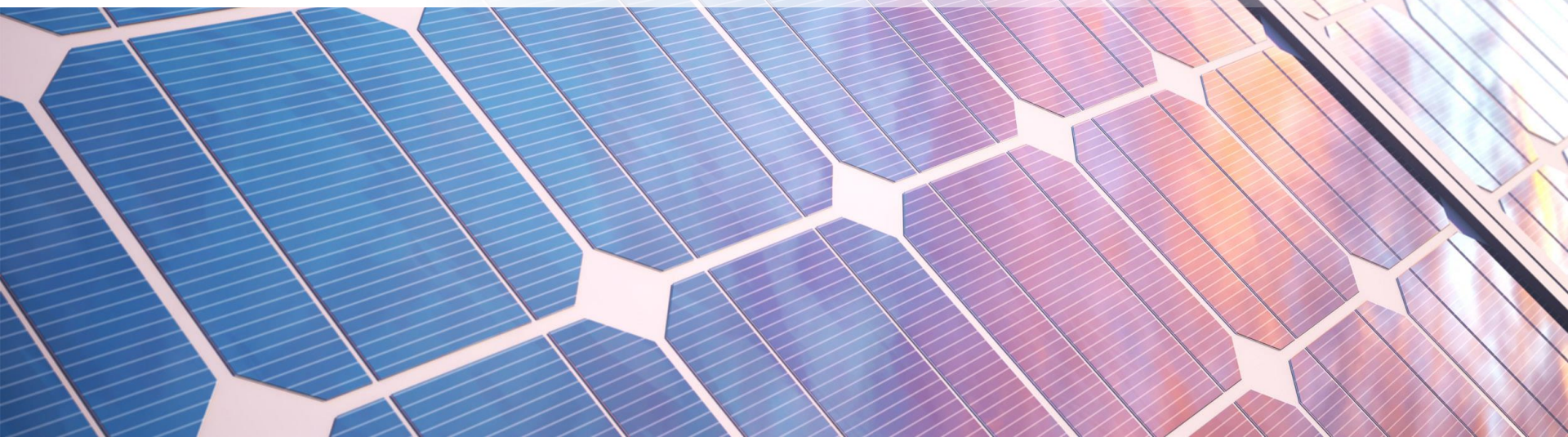
May 18, 2021

DAQO NEW ENERGY

# Q1 2021 Financial Results Presentation



# Safe Harbor Statement

This announcement contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates” and similar statements. Among other things, the outlook for the second quarter and the full year of 2021 and quotations from management in this announcement, Xinjiang Daqo’s IPO plan as well as Daqo New Energy’s strategic and operational plans, contain forward-looking statements. The Company may also make written or oral forward-looking statements in its reports filed or furnished to the U.S. Securities and Exchange Commission, in its annual reports to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about the Company’s beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: the demand for photovoltaic products and the development of photovoltaic technologies; global supply and demand for polysilicon; alternative technologies in cell manufacturing; the Company’s ability to significantly expand its polysilicon production capacity and output; the reduction in or elimination of government subsidies and economic incentives for solar energy applications; the Company’s ability to lower its production costs; and the duration of COVID-19 outbreaks in China and many other countries and the impact of the outbreaks and the quarantines and travel restrictions instituted by relevant governments on economic and market conditions, including potentially weaker global demand for solar PV installations that could adversely affect the Company’s business and financial performance. Further information regarding these and other risks is included in the reports or documents the Company has filed with, or furnished to, the U.S. Securities and Exchange Commission. All information provided in this press release is as of the date hereof, and the Company undertakes no duty to update such information or any forward-looking statement, except as required under applicable law.

# DAQO NEW ENERGY

*"A leading manufacturer of high-purity polysilicon for the global solar PV industry"*

# Management remarks I

Mr. Longgen Zhang, CEO of Daqo New Energy, commented, “During the quarter, we continued to see strong momentum in customer demand for high-purity polysilicon, which led to a significant shortage of polysilicon and higher polysilicon ASPs. Our ASP in the first quarter of 2021 was $11.90/kg, approximately 10% higher than Q4 2020. Due to the elapsed time from contract signing, product shipment, to revenue recognition upon products’ arrival at customers’ sites, it takes time for market prices to be fully reflected in our ASPs during periods of rapid price change. Based on current customer contracts and product deliveries, we expect our ASP in the second quarter of 2021 to be in the range of $19.00-$20.00/kg, a significant improvement compared to Q1 that better reflects recent market pricing trends. As of today, current market pricing for high-purity mono-grade polysilicon has already reached the level of $23-$25/kg. With strong end market demand driven by global carbon neutrality commitments by all major economies, major mono-wafer manufacturers continue their capacity expansion and new entrants build new wafer capacity. As a result, we believe that supply in the polysilicon market will remain tight until the middle of 2022, when the market will finally see some additional supply of polysilicon.”

“During the quarter we produced 20,185 MT of polysilicon which lays a solid foundation for achieving our production target this year and also gives us the confidence to raise our guidance for annual production volume to the range of 81,000 MT to 83,000 MT from 80,000 MT to 81,000 MT. During the quarter, approximately 99% of our polysilicon products were sold to mono-wafer customers and we already began commercial shipments of N-type polysilicon to four major customers. Our production cost was up by 4% in RMB terms in the quarter as compared to Q4 2020, primarily due to the rise in the cost of silicon raw material and the impact of lower production volumes. We expect production costs to stabilize in the coming quarters as the cost of silicon raw material has stabilized for the time being. We will continue our efforts to reduce cost and improve quality as we expect to see the benefit from our newly implemented digital manufacturing system to stabilize production, maximize output and optimize efficiency.”

# Management remarks II

“On the business development front, we have already sold out our production volume of this year through the long-term supply agreements with customers that span all the major mono-wafer manufactures as well as major integrated solar manufacturers. More importantly, in connection with these long-term supply contracts, we have received RMB 800 million of prepayments from customers this year to date, which will help us fund our future expansion plans and ensure our future market share. This shows the tightness of the polysilicon market and the strong momentum in demand growth, as well as the fact that, in our customers’ mind, Daqo is the leading supplier of high-purity mono-grade and N-type polysilicon with high reliability, stability and consistency.”

“In mid-March we began construction for our new Phase 4B project, which will add 35,000 metric ton capacity for high-purity polysilicon. We expect to complete the project by the end of 2021 and ramp up to full capacity by the end of Q1 2022. Our Phase 4B project and the potential IPO on China’s STAR Market will bring us into a new phase of development and enable us to quickly expand capacity to address the fast-growing demand from the global solar PV market for ultra-high purity polysilicon.”

“In the present context of global carbon neutrality goals, major economies in the world including China are launching ambitious policies to mandate the use of clean energy and address climate change. With the megatrend of the transformation to a low-carbon economy and de-carbonization of the energy sector, we are entering a new era of accelerated growth for the solar industry. We believe Daqo New Energy is very well positioned to benefit from this tremendous opportunity.”

# Operational and financial highlights in Q1 2021

- Polysilicon production volume was 20,185 MT in Q1 2021, compared to 21,008 MT in Q4 2020
- Polysilicon sales volume was 21,471 MT in Q1 2021, compared to 23,186 MT in Q4 2020
- Polysilicon average total production cost[(1)] was $6.29/kg in Q1 2021, compared to $5.92/kg in Q4 2020
- Polysilicon average cash cost[(1)] was $5.37/kg in Q1 2021, compared to $5.04/kg in Q4 2020
- Polysilicon average selling price (ASP) was $11.90/kg in Q1 2021, compared to $10.79/kg in Q4 2020
- Revenue was $256.1 million in Q1 2021, compared to $247.7 million in Q4 2020
- Gross profit was $118.9 million in Q1 2021, compared to $109.5 million in Q4 2020. Gross margin was 46.4% in Q1 2021, compared to 44.2% in Q4 2020
- Net income attributable to Daqo New Energy Corp. shareholders was $83.2 million in Q1 2021, compared to $72.8 million in Q4 2020
- Earnings per basic American Depositary Share (ADS)[(3)] was $1.13 in Q1 2021, compared to $1.01 in Q4 2020
- EBITDA (non-GAAP)[(2)] was $128.1 million in Q1 2021, compared to $115.1 million in Q4 2020. EBITDA margin (non-GAAP)[(2)] was 50.0% in Q1 2021, compared to 46.5% in Q4 2020
- Adjusted net income (non-GAAP)[(2)] attributable to Daqo New Energy Corp. shareholders was $86.2 million in Q1 2021, compared to $77.3 million in Q4 2020
- Adjusted earnings per basic ADS[(3)] (non-GAAP)[(2)] was $1.18 in Q1 2021, compared to $1.07 in Q4 2020

Notes:

1. Production cost and cash cost only refer to production in our Xinjiang polysilicon facilities. Production cost is calculated by the inventoriable costs relating to production of polysilicon in Xinjiang divided by the production volume in the period indicated. Cash cost is calculated by the inventoriable costs relating to production of polysilicon excluding depreciation expense, divided by the production volume in the period indicated.
2. Daqo New Energy provides EBITDA, EBITDA margins, adjusted net income attributable to Daqo New Energy Corp. shareholders and adjusted earnings per basic ADS on a non-GAAP basis to provide supplemental information regarding its financial performance. For more information on these non-GAAP financial measures, please see the section captioned "Use of Non-GAAP Financial Measures" and the tables captioned "Reconciliation of non-GAAP financial measures to comparable US GAAP measures" set forth at the end of this press release.
3. ADS means American Depositary Share. On November 17, 2020, the Company effected a change of the ratio of its ADSs to ordinary shares from one (1) ADS representing twenty-five (25) ordinary shares to one (1) ADS representing five (5) ordinary shares. The earnings per ADS and number of ADS information has been retrospectively adjusted to reflect the change for all periods presented.

# Xinjiang polysilicon facilities update

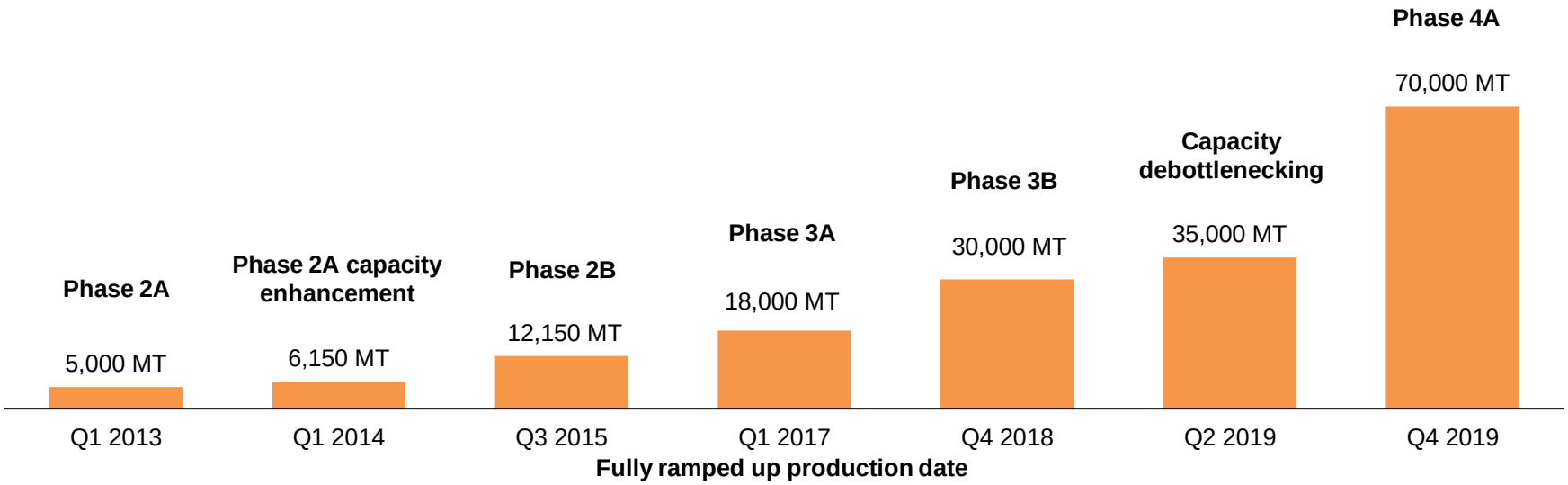
## Q1 2021 key facts

- Quarterly production volume: 20,185 MT
- External sales volume: 21,471 MT
- Average total production cost : $6.29/kg
- Average cash cost: $5.37/kg

## Outlook

- Expected production volume in Q2 2021: 20,000 ~ 21,000 MT
- Expected external sales volume in Q2 2021: 20,000 ~ 21,000 MT
- Expected annual production volume in 2021: 81,000 ~ 83,000 MT

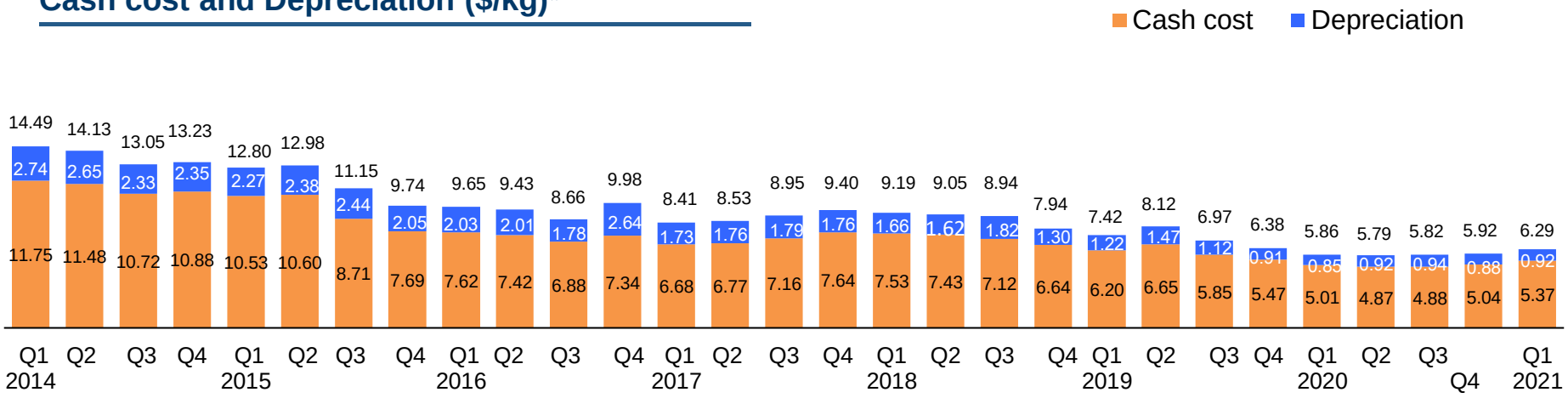
## Polysilicon historical and projected capacity in Daqo's Xinjiang facilities * (MT)



# Polysilicon manufacturing overview

## Production Volume (MT)

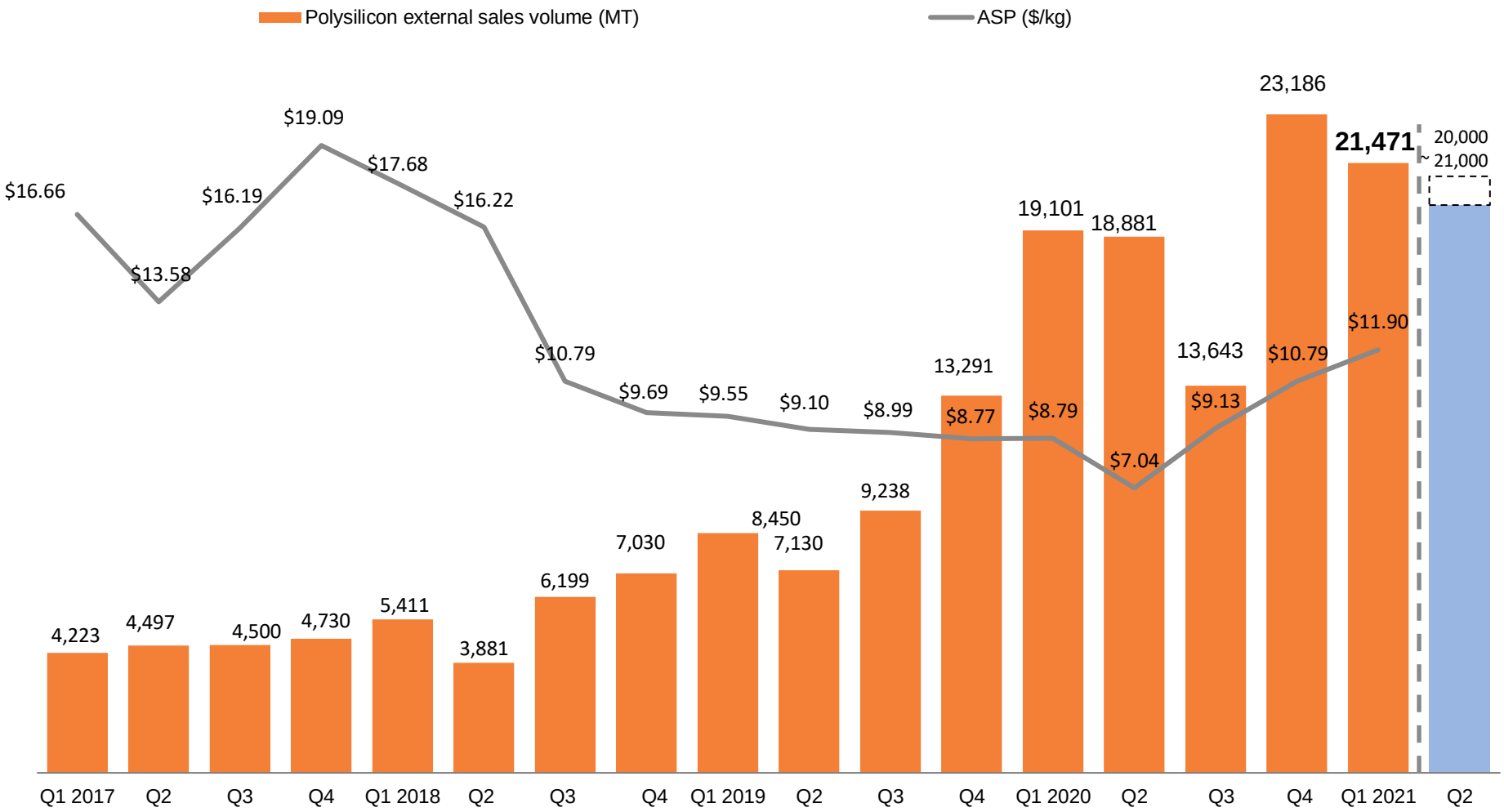

## Cash cost and Depreciation ($/kg)*




* The cash cost and depreciation only refer to the polysilicon production in Xinjiang facilities.

# Historical sales volume and Q2 2021 guidance

## Polysilicon external sales volume and ASPs



# Income statement summary

| ($ in millions, unless otherwise stated) | Q1 2021 | Q4 2020 | Q1 2020 |
|---|---|---|---|
| **Revenues** | **256.1** | **247.7** | **168.8** |
| Cost of revenues | (137.2) | (138.2) | (112.3) |
| Gross profit | 118.9 | 109.5 | 56.6 |
| **Gross margin** | **46.4%** | **44.2%** | **33.5%** |
| SG&A | (9.0) | (11.2) | (8.9) |
| R&D expense | (1.2) | (1.5) | (1.7) |
| Other operating income / (expenses) | 0.5 | 1.2 | (0.2) |
| **Income from operations** | **109.2** | **98.0** | **45.8** |
| Interest expense | (7.8) | (8.3) | (6.3) |
| Net income attributable to Non-controlling interest | 3.9 | 3.5 | (0.003) |
| **Net income attributable to Daqo New Energy shareholders** | **83.2** | **72.8** | **33.2** |
| Basic earnings per ADS (US$) | **1.13** | **1.01** | **0.47** |
| **EBITDA (1)** | **128.1** | **115.8** | **63.1** |
| **EBITDA margin (1)** | **50.0%** | **46.5%** | **37.4%** |

Notes:
(1) A non-GAAP measure which represents earnings before interest, taxes, depreciation and amortization

# Balance sheet summary

| ($ in millions) | As of 3/31/2021 | As of 12/31/2020 | As of 3/31/2020 |
|---|---|---|---|
| Cash and cash equivalent | 167.0 | 76.6 | 63.2 |
| Restricted cash | 60.8 | 41.8 | 57.6 |
| Accounts receivable | 0.02 | - | 0.2 |
| Note receivables | 38.5 | 0.2 | 4.4 |
| Inventories | 34.1 | 42.2 | 33.2 |
| Prepaid land use rights | 30.5 | 30.8 | 28.9 |
| Net PP&E | 1,084.2 | 1,025.7 | 968.4 |
| **Total assets** | **1,439.1** | **1,239.1** | **1,181.2** |
| Short-term Borrowings | 121.8 | 70.4 | 116.6 |
| Advances from customers - short term portion | 64.6 | 37.8 | 11.6 |
| Advance from customers - long term portion | 77.5 | 3.3 | 1.6 |
| Notes payable | 60.8 | 49.4 | 89.6 |
| Payables for purchases of property, plant and equipment | 34.8 | 49.6 | 106.2 |
| Long-term Borrowings | 100.4 | 123.2 | 149.0 |
| **Total liabilities** | **553.9** | **440.2** | **586.2** |
| **Total equity** | **885.2** | **798.9** | **595.0** |
| **Total liabilities and equity** | **1,439.1** | **1,239.1** | **1,181.2** |

# Cash flow summary

| ($ in millions) | 3 months ended 3/31/ 2021 | 3 months ended 3/31/ 2020 |
|---|---|---|
| Net cash provided by operating activities – continuing operations | 159.2 | 31.1 |
| Net cash provided by operating activities – discontinued operations | - | 0.02 |
| **Net cash provided by operating activities** | **159.2** | **31.1** |
| Net cash used in investing activities – continuing operations | (79.9) | (12.9) |
| Net cash used in investing activities – discontinued operations | - | (0.01) |
| **Net cash used in investing activities** | **(79.9)** | **(12.9)** |
| Net cash provided by financing activities – continuing operations | 31.7 | 10.0 |
| Net cash used in financing activities – discontinued operations | - | (0.001) |
| **Net cash provided by financing activities** | **31.7** | **10.0** |
| Effect of exchange rate changes | 1.6 | 2.0 |
| Net increase in cash, cash equivalents and restricted cash | 109.4 | 6.1 |
| Cash, cash equivalents and restricted cash at the beginning of the period | 118.4 | 115.3 |
| Cash, cash equivalents and restricted cash at the end of the period | 227.8 | 121.4 |

# Non-GAAP reconciliation

| US$ in millions | Q1 2021 | Q4 2020 | Q1 2020 |
|---|---|---|---|
| Net income from continuing operations | 87.2 | 76.3 | 33.3 |
| Income tax expenses | 14.5 | 13.6 | 6.3 |
| Interest expense | 7.8 | 8.3 | 6.3 |
| Interest income | (0.3) | (0.2) | (0.2) |
| Depreciation & amortization | 18.9 | 17.1 | 17.3 |
| **EBITDA [1]** | **128.1** | **115.1** | **63.1** |
| **EBITDA margin [1]** | **50.0%** | **46.5%** | **37.4%** |
| Share-based compensation | 3.0 | 4.5 | 4.5 |
| **Adjusted net income (non-GAAP)[2] attributable to Daqo New Energy Corp. shareholders** | **86.2** | **77.3** | **37.7** |
| **Adjusted earnings per basic ADS (non-GAAP)[2]** | **$1.18** | **$1.07** | **$0.54** |

Note:
(1) A non-GAAP measure which represents earnings before interest, taxes, depreciation and amortization
(2) Adjusted Net income and Adjusted Earnings per basic ADS excludes costs related to the non-operational polysilicon assets in Chongqing and costs related to share-based compensation.

# Use of Non-GAAP financial measures

To supplement Daqo New Energy's consolidated financial results presented in accordance with United States Generally Accepted Accounting Principles ("US GAAP"), the Company uses certain non-GAAP financial measures that are adjusted for certain items from the most directly comparable GAAP measures including earnings before interest, taxes, depreciation and amortization ("EBITDA") and EBITDA margin; adjusted net income attributable to Daqo New Energy Corp. shareholders and adjusted earnings per basic and diluted ADS. Our management believes that each of these non-GAAP measures is useful to investors, enabling them to better assess changes in key element of the Company's results of operations across different reporting periods on a consistent basis, independent of certain items as described below. Thus, our management believes that, used in conjunction with US GAAP financial measures, these non-GAAP financial measures provide investors with meaningful supplemental information to assess the Company's operating results in a manner that is focused on its ongoing, core operating performance. Our management uses these non-GAAP measures internally to assess the business, its financial performance, current and historical results, as well as for strategic decision-making and forecasting future results. Given our management's use of these non-GAAP measures, the Company believes these measures are important to investors in understanding the Company's operating results as seen through the eyes of our management. These non-GAAP measures are not prepared in accordance with US GAAP or intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with US GAAP; the non-GAAP measures should be reviewed together with the US GAAP measures, and may be different from non-GAAP measures used by other companies.

The Company uses EBITDA, which represents earnings before interest, taxes, depreciation and amortization, and EBITDA margin, which represents the proportion of EBITDA in revenues. Adjusted net income attributable to Daqo New Energy Corp. shareholders and adjusted earnings per basic and diluted ADS exclude costs related to share-based compensation. Share-based compensation is a non-cash expense that varies from period to period. As a result, our management excludes this item from our internal operating forecasts and models. Our management believes that this adjustment for share-based compensation provides investors with a basis to measure the Company's core performance, including compared with the performance of other companies, without the period-to-period variability created by share-based compensation.

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# 谢谢！

# Thank you