DAQO NEW ENERGY

February 28, 2024

Q4 and Fiscal Year 2023 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,” “guidance” and similar statements. Among other things, the outlook for the first quarter and the full year of 2024 and quotations from management in these announcements, 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, all of which are difficult or impossible to predict accurately and many of which are beyond the Company’s control. 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 changes in political and regulatory environment. 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

Mr. Xiang Xu, Chairman and CEO of the Company, commented, "2023 was a year of unforeseen developments and challenges in the solar industry with record installation volumes worldwide but also record-low prices by the end of the year. Thanks to the dedication and invaluable contribution of our team, we reached an annual polysilicon production volume of 197,831 MT in 2023, meeting our guidance of 196,000 to 199,000 MT and representing a 47.8% year-over-year growth rate compared to 133,812 MT produced in 2022. We sold 200,002 MT, 50.5% higher than 132,909 MT in 2022. Despite robust demand growth for solar PV products globally in 2023, the high polysilicon prices driven by capacity mismatches between upstream and downstream players and the resulting supply shortages that we had seen in 2022 were alleviated by early 2023. As a result, polysilicon ASPs declined significantly for the year to $11.48/kg from $32.54/kg in 2022. Our revenue was $2.3 billion in 2023 compared to $4.6 billion in 2022 due to much lower ASPs. The decline was partially offset by the higher sales volume. Despite the challenging market conditions, gross margin still came in strong at 39.9% for 2023. EBITDA margin for 2023 was 39.8%, with EBITDA of $918.5 million. Furthermore, the Company generated very strong operating cash flow of approximately $1.6 billion for the year and continued to maintain a healthy balance sheet with no financial debt. By the end of 2023, the Company had a cash balance of $3.0 billion and a combined cash and bank notes receivable balance of $3.2 billion.

During the fourth quarter, continued optimization of operations and improvements in yield and throughput at our two polysilicon facilities resulted in total production volume of 61,014 MT, an increase of 3,350 MT compared to the previous quarter. Our new Inner Mongolia 5A facility contributed 45% of our total production volume for the fourth quarter. Compared to the end of last year, our production cost trended down quarter over quarter, reducing by approximately $1.2/kg from Q4 2022 to an average of $6.50/kg in Q4 2023. Q4 saw solid demand from customers for our high-quality N-type polysilicon. In total, we shipped 59,392 MT of polysilicon for the quarter, leaving our finished goods inventory at a very low level of less than one week of production volume across our two facilities. This low inventory level has allowed us to effectively hedge against downside risks during the off-season period close to the end of year. In Q4, as new capacity was released, the price disparity became more apparent between high-quality manufacturers and new entrants. Despite fierce market competition due to the addition to polysilicon supply, we continued to maintain our leadership in both cost and quality. During the month of December, our N-type product mix reached approximately 60%. Overall, we maintained profitability despite the challenging market conditions, generating $128 million in EBITDA for Q4, and maintained a strong cash flow."

Management Remarks – Continued

“We expect Q1 2024 total polysilicon production volume to be approximately 60,000 MT to 62,000 MT, similar to that for Q4 2023 as the Company maintains full production. We plan to begin initial production at our new Inner Mongolia 5B facility in Q2 2024, and as such we anticipate full year 2024 production volume to be approximately 280,000 MT to 300,000 MT, approximately 40% to 50% higher than in 2023. With more than a decade of experience in polysilicon production, as well as a fully digitalized and integrated production system that optimizes operational efficiency, we will further increase N-type production in the product mix.”

“Industry polysilicon prices in Q4 declined from approximately RMB87/kg for mono-grade polysilicon in September to approximately RMB 65/kg in December primarily due to seasonally lower demand. On the demand side, in October, the ingot segment reduced utilization rates due to accumulated inventory and lower wafer prices. In November, N-type module prices dropped below RMB 1.0/W for the first time and solar cell manufacturers could hardly make a profit. On the supply side, polysilicon production volumes in China continued to increase on a month-over-month basis in Q4, and Tier 2 and Tier 3 manufacturers, including new entrants, contributed most of the growth in polysilicon supply. However, leading high-quality manufacturers produced less than anticipated, widening the price gap between high quality manufacturers and Tier-2 companies. Near the end of December, N-type and P-type polysilicon prices came in at around RMB 65-68/kg and RMB 55-62/kg, respectively. Going into the first half of 2024, we expect polysilicon prices to rebound slightly in Q1, seasonally affected by Chinese New Year, and then stabilize in Q2. The market transition to N-type products has been accelerating, as downstream producers continue to switch to N-type products, driven by the higher price premium of N-type TOPCon products over P-type PERC products. We expect this trend to continue throughout 2024, with strong demand for higher-purity N-type polysilicon in a market with tight supply.”

Management Remarks – Continued (2)

“Regarding the Company’s $700 million share buyback program announced in November 2022, by the end of 2023, the Company had repurchased 14.55 million ADSs (equivalent to 72.75 million ordinary shares) at an average price of $33.71 per ADS for a total of approximately $491 million, representing 70.1% of the US$700 million maximum amount of the share repurchase program. The number of the Company’s total ordinary shares outstanding at the end of 2023 was approximately 328.5 million after reflecting the completed share repurchases, compared with 391.0 million ordinary shares at the end of 2022. Together with the program completed in 2022, in aggregate, the Company has repurchased approximately 16.4 million ADSs for approximately $610.5 million.”

“2023 was an unprecedented year, marking a step change for renewable power growth. The global acceleration in the transition to renewable energy was primarily driven by China’s booming solar market with new solar PV capacity reaching record high at 216.88GW, a 148% year-over-year growth. This surge was particularly evident in December, when China added 53GW, which is roughly a quarter of the entire year’s additional capacity. Solar has become one of the most competitive forms of power generation and the continuous cost reduction in solar PV products and the associated reduction in solar energy generation costs are expected to create substantial additional green energy demand. With 2023 setting the stage for gradually phasing out P-type products, we believe that 2024 will mark the year when N-type products dominate the industry. We are optimistic that we will capture the long-term benefits of the growing global solar PV market and maintain our competitive advantage, by enhancing our higher-efficiency N-type technology and optimizing our cost structure through digital transformation. In 2023 alone, we collected more than 20 billion manufacturing process data points at each of our polysilicon production facility. We believe that we have one of the largest pools of collected and stored polysilicon production data amongst our peers in China. We have begun to apply AI to this vast amount of data to help increase the proportion of N-type in our product mix and reduce our production cost, by identifying relationships across discrete processes, and ultimately predicting the optimal inputs and parameters that would yield the best production result. We expect that as we collect more data and further leverage our AI-powered analytics to provide additional insights, we will be able to further reduce cost, achieve higher efficiency and increase productivity.”

Operational and Financial Highlights in Q4 2023

- Polysilicon production volume was 61,014 MT in Q4 2023, compared to 57,664 MT in Q3 2023
- Polysilicon sales volume sales volume was 59,906 MT in Q4 2023, compared to 63,263 MT in Q3 2023
- Polysilicon average total production cost(1) was $6.50/kg in Q4 2023, compared to $6.52/kg in Q3 2023
- Polysilicon average cash cost(1) was $5.72/kg in Q4 2023, compared to $5.67/kg in Q3 2023
- Polysilicon average selling price (ASP) was $7.97/kg in Q4 2023, compared to $7.68/kg in Q3 2023
- Revenue was $477.1 million in Q4 2023, compared to $484.8 million in Q3 2023
- Gross profit was $87.2 million in Q4 2023, compared to $67.8 million in Q3 2023. Gross margin was 18.3% in Q4 2023, compared to 14.0% in Q3 2023
- Net income attributable to Daqo New Energy Corp. shareholders was $44.9 million in Q4 2023, compared to net loss attributable to Daqo New Energy Corp. shareholders of $6.3 million in Q3 2023
- Earnings per basic American Depositary Share (ADS)(3) was $0.64 in Q4 2023, compared to loss per basic ADS of $0.09 in Q3 2023
- Adjusted net income (non-GAAP)(2) attributable to Daqo New Energy Corp. shareholders was $66.0 million in Q4 2023, compared to $44.0 million in Q3 2023
- Adjusted earnings per basic ADS(3) (non-GAAP)(2) was $0.94 in Q4 2023, compared to $0.59 in Q3 2023
- EBITDA (non-GAAP)(2) was $128.2 million in Q4 2023, compared to $70.2 million in Q3 2023. EBITDA margin (non-GAAP)(2) was 26.9% in Q4 2023, compared to 14.5% in Q3 2023

Notes:

1. Production cost and cash cost only refer to production in our polysilicon facilities. Production cost is calculated by the inventoriable costs relating to production of polysilicon 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. One (1) ADS representing five (5) ordinary shares.

Operational and Financial Highlights in FY2023

- Polysilicon production volume was 197,831 MT in 2023, compared to 133,812 MT in 2022
- Polysilicon sales volume was 200,002 MT in 2023, compared to 132,909 MT in 2022
- Revenue was $2,308.5 million in 2023, compared to $4,608.4 million in 2022
- Gross profit was $920.7 million in 2023, compared to $3,407.9 million in 2022. Gross margin was 39.9% in 2023, compared to 74.0% in 2022
- Net income attributable to Daqo New Energy Corp. shareholders was $421.2 million in 2023, compared to $1,819.8 million in 2022. Earnings per basic ADS was $5.64 in 2023, compared to $24.00 in 2022
- EBITDA (non-GAAP)[(2)] was $918.6 million in 2023, compared to $3,150.7 million in 2022. EBITDA margin (non-GAAP)[(2)] was 39.8% in 2023, compared to 68.4% in 2022
- Adjusted net income (non-GAAP)[(2)] attributable to Daqo New Energy Corp. shareholders was $554.7 million in 2023, compared to $2,122.3 million in 2022
- Adjusted earnings per basic ADS[(3)] (non-GAAP)[(2)] was $7.42 in 2023, compared to $27.97 in 2022

Notes:

1. Production cost and cash cost only refer to production in our polysilicon facilities. Production cost is calculated by the inventoriable costs relating to production of polysilicon 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. One (1) ADS representing five (5) ordinary shares.

Polysilicon Facilities Update

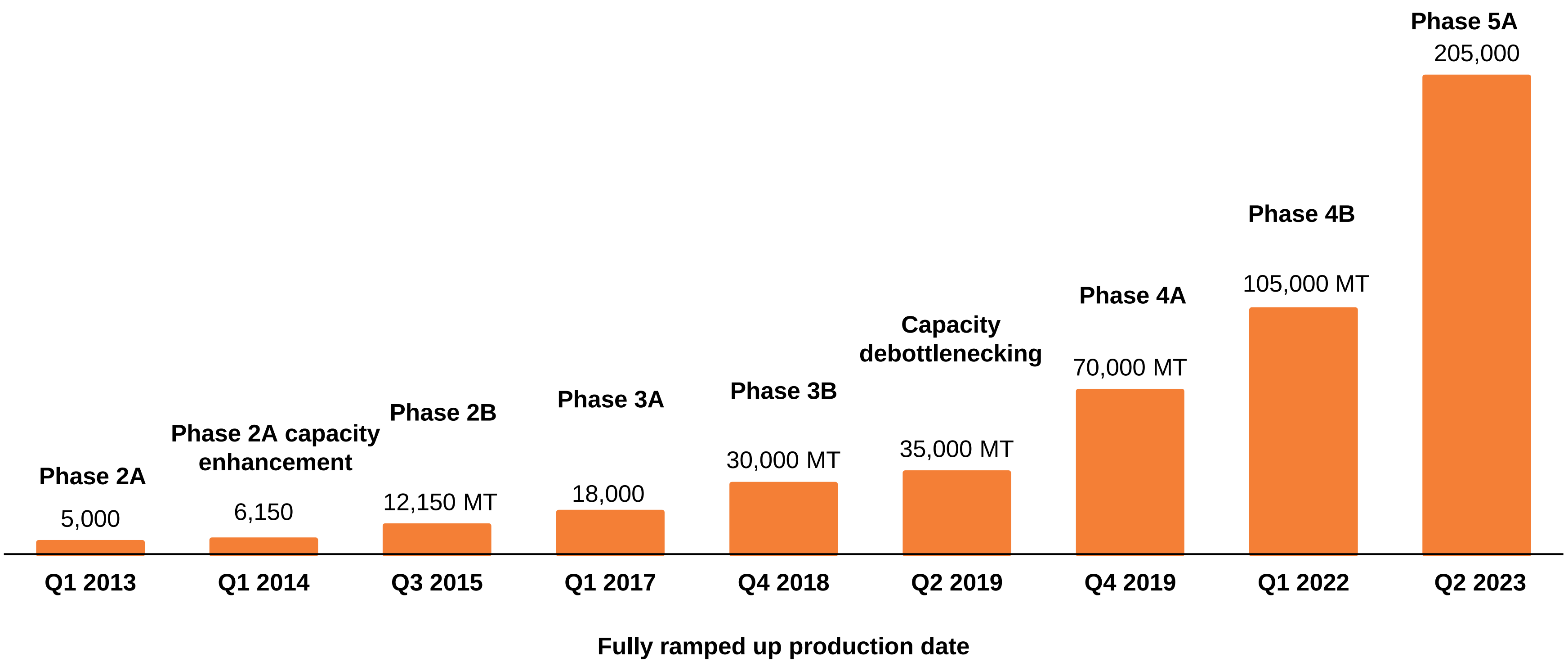
Q4 2023 Key Figures

- Quarterly production volume: 61,014 MT
- Sales volume: 59,906 MT
- Average selling prices: $7.97/kg
- Average total production cost: $6.50/kg
- Average cash cost: $5.72/kg

Outlook

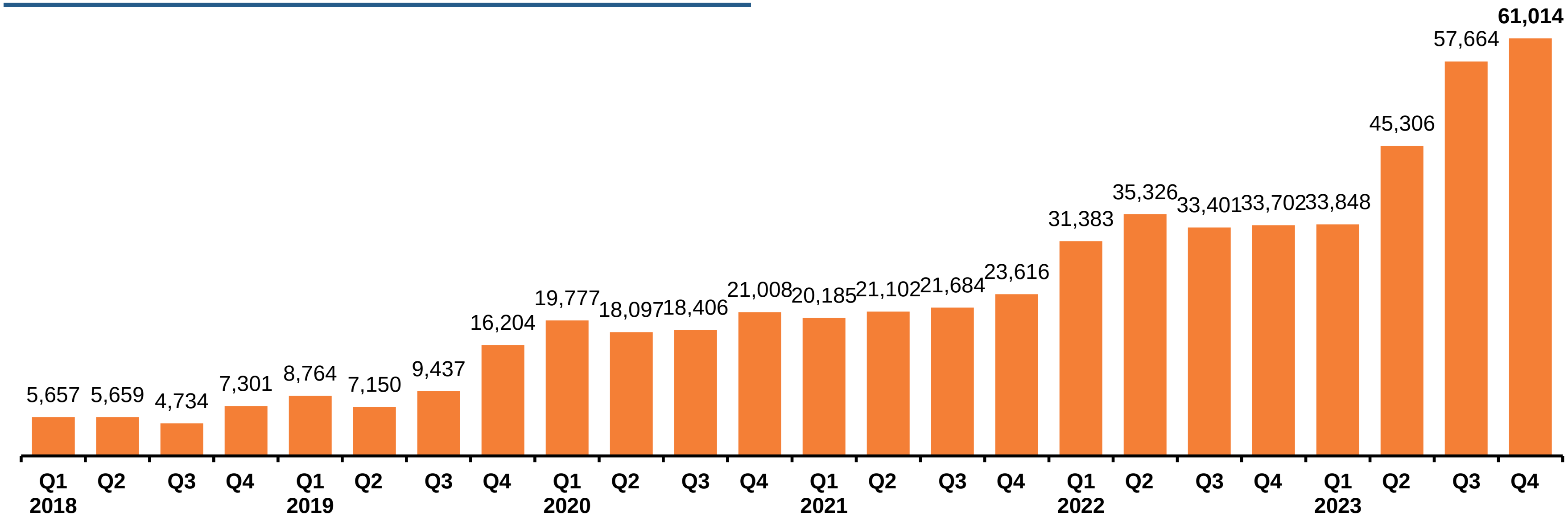
- Expected production volume in Q1 2024: 60,000 ~ 62,000 MT
- Expected production volume in the full year of 2024: 280,000 ~ 300,000 MT

Polysilicon Nameplate Capacity in Daqo's Facilities (MT)

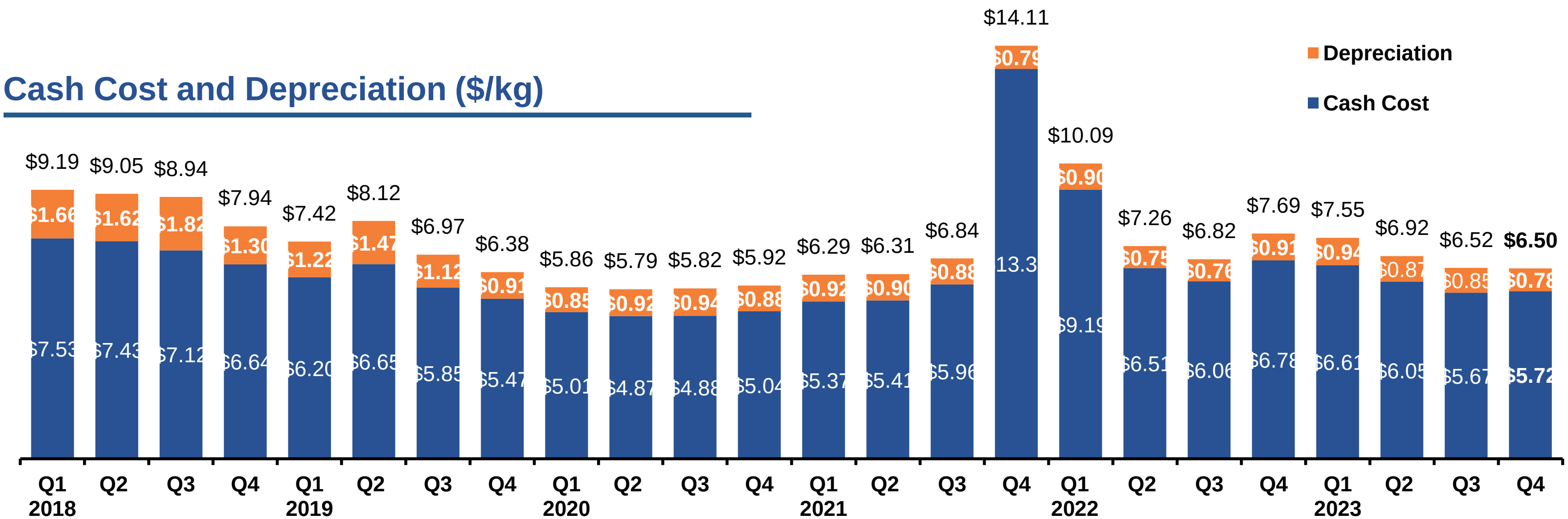


Polysilicon Manufacturing Overview

Production Volume (MT)

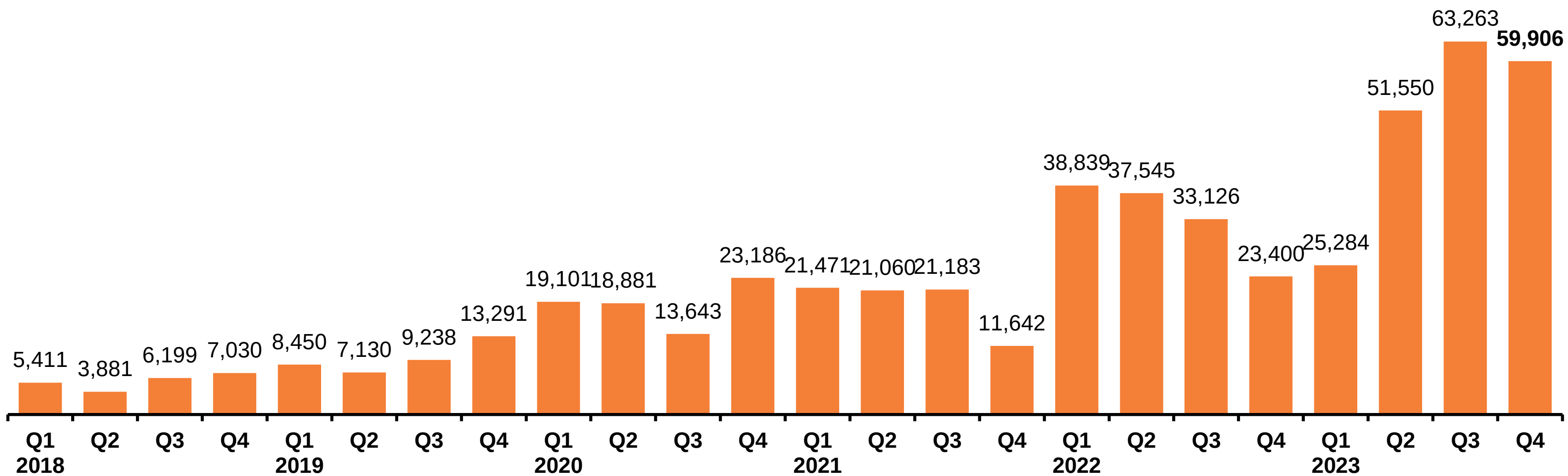


Cash Cost and Depreciation ($/kg)

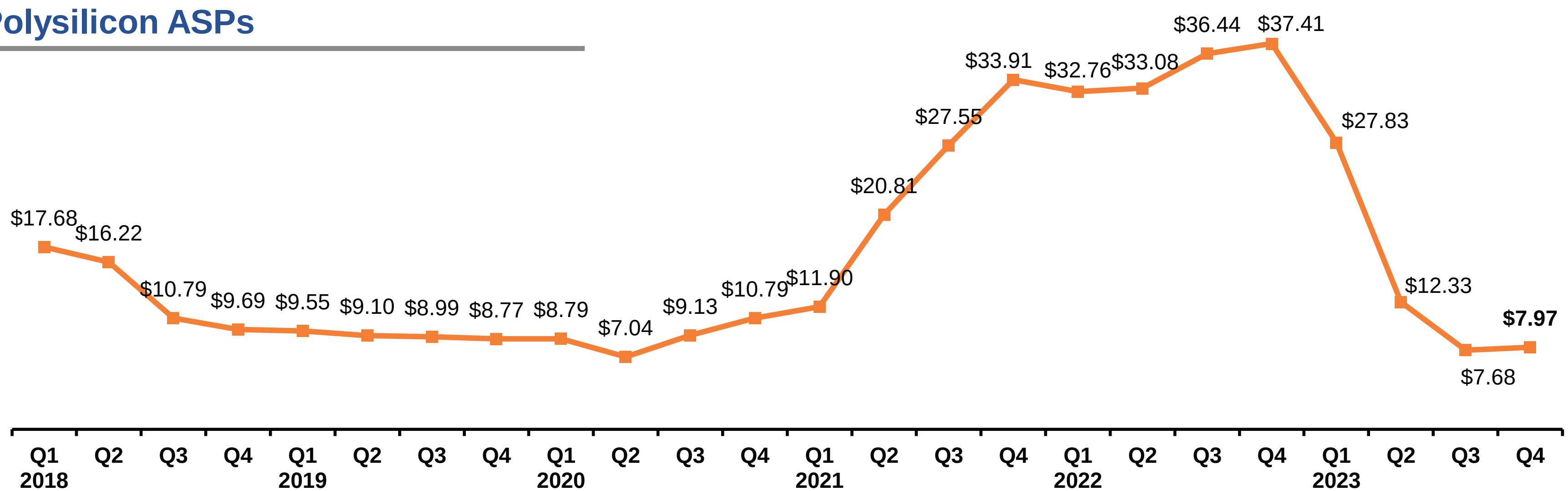


Quarterly Polysilicon Sales Volume and ASPs

Polysilicon External Sales Volume



Polysilicon ASPs



Income Statement Summary

($ in millions, unless otherwise stated)	Q4 2023	Q3 2023	Q4 2022
Revenues	477.1	484.8	864.3
Gross profit	87.2	67.8	668.9
Gross margin	**18.3%**	**14.0%**	**77.4%**
SG&A	(39.0)	(89.7)	(44.0)
R&D expense	(3.3)	(2.8)	(2.7)
Income from operations	83.3	22.5	623.1
Net income/(loss) attributable to Daqo New Energy shareholders	**44.9**	**(6.3)**	**332.7**
Earnings/(loss) per basic ADS ($ per ADS)	0.64	(0.09)	4.26
Adjusted net income (non-GAAP) attributable to Daqo New Energy Corp. shareholders	**66.0**	**44.0**	**363.1**
Adjusted earnings per basic ADS (non-GAAP) ($ per ADS)	0.94	0.59	4.65
EBITDA	128.2	70.2	648.5
EBITDA margin	**26.9%**	**14.5%**	**75.0%**

Balance Sheet Summary

($ in millions)	As of 12/31/2023	As of 9/30/2023	As of 12/31/2022
Cash, cash equivalent and restricted cash	3,048.0	3,280.8	3,520.4
Note receivables	116.4	275.8	1,131.6
Short-term investments	-	2.7	13.9
Inventories	173.3	129.1	169.5
Prepaid land use rights	150.4	147.8	80.3
Property, plant and equipment, net	3,641.0	3,237.8	2,605.2
Total assets	**7,441.5**	**7,295.6**	**7,594.1**
Advances from customers - short term portion	149.0	252.3	122.0
Advance from customers - long term portion	113.9	104.2	153.2
Payables for purchases of property, plant and equipment	435.3	292.5	230.4
Total liabilities	**1,001.6**	**948.1**	**989.5**
Total equity	**6,439.9**	**6,347.6**	**6,604.6**
Total liabilities and equity	**7,441.5**	**7,295.6**	**7,594.1**

Cash Flow Summary

($ in millions)	Year ended 12/31/2023	Year ended 12/31/2022
Net income	644.4	2,479.6
Adjustments to reconcile net income to net cash provided by operating activities	301.6	432.0
Changes in operating assets and liabilities	664.8	(449.0)
Net cash provided by operating activities	1,610.9	2,462.7
Net cash (used in) / provided by investing activities	(1,190.8)	(998.4)
Net cash (used in) / provided by financing activities	(795.4)	1,472.1
Effect of exchange rate changes	(97.1)	(139.9)
Net (decrease) / increase in cash, cash equivalents and restricted cash	(472.4)	2,796.4
Cash, cash equivalents and restricted cash at the beginning of the period	3,520.4	724.0
Cash, cash equivalents and restricted cash at the end of the period	3,048.0	3,520.4

Non-GAAP Reconciliation

$ in thousands	Three months Ended		
	Dec. 31, 2023	Sep. 30, 2023	Dec. 31, 2022
Net income	69,783	17,843	486,293
Income tax expense	26,737	21,438	148,675
Interest income (expense), net	(13,772)	(13,832)	(12,030)
Depreciation & Amortization	45,455	44,765	25,585
EBITDA (non-GAAP)	**128,203**	**70,214**	**648,523**
EBITDA margin (non-GAAP)	**26.9%**	**14.5%**	**75.0%**

$ in thousands	Three months Ended		
	Dec. 31, 2023	Sep. 30, 2023	Dec. 31, 2022
Net income/(loss) attributable to Daqo New Energy Corp. shareholders	44,946	(6,312)	332,734
Share-based compensation	21,008	50,287	30,376
Adjusted net income (non-GAAP) attributable to Daqo New Energy Corp. shareholders	**65,954**	**43,975**	**363,110**
Adjusted earnings per basic ADS* (non-GAAP)	**$0.94**	**$0.59**	**$4.65**
Adjusted earnings per diluted ADS* (non-GAAP)	$0.94	$0.59	$4.60

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 (which represents the proportion of EBITDA in revenues). 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.

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Thank you!