rating agencies, negatively impact Brazil's economy, lead to further depreciation of the *Real* and an increase in inflation and interest rates. In addition, negative ratings actions could be taken by rating agencies as a result of economic and political uncertainties or other factors in connection with the COVID-19 pandemic (see "Risks Relating to Ultrapar and Its Industries—Our businesses may be materially and adversely affected by the outbreak of communicable diseases, such as the ongoing COVID-19 pandemic, or other epidemics or pandemics", and other risk factors included herein). The occurrence of any of these factors could adversely affect our businesses, results of operations and financial condition.

We cannot predict which policies will be adopted by the Brazilian government. Moreover, in the past, the Brazilian economy has been affected by the country's political events, which have also affected the confidence of investors and the public in general, thereby adversely affecting the performance of the Brazilian economy. Furthermore, any indecisiveness by the Brazilian government in implementing changes to certain policies or regulations may contribute to economic uncertainty in Brazil and heightened volatility for the Brazilian securities markets and securities issued abroad by Brazilian companies. We are not able to fully estimate the impact of global and Brazilian political and macroeconomic developments on our businesses. In addition, there is substantial uncertainty regarding future economic policies and we cannot predict which policies will be adopted by the Brazilian government and whether these policies will negatively affect the economy or our businesses or financial performance. Recent economic and political instability has led to a negative perception of the Brazilian economy and higher volatility in the Brazilian securities markets, which also may adversely affect our securities and us. Any continued economic instability and political uncertainty which results in reduced availability of credit and reduced economic growth may materially and adversely affect our businesses.

***Inflation and certain governmental measures to curb inflation may contribute significantly to economic uncertainty in Brazil and could harm our businesses and the market value of the ADSs and our shares.***

In the past, Brazil has experienced extremely high rates of inflation. Inflation and some of the Brazilian government's measures taken in an attempt to curb inflation have had significant negative effects on the Brazilian economy. Since the introduction of the *Real* in 1994, Brazil's inflation rate has been substantially lower than that in previous periods. However, during the recent past, the economy has experienced increasing inflation rates and actions taken in an effort to curb inflation, coupled with speculation about possible future governmental actions, have contributed to economic uncertainty in Brazil and heightened volatility in the Brazilian securities market. According to the *Índice Geral de Preços-Mercado*, or IGP-M, an inflation index, the Brazilian general price inflation rates were 7.3% in 2019, 7.5% in 2018, -0.5% in 2017, 7.2% in 2016 and 10.5% in 2015. According to the *Índice Nacional de Preços ao Consumidor Amplo*, or IPCA, an inflation index to which Brazilian government's inflation targets are linked, inflation in Brazil was 4.3% in 2019, 3.7% in 2018, 2.9% in 2017, 6.3% in 2016 and 10.7% in 2015. Brazil may experience high levels of inflation in the future. Our operating expenses are substantially in *Reais* and tend to increase with Brazilian inflation. Inflationary pressures may also hinder our ability to access foreign financial markets or may lead to further government intervention in the economy, including the introduction of government policies that could harm our businesses or adversely affect the market value of our shares and, as a result, our ADSs.

***Exchange rate instability may adversely affect our financial condition, results of operations and the market price of the ADSs and our shares.***

During the last decades, the Brazilian government has implemented various economic plans and a number of exchange rate policies, including sudden devaluations, periodic mini-devaluations during which the frequency of adjustments has ranged from daily to monthly, floating exchange rate systems, exchange controls and dual exchange rate markets. Although over long periods depreciation of the Brazilian currency has been generally correlated with the rate of inflation in Brazil, there have historically been observed shorter periods of significant fluctuations in the exchange rate between the Brazilian currency and the U.S. dollar and other currencies, in particular in the last 10 years.

In 2015, the political instability, the downgrade of Brazil's sovereign credit rating and the expectation for an interest rate rise by the Federal Reserve System contributed to a 47% depreciation of the *Real* against the U.S. dollar. In 2016, the *Real* appreciated 17% against the U.S. dollar, marking the first year that it has appreciated against the U.S. dollar since 2011, despite residual political instability and continuing signs of shrinking of the Brazilian economy. This was due mostly to improvements in the Brazilian political environment, following the impeachment of former president Dilma Rousseff and certain stabilizing measures proposed by current President Michel Temer as well as ongoing efforts by the government's economic team to curb public spending and debt. In 2017, the *Real* depreciated 2% against the U.S. dollar reflecting the continued political instability and deterioration of the expectation of the pension reform approval, despite the slight improvement in the Brazilian macroeconomic scenario. In 2018, the *Real* depreciated 17%, pressured mainly by the global instability, result of economic crises in developed countries and the increase of interest rates by the Federal Reserve System in the United States. The domestic scenario, characterized by political instability due to the presidential election and the slow progress of fiscal and pension reforms, also influenced the *Real* depreciation during the year. In 2019, the Brazilian Central Bank reduced the interest rate to boost economic momentum after indications of low inflation. The reduction in interest rates, along with geopolitical instability - mainly the commercial conflict between the United States and China, led to pressures on the *Real* exchange rate in 2019. Despite the pension reform approval by the Brazilian Congress and other events that caused periods of appreciation during the year, the *Real* depreciated 4% against the U.S. dollar in 2019. From December 31, 2019 to April 23, 2020, the *Real* depreciated 35% against the U.S. dollar, mainly due to the low interest rate environment in Brazil and international market conditions, including the economic, political and other impacts of the ongoing COVID-19 pandemic. See "Item 3.A. Key Information-Selected Consolidated Financial Data-Exchange Rates".

There are no guarantees that the exchange rate between the *Real* and the U.S. dollar will stabilize at current levels, and the *Real* and the U.S. dollar exchange rate may be adversely impacted by the economic and fiscal scenario caused by the ongoing COVID-19 pandemic and governmental responses to this. Although we have contracted hedging instruments with respect to our existing U.S. dollar debt obligations, in order to reduce our exposure to fluctuations in the dollar/*Real* exchange rate, we cannot guarantee that such instruments will be adequate to protect us fully against further devaluation of the *Real*, and we could in the future experience monetary losses as a result. See "Item 11. Quantitative and Qualitative Disclosures about Market Risk-Foreign Exchange Risk" for information about our foreign exchange risk hedging policy.

Depreciations of the *Real* relative to the U.S. dollar can create additional inflationary pressures in Brazil that may negatively affect us. Depreciations generally curtail access to foreign financial markets and may prompt government intervention, including recessionary governmental policies. Depreciations also reduce the U.S. dollar value of distributions and dividends on the ADSs and the U.S. dollar equivalent of the market price of our shares and, as a result, the ADSs. On the other hand, appreciation of the *Real* against the U.S. dollar may lead to a deterioration of the country's current account and the balance of payments, as well as to a dampening of export-driven growth.

Although a large part of our sales is denominated in *Reais*, prices and certain costs in the chemical business (including but not limited to ethylene and palm kernel oil, purchased by our subsidiary Oxitenó) are benchmarked to prices prevailing in the international markets. Therefore, we are exposed to foreign exchange rate risks that could materially adversely affect our business, financial condition and results of operations as well as our capacity to service our debt. See "Item 11. Quantitative and Qualitative Disclosures about Market Risk".

***Economic and market conditions in other countries, including in the United States and emerging market countries, may materially and adversely affect the Brazilian economy and, therefore, our financial condition and the market price of the shares and ADSs.***

The market for securities issued by Brazilian companies is influenced by economic and market conditions in Brazil, and, to varying degrees, market conditions in other countries, including the United States, other Latin American and emerging market countries. Although economic conditions are different in each country, the reaction of investors to developments in one country may cause the capital markets in other countries to fluctuate. Developments or conditions in other countries, including the United States and other emerging market countries, have at times significantly affected the availability of credit in the Brazilian economy and resulted in considerable outflows of funds and declines in the amount of foreign currency invested in Brazil, as well as limited access to international capital markets, all of which may materially and adversely affect our ability to borrow funds at an acceptable interest rate or to raise equity capital when and if we should have such a need.

In 2017, 2018 and 2019, the Brazilian market remained volatile due to, among other factors, uncertainties about the political, commercial and trading relationships between the United States and China, the increasing risk aversion to emerging market countries, and the uncertainties regarding Brazilian macroeconomic and political conditions. These uncertainties adversely affected us and the market value of our securities. In addition, we continue to be exposed to disruptions and volatility in the global financial markets because of their effects on the financial and economic environment, particularly in Brazil, such as a slowdown in the economy, an increase in the unemployment rate, a decrease in the purchasing power of consumers and the lack of credit availability. In addition, since the start of 2020, the ongoing COVID-19 pandemic has resulted in significant financial market volatility and uncertainty around the globe, which volatility significantly increased in March and April 2020. See "—Our businesses may be materially and adversely affected by the outbreak of communicable diseases, such as the ongoing COVID-19 pandemic, or other epidemics or pandemics".

Disruption or volatility in the global financial markets could further increase negative effects on the financial and economic environment in Brazil, which could have a material adverse effect on our businesses, results of operations and financial condition.

***Our businesses, financial condition and results of operations may be materially and adversely affected by a general economic downturn and by instability and volatility in the financial markets.***

The turmoil of the global financial markets and the scarcity of credit in 2008 and 2009, and to a lesser extent, the European crisis deteriorated in 2011, led to lack of consumer confidence, increased market volatility and widespread reduction of business activity. An economic downturn could materially and adversely affect the liquidity, businesses and/or financial conditions of our customers, which could in turn result not only in decreased demand for our products, but also increased delinquencies in our accounts receivable. Furthermore, an eventual new global financial crisis could have a negative impact on our cost of borrowing and on our ability to obtain future borrowings. The disruptions in the financial markets could also lead to a reduction in available trade credit due to counterparties' liquidity concerns. If we experience a decrease in demand for our products or an increase in delinquencies in our accounts receivable, or if we are unable to obtain borrowings our businesses, financial condition and results of operations could be materially adversely affected.

The rapid escalation of COVID-19 pandemic across the world since the beginning of 2020 has had, and will continue to have, a number of negative impacts on our businesses, financial condition and results of operations. See "—Our businesses may be materially and adversely affected by the outbreak of communicable diseases, such as the ongoing COVID-19 pandemic, or other epidemics or pandemics".

***Holders of our ADSs may face difficulties in serving process on or enforcing judgments against us and other relevant persons.***

We are a company incorporated under the laws of Brazil. All members of our Board of Directors, executive officers and experts named in this annual report are residents of Brazil or have business address in Brazil. All or a substantial part of the assets pertaining to these individuals and to Ultrapar are located outside the United States. As a result, it is possible that investors may not be able to effect service of process upon these individuals or us in the United States or other jurisdictions outside Brazil, or enforce judgments against us or these other persons obtained in the United States or other jurisdictions outside Brazil, including for civil liability based upon United States federal securities laws or otherwise. In addition, because judgments of United States courts for civil liabilities based upon the United States federal securities laws may only be enforced in Brazil if certain conditions are met, holders may face greater difficulties in protecting their interests in the case of actions against us or our Board of Directors or executive officers than would shareholders of a United States corporation.

**Risks Relating to the Shares and the American Depositary Shares**

***Asserting limited voting rights as a holder of ADSs may prove more difficult than for holders of our common shares.***

Under the Brazilian Corporate Law, only shareholders registered as such in our corporate books may attend shareholders' meetings. All common shares underlying the ADSs are registered in the name of the depositary bank. A holder of ADSs, accordingly, is not entitled to attend shareholders' meetings. A holder of ADSs is entitled to instruct the depositary bank as to how to exercise the voting rights of its common shares underlying the ADSs in accordance with procedures provided for in the Deposit Agreement, but a holder of ADSs will not be able to vote directly at a shareholders' meeting or appoint a proxy to do so. In addition, a holder of ADSs may not have sufficient or reasonable time to provide such voting instructions to the depositary bank in accordance with the mechanisms set forth in the Deposit Agreement and custody agreement, and the depositary bank will not be held liable for failure to deliver any voting instructions to such holders.

***Holders of our shares or ADSs may not receive dividends.***

Under our bylaws, unless otherwise proposed by the Board of Directors and approved by the voting shareholders at our annual shareholders' meeting, we must generally pay our shareholders a mandatory distribution equal to at least 50% of our adjusted net profit, after the allocation of 5% of the net profit to the legal reserve. However, our net income may be used to increase our capital stock, used to set off losses and/or otherwise retained in accordance with the Brazilian Corporate Law and may not be available for the payment of dividends, including in the form of interest on shareholders' equity. Therefore, whether or not you receive a dividend depends on the amount of the mandatory distribution, if any, and whether the Board of Directors and the voting shareholders exercise their discretion to suspend these payments. See "Item 8.A. Financial Information—Consolidated Statements and Other Financial Information—Dividend and Distribution Policy—Dividend Policy" for a more detailed discussion of mandatory distributions.

***Holders of our shares may be unable to exercise preemptive rights with respect to the shares.***

In the event that we issue new shares pursuant to a capital increase or offer rights to purchase our shares, shareholders would have preemptive rights to subscribe for the newly issued shares or rights, as the case may be, corresponding to their respective interest in our share capital, allowing them to maintain their existing shareholder percentage.

However, our bylaws establish that the Board of Directors may exclude preemptive rights to the current shareholders or reduce the time our shareholders have to exercise their rights, in the case of an offering of new shares to be sold on a registered stock exchange or otherwise through a public offering.

The holders of our shares or ADSs may be unable to exercise their preemptive rights in relation to the shares represented by the ADSs, unless we file a registration statement for the offering of rights or shares with the SEC pursuant to the United States Securities Act or an exemption from the registration requirements applies. We are not obliged to file registration statements in order to facilitate the exercise of preemptive rights and, therefore, we cannot assure ADS holders that such a registration statement will be filed. As a result, the equity interest of such holders in our Company may be diluted. If the rights or shares, as the case may be, are not registered as required, the depositary will try to sell the preemptive rights held by holder of the ADSs and you will have the right to the net sale value, if any. However, the preemptive rights will expire without compensation to you should the depositary not succeed in selling them.



***If shareholders exchange ADSs for shares, they may lose certain foreign currency remittance and Brazilian tax advantages.***

The ADSs benefit from the depositary's certificate of foreign capital registration, which permits the depositary to convert dividends and other distributions with respect to the shares into foreign currency and remit the proceeds abroad. In order to surrender ADSs for the purpose of withdrawing the shares represented thereby, investors are required to comply with National Monetary Council ("CMN") Resolution 4,373 of September 29, 2014 ("CMN Resolution 4,373"), which requires, among other things, that investors appoint a legal representative in Brazil. If the investors fail to comply with CMN Resolution 4,373, or the legal representative appointed by the investors fail to comply with CMN Resolution 4,373 or to take action when required to do so, it could affect the investors' ability to receive dividends or distributions relating to our shares or the return of their capital in a timely manner. Investors that are registered as CMN Resolution 4,373 investors may buy and sell their shares on the Brazilian stock exchanges without obtaining separate certificates of registration. If investors do not qualify under CMN Resolution 4,373, they will generally be subject to less favorable tax treatment on distributions with respect to the shares. The depositary's certificate of registration or any certificate of foreign capital registration obtained by the investor may be affected by future legislative or regulatory changes, and additional Brazilian law restrictions applicable to their investment in the ADSs may be imposed in the future. For a more complete description of Brazilian tax regulations, see "Item 10.E. Additional Information—Taxation—Brazilian Tax Consequences".

***Controls and restrictions on the remittance of foreign currency could negatively affect your ability to convert and remit dividends, distributions or the proceeds from the sale of our shares, Ultrapar's capacity to make dividend payments to non-Brazilian investors and the market price of our shares and ADSs.***

Brazilian law provides that, whenever there is a serious imbalance in the Brazilian balance of payments or reasons for believing that there will be a serious imbalance in the future, the Brazilian government can impose temporary restrictions on remittances of proceeds from investments to foreign investors, including ADS holders and holders of Ultrapar shares that reside outside Brazil. The probability that the Brazilian government might impose such restrictions is related to the level of the country's foreign currency reserves, the availability of currency in the foreign exchange markets on the date a payment is due, the amount of the Brazilian debt servicing requirement in relation to the economy as a whole, and the Brazilian policy towards the International Monetary Fund, among other factors. We are unable to give assurances that the Central Bank will not modify its policies or that the Brazilian government will not introduce restrictions or cause delays in payments by Brazilian entities of dividends relating to securities issued in the overseas capital markets. Such restrictions or delays could negatively affect your ability to convert and remit dividends, distributions or the proceeds from the sale of our shares, Ultrapar's capacity to make dividend payments to non-Brazilian investors and the market price of our shares and the ADSs.

***Changes in Brazilian tax laws may have an adverse impact on the taxes applicable to a disposition of our ADSs.***

According to Law No. 10,833, enacted on December 29, 2003, the disposition of assets located in Brazil by a non-resident to either a Brazilian resident or a non-resident is subject to taxation in Brazil, regardless of whether the disposal occurs outside or within Brazil. In the event that the disposal of assets is interpreted to include a disposal of our ADSs, this tax law could result in the imposition of the withholding income tax on a disposal of our ADSs between non-residents of Brazil. See "Item 10.E. Additional Information—Taxation—Brazilian Tax Consequences—Taxation of Gains".