DAQO NEW ENERGY

October 30, 2023

# Q3 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 fourth quarter and the full year of 2023 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, “During the third quarter, continued optimization of operations at our two polysilicon facilities resulted in a total production volume of 57,664 MT, an increase of 12,358 MT or 27% compared to the previous quarter. Our Inner Mongolia 5A facility, which is now in full production, contributed approximately 40% of our total production volume. Meanwhile, our production cost further decreased by 5.8% from Q2 to $6.52/kg, primarily due to improvements in manufacturing efficiency, as well as a reduction in the cost of raw materials, particularly metallurgical-grade silicon. Compared to our Q1 average production cost of $7.55/kg, cost has declined by more than $1.00/kg. Based on the Company’s most recent production data, we expect our Q4 cost to continue to trend downwards from the Q3 levels. We shipped 62,967 MT of polysilicon in Q3, an increase of 9,465 MT over our Q2 shipments, and significantly higher than our quarterly production volume. This has resulted in a significant decrease in our polysilicon product inventory across our two facilities, now at a level of less than one week of production volume. For the third quarter, the Company generated $70 million in EBITDA. Net cash provided by operating activities for the first nine months of this year totaled $1.5 billion, with more than $711 million in the third quarter. The Company continues to maintain a very strong balance sheet with no financial debt. At the end of the third quarter, the Company had a cash balance of $3.3 billion and a combined cash and bank note receivable balance of $3.6 billion.”

“Our total annual polysilicon nameplate capacity has reached 205,000 MT across our two facilities. For Q4, we expect total polysilicon production volume to be approximately 59,000 MT to 62,000 MT, a continued increase over Q3 levels. Full year production is expected to be approximately 196,000 MT to 199,000 MT, representing an increase of 46% to 49% compared to 2022. 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 are confident that we can strengthen our position as one of the dominant polysilicon manufacturers in the industry.”

# Management Remarks – Continued

“At the end of the second quarter, after polysilicon prices reached bottom, customers began reordering and taking delivery of products, significantly reducing industry inventory levels. Polysilicon pricing recovered gradually over the third quarter. In July, as module makers intensified competition, module prices fell from ~RMB 1.5/W in June to ~RMB 1.3/W in July. Meanwhile, the high demand in the module sector coupled with lower utilization rate for polysilicon due to power rationing and system maintenance drove a marginal recovery in polysilicon prices. According to industry statistics, mono-grade polysilicon prices rebounded from the lowest level of less than RMB 60/kg in June to RMB 63-68/kg by end-July, and an average of RMB 87/kg by the end of September. Furthermore, as the current price range is unlikely to be profitable for new entrants given their cost structure, we have seen delays in their production plans. Going into the fourth quarter, production volumes in the polysilicon sector are likely to increase marginally as some new capacities come online. During the third quarter, we saw an acceleration in the transition from P-type to N-type cell technology with strong growth in N-type product demand volume and the N-type products’ ASP premium expanded to RMB 10-12/kg in Q3. Going forward, we expect this transition to further accelerate as N-type products expand market share, leading to continued demand growth.”

“Regarding the Company’s $700 million share buyback program announced in November 2022, by the end of this September, the Company had already repurchased 8.10 million ADSs for approximately $328.8 million, with an average cost of approximately $40.58 per ADS. Combined with the program completed in 2022, in aggregate, the Company has already repurchased approximately 10.0 million ADSs for approximately $448.8 million. While basic weighted average ADS outstanding for the third quarter were 74 million shares, total outstanding shares at the end of the third quarter were approximately 71.8 million shares, after fully reflecting our recently completed share repurchases.”

# Management Remarks – Continued (2)

"With the urgent need to address climate change, we are still at the early stage of the energy transition from fossil fuel to renewable energy [for human's energy needs on Earth]. As one of the most competitive forms of power generation, 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, which we believe is likely to exceed most analysts' expectations. Solar PV is generally expected to eventually become one of the most important energies to power the world. In addition, as solar PV technology keeps evolving, we believe that the increasing needs for very high purity polysilicon, such as our N-type polysilicon, will help differentiate us from most of our competitors. While many of our competitors will likely struggle in the current market environment, Daqo New Energy has one of the best balance sheets in the industry with no financial debt, and we are confident that we will navigate the near-term market volatility successfully. We are optimistic that as the solar end market continues to grow, and as our customers continue to transition to higher-efficiency N-type technology, we will benefit from this trend. Daqo will continue to strive to maintain solid growth and capture the long-term benefits of the growing global solar PV market."

# Operational and Financial Highlights in Q3 2023

- Polysilicon production volume was 57,664 MT in Q3 2023, compared to 45,306 MT in Q2 2023
- Polysilicon sales volume was 63,263 MT in Q3 2023, compared to 51,550 MT in Q2 2023
- Polysilicon average total production cost(1) was $6.52/kg in Q3 2023, compared to $6.92/kg in Q2 2023
- Polysilicon average cash cost(1) was $5.67/kg in Q3 2023, compared to $6.05/kg in Q2 2023
- Polysilicon average selling price (ASP) was $7.68/kg in Q3 2023, compared to $12.33/kg in Q2 2023
- Revenue was $484.8 million in Q3 2023, compared to $636.7 million in Q2 2023
- Gross profit was $67.8 million in Q3 2023, compared to $258.9 million in Q2 2023. Gross margin was 14.0% in Q3 2023, compared to 40.7% in Q2 2023
- Net (loss)/income attributable to Daqo New Energy Corp. shareholders was ($6.3 million) in Q3 2023, compared to $103.7 million in Q2 2023
- (Loss)/earnings per basic American Depositary Share (ADS)(3) was ($0.09) in Q3 2023, compared to $1.35 in Q2 2023
- Adjusted net income (non-GAAP)(2) attributable to Daqo New Energy Corp. shareholders was $44.0 million in Q3 2023, compared to $134.5 million in Q2 2023
- Adjusted earnings per basic ADS(3) (non-GAAP)(2) was $0.59 in Q3 2023, compared to $1.75 in Q2 2023
- EBITDA (non-GAAP)(2) was $70.2 million in Q3 2023, compared to $230.0 million in Q2 2023. EBITDA margin (non-GAAP)(2) was 14.5% in Q3 2023, compared to 36.1% in Q2 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.

# Polysilicon Facilities Update

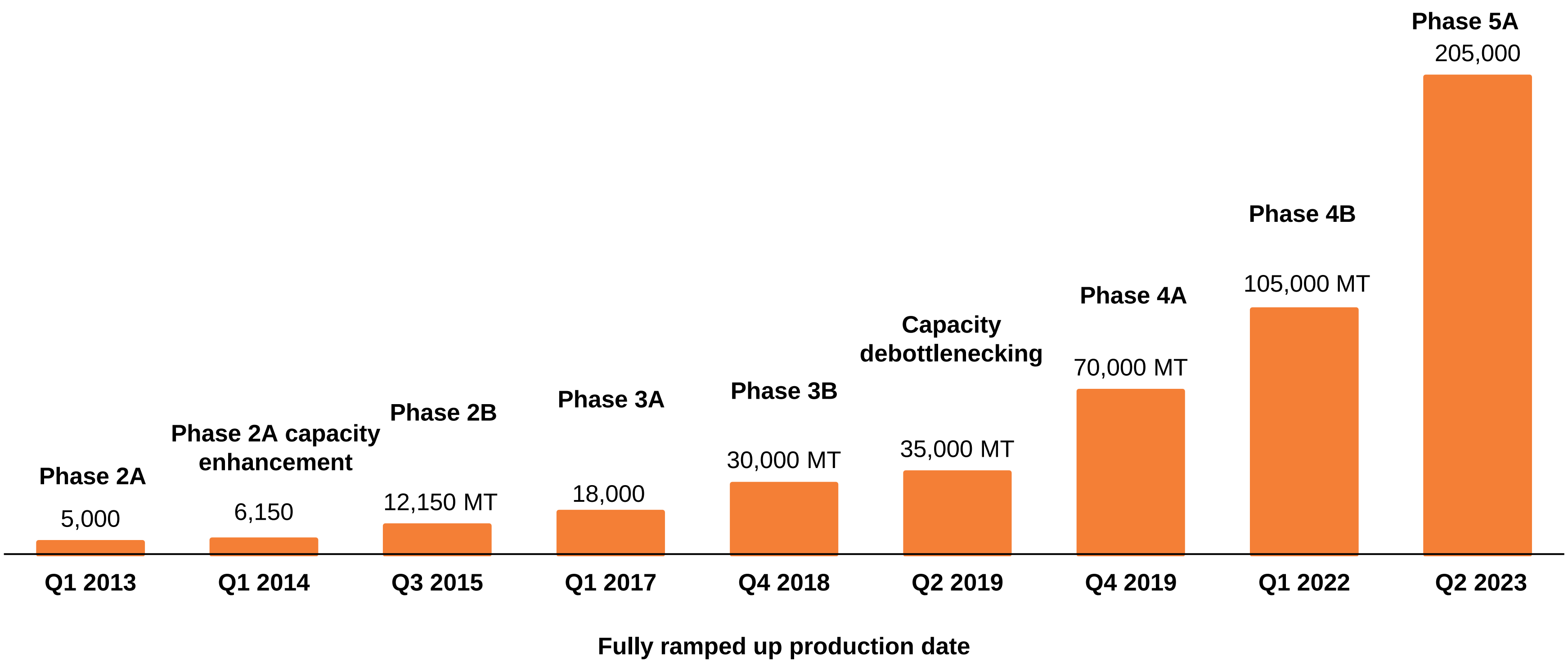
## Q3 2023 Key Figures

- Quarterly production volume: 57,664 MT
- Sales volume: 63,263 MT
- Average selling prices: $7.68/kg
- Average total production cost: $6.52/kg
- Average cash cost: $5.67/kg

## Outlook

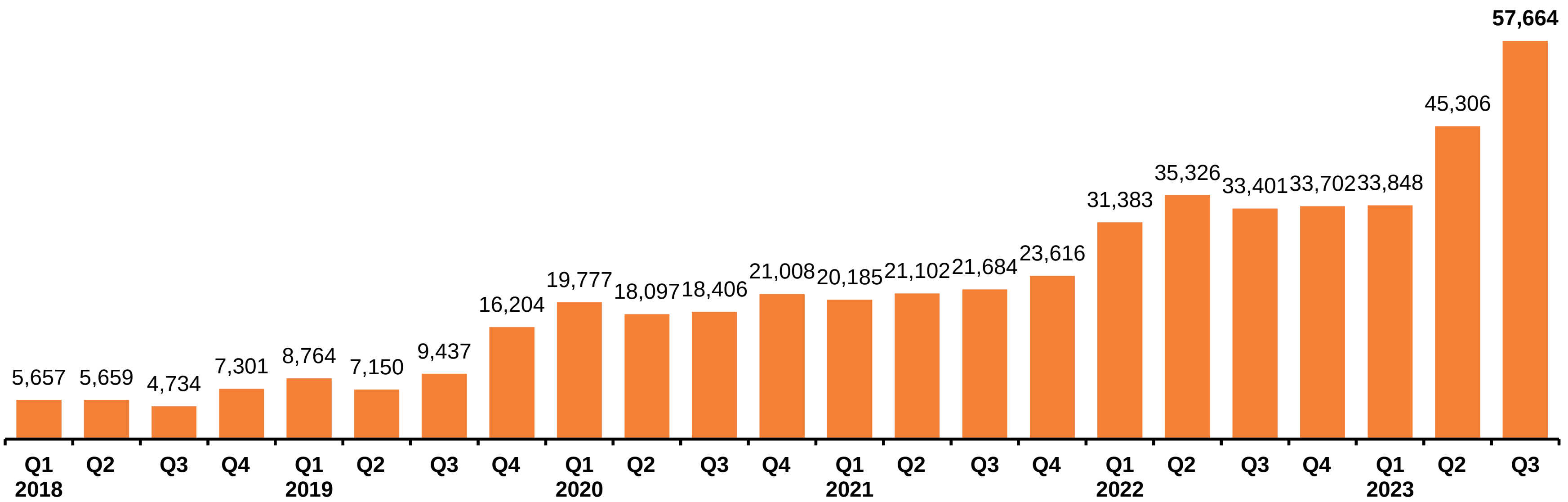
- Expected production volume in Q4 2023:
  59,000 ~ 62,000 MT
- Expected production volume in the full year of 2023:
  196,000 ~ 199,000 MT

## Polysilicon Nameplate Capacity in Daqo's Facilities (MT)

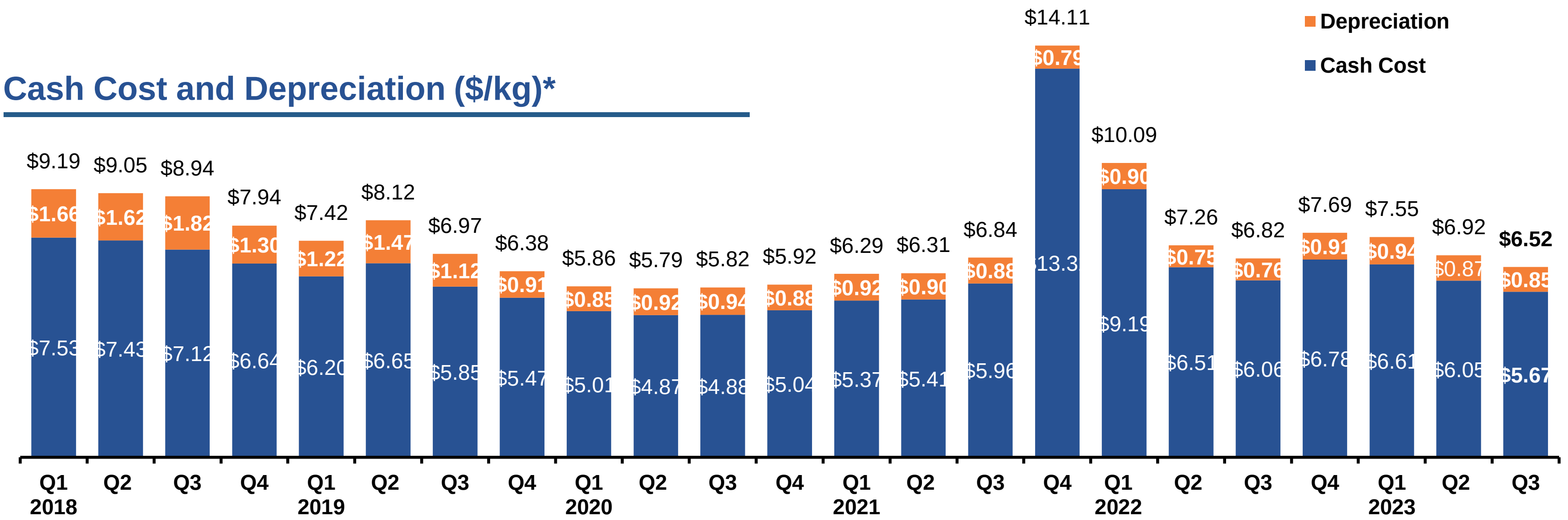


# Polysilicon Manufacturing Overview

## Production Volume (MT)

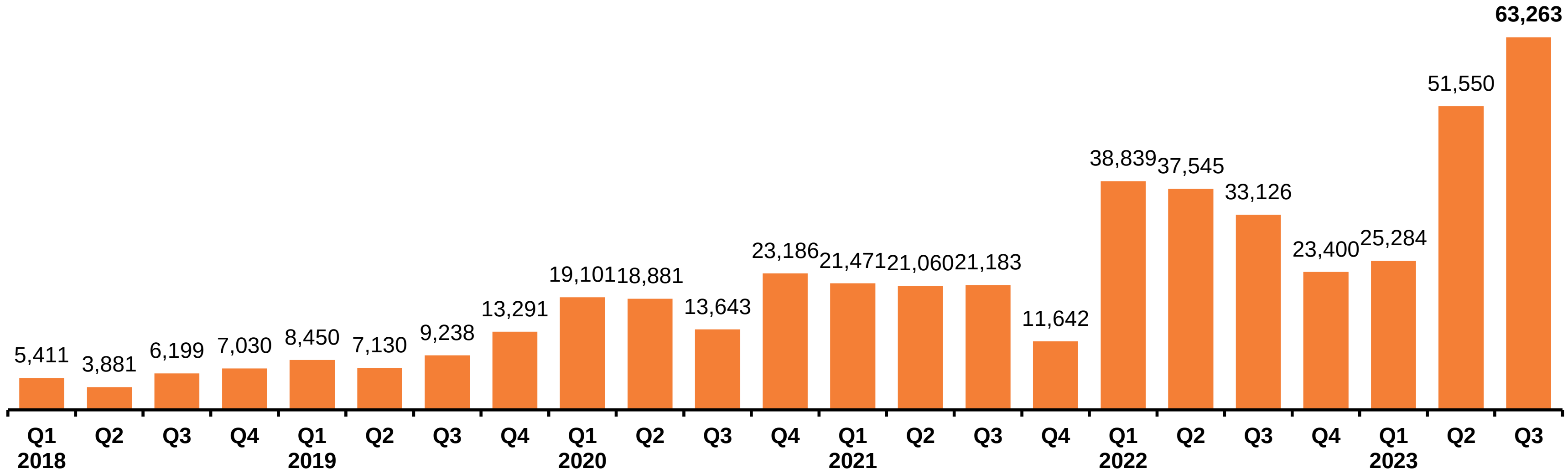



## Cash Cost and Depreciation ($/kg)*

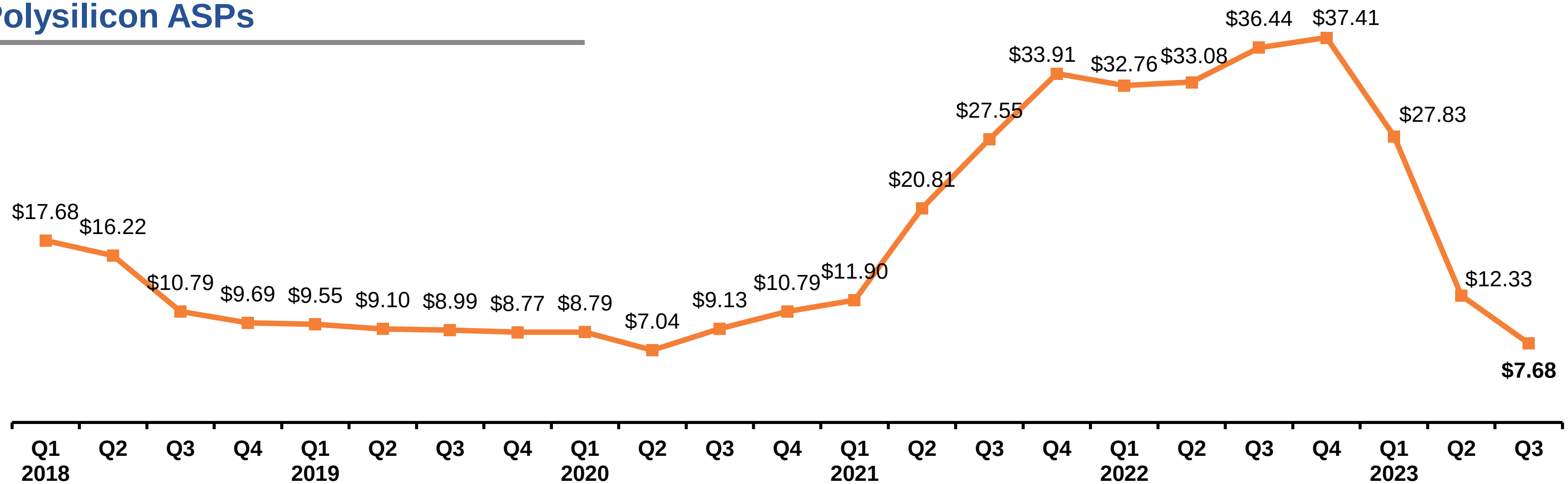


# Quarterly Polysilicon Sales Volume and ASPs

## Polysilicon External Sales Volume




## Polysilicon ASPs



# Income Statement Summary

| ($ in millions, unless otherwise stated) | Q3 2023 | Q2 2023 | Q3 2022 |
|---|---|---|---|
| **Revenues** | 484.8 | 636.7 | 1,219.7 |
| Gross profit | 67.8 | 258.9 | 978.6 |
| **Gross margin** | 14.0% | 40.7% | 80.2% |
| SG&A | (89.7) | (43.3) | (280.2) |
| R&D expense | (2.8) | (2.2) | (2.5) |
| Income from operations | 22.5 | 213.9 | 693.0 |
| **Net (loss)/income attributable to Daqo New Energy shareholders** | **(6.3)** | **103.7** | **323.4** |
| (Loss)/earnings per basic ADS ($ per ADS) | (0.09) | 1.35 | 4.28 |
| **Adjusted net income (non-GAAP) attributable to Daqo New Energy Corp. shareholders** | **44.0** | **134.5** | **590.4** |
| Adjusted earnings per basic ADS (non-GAAP) ($ per ADS) | 0.59 | 1.75 | 7.81 |
| **EBITDA** | 70.2 | 230.0 | 720.0 |
| **EBITDA margin** | **14.5%** | **36.1%** | **59.0%** |

# Balance Sheet Summary

| ($ in millions) | As of 9/30/2023 | As of 6/30/2023 | As of 9/30/2022 |
|---|---|---|---|
| Cash, cash equivalent and restricted cash | 3,280.8 | 3,169.7 | 3,051.1 |
| Note receivables | 275.8 | 798.5 | 1,571.7 |
| Short-term investments | 2.7 | 2.8 | 31.7 |
| Inventories | 129.1 | 159.5 | 73.3 |
| Prepaid land use rights | 147.8 | 94.6 | 77.6 |
| Property, plant and equipment, net | 3,237.8 | 2,920.2 | 2,040.2 |
| **Total assets** | **7,295.6** | **7,325.0** | **6,906.2** |
| Advances from customers - short term portion | 252.3 | 199.4 | 420.1 |
| Advance from customers - long term portion | 104.2 | 128.8 | 73.2 |
| Payables for purchases of property, plant and equipment | 292.5 | 256.3 | 95.0 |
| **Total liabilities** | **948.1** | **873.8** | **1,034.3** |
| **Total equity** | **6,347.6** | **6,451.2** | **5,871.9** |
| **Total liabilities and equity** | **7,295.6** | **7,325.0** | **6,906.2** |

# Cash Flow Summary

| ($ in millions) | 9 months ended 9/30/2023 | 9 months ended 9/30/2022 |
|---|---|---|
| Net income | 574.7 | 1,993.3 |
| Adjustments to reconcile net income to net cash provided by operating activities | 235.3 | 370.2 |
| Changes in operating assets and liabilities | 687.4 | (666.5) |
| **Net cash provided by operating activities** | **1,497.4** | **1,697.1** |
| **Net cash (used in) / provided by investing activities** | **(954.3)** | **(605.4)** |
| **Net cash (used in) / provided by financing activities** | **(602.0)** | **1,477.9** |
| Effect of exchange rate changes | (180.7) | (242.4) |
| Net (decrease) / increase in cash, cash equivalents and restricted cash | (239.5) | 2,327.2 |
| 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 | 3,280.8 | 3,051.1 |

# Non-GAAP Reconciliation

| $ in thousands | 3 months Ended | | |
|---|---|---|---|
| | Sep. 30, 2023 | Jun. 30, 2023 | Sep. 30, 2022 |
| Net income | 17,843 | 162,182 | 545,820 |
| Income tax expense | 21,438 | 44,730 | 155,204 |
| Interest income (expense), net | (13,832) | (12,751) | (7,589) |
| Depreciation & Amortization | 44,765 | 35,835 | 26,608 |
| **EBITDA (non-GAAP)** | **70,214** | **229,996** | **720,043** |
| **EBITDA margin (non-GAAP)** | **14.5%** | **36.1%** | **59.0%** |

| $ in thousands | 3 months Ended | | |
|---|---|---|---|
| | Sep. 30, 2023 | Jun. 30, 2023 | Sep. 30, 2022 |
| Net (loss)/income attributable to Daqo New Energy Corp. shareholders | (6,312) | 103,723 | 323,409 |
| Share-based compensation | 50,287 | 30,824 | 266,962 |
| **Adjusted net income (non-GAAP) attributable to Daqo New Energy Corp. shareholders** | **43,975** | **134,547** | **590,371** |
| **Adjusted earnings per basic ADS* (non-GAAP)** | **$0.59** | **$1.75** | **$7.81** |
| Adjusted earnings per diluted ADS* (non-GAAP) | $0.59 | $1.75 | $7.70 |

# 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!