August 18, 2021

DAQO NEW ENERGY

Q2 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 half and the full year of 2021 and quotations from management in this announcement 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

“We are very excited to report an excellent quarter with strong revenue growth and better-than-expected profitability, as the Company achieved record-high production volume, gross profit, and net income. With the global focus on addressing the climate challenge with plans to reach carbon neutrality, market conditions remain strong for the polysilicon sector. The strong increase in downstream demand has led to a shortage of polysilicon and caused our polysilicon ASP to rise significantly from $11.90/kg in Q1 to $20.81/kg in Q2. In July and August, the market price for mono-grade polysilicon has remained at approximately $26-28/kg and we expect the strong price momentum to continue into the second half of this year. Despite the rise in solar module prices in the first half of this year, we continue to see stronger-than-expected market demand even at the new market prices.”

“Recently the solar value chain has been stable at the new market prices and downstream manufacturers are currently able to pass through price increases to their customers. During the week of August 9, major solar wafer and solar cell manufacturers in China announced price increases for solar wafers and solar cells, further demonstrating the strong end-market demand. We saw an uptick in polysilicon pricing in the last two weeks with a surge in orders from our diverse customer base. We expect the constrained polysilicon supply to be the main limiting factor to the size of the global solar market this year.”

“Polysilicon production is a complex chemical process and has the highest barrier to entry in the solar value chain. Based on our research, we expect to see approximately 180~220 thousand MT of additional polysilicon supply in 2022 considering a potential six months’ ramp-up period for other polysilicon producers. This total global polysilicon supply can be used to produce approximately 240~250 GW of solar modules which can support approximately 200~210 GW of solar installations in 2022. So, the polysilicon sector will still be the one with most constrained supply across the main solar PV manufacturing value chain in 2022. On the demand side, more and more countries have set up time tables for peak carbon and carbon neutrality targets that will significantly increase demand for renewable energies including solar PV. In addition, there is still meaningful room for potential cost reduction across the value chain, which will effectively stimulate larger demand, especially given that solar PV has already reached grid parity in many countries and regions in the world. As a result, we believe polysilicon pricing will remain healthy in 2022 making our sector one of the most attractive sectors in the solar PV industry in the long run given its high entry barrier and operational complexity.”

Management remarks II

“On the policy front, during the Politburo Central Committee meeting on July 30 regarding economic activity in the second half of 2021, with China’s President Mr. Xi Jinping presiding over the meeting, the central government reiterated the urgency for national coordination on peak carbon and carbon neutrality goals and the development of the carbon peak 2030 action plans and related policies as early as possible. In addition, China recently announced an ambitious program to massively deploy distributed generation solar projects at the local government level. We believe solar will continue to be a strong beneficiary of government policies and support.”

"With regard to our ESG initiatives, we are in the process of incorporating environmental, social and governance factors in all of our major business decisions, and we published our inaugural ESG Sustainability Report in July. We are already making substantial progress on the sustainability front, including installing a new wastewater treatment facility in 2018 that reduced our wastewater discharge density by 60% in 2020 compared to 2018. Furthermore, by increasing energy efficiency and energy recycling as well as optimizing our production process, we reduced our comprehensive energy consumption density by 40% in 2020 compared to 2017. We will continue to work on our ESG efforts, including planning for greater renewable energy use as part of our energy sources in the future.”

“We continue to focus on initiatives to strengthen the Company’s long-term competitiveness. Our major operational subsidiary, Xinjiang Daqo New Energy (“Xinjiang Daqo”), successfully completed its IPO listing on China’s A share market and started trading on the Shanghai Stock Exchange's Sci-Tech Innovation Board (SSE, code: 688303) on 22 July, 2021. The total gross proceeds of the IPO are approximately RMB6.45 billion, which will fund Xinjiang Daqo’s polysilicon expansion project and provide additional capital for its future growth plans. Following the Xinjiang Daqo’s IPO, Daqo New Energy directly holds approximately 79.6% of Xinjiang Daqo’s shares and indirectly holds 1.1% of Xinjiang Daqo’s shares through Daqo New Energy’s wholly-owned subsidiary Chongqing Daqo, for a total ownership of 80.7% of the A-share listed subsidiary. There is no Variable Interest Entity (VIE) structure between Daqo New Energy and Xinjiang Daqo. The successful IPO will offer us an additional venue to access the attractive capital markets in China for future growth and expansion. With our advantages of competitive cost structure, quality and technology advancement, outstanding operational expertise and experienced management team, we have set up a road map to increase our capacity to 270 thousand MT by the end of 2024, representing an approximately 50% annual growth rate of our production capacity over the next three years to better serve the fast-growing global solar PV market.”

Operational and financial highlights in Q2 2021

- Polysilicon production volume was 21,102 MT in Q2 2021, compared to 20,185 MT in Q1 2021
- Polysilicon sales volume was 21,060 MT in Q2 2021, compared to 21,471 MT in Q1 2021
- Polysilicon average total production cost[(1)] was $6.31/kg in Q2 2021, compared to $6.29/kg in Q1 2021
- Polysilicon average cash cost[(1)] was $5.41/kg in Q2 2021, compared to $5.37/kg in Q1 2021
- Polysilicon average selling price (ASP) was $20.81/kg in Q2 2021, compared to $11.90/kg in Q1 2021
- Revenue was $441.4 million in Q2 2021, compared to $256.1 million in Q1 2021
- Gross profit was $303.2 million in Q2 2021, compared to $118.9 million in Q1 2021. Gross margin was 68.7% in Q2 2021, compared to 46.4% in Q1 2021
- Net income attributable to Daqo New Energy Corp. shareholders was $232.1 million in Q2 2021, compared to $83.2 million in Q1 2021
- Earnings per basic American Depositary Share (ADS)[(3)] was $3.15 in Q2 2021, compared to $1.13 in Q1 2021
- EBITDA (non-GAAP)[(2)] was $311.7 million in Q2 2021, compared to $128.1 million in Q1 2021. EBITDA margin (non-GAAP)[(2)] was 70.6% in Q2 2021, compared to 50.0% in Q1 2021
- Adjusted net income (non-GAAP)[(2)] attributable to Daqo New Energy Corp. shareholders was $234.5 million in Q2 2021, compared to $86.2 million in Q1 2021
- Adjusted earnings per basic ADS[(3)] (non-GAAP)[(2)] was $3.18 in Q2 2021, compared to $1.18 in Q1 2021

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

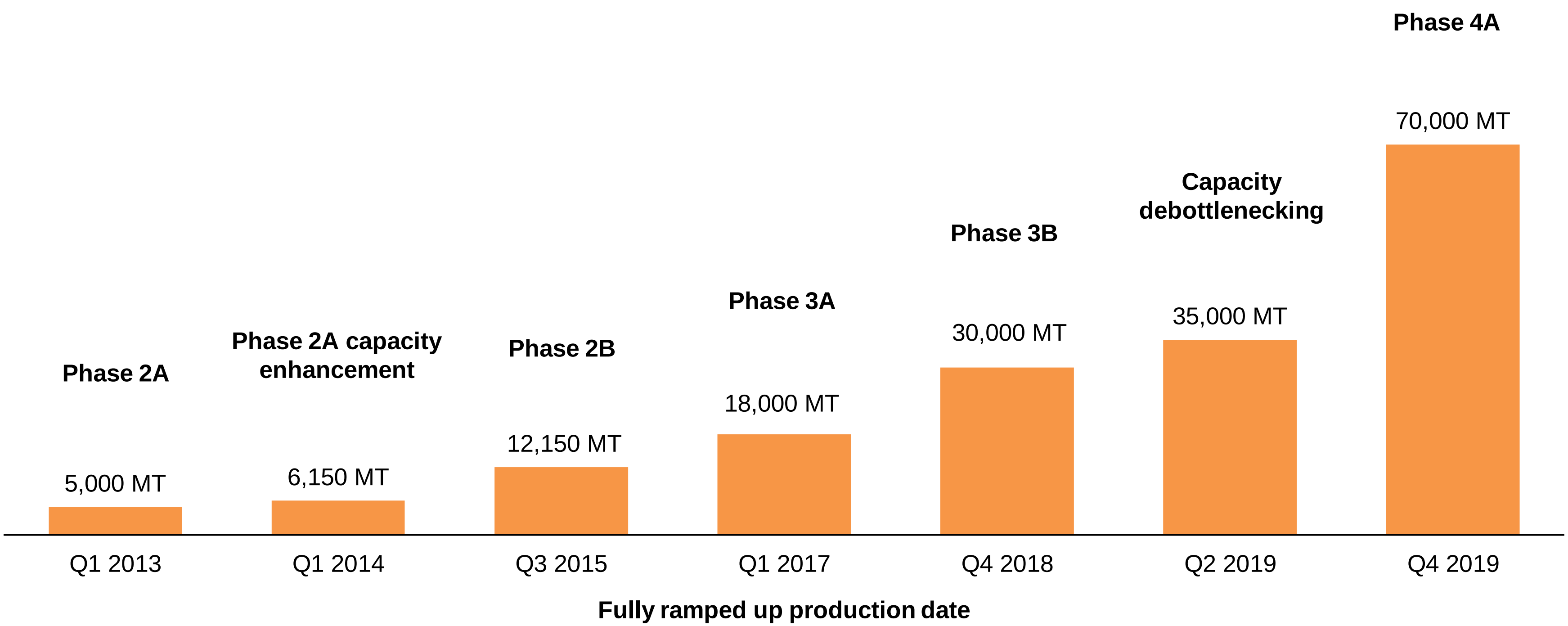
Q2 2021 key facts

- Quarterly production volume: 20,102 MT
- External sales volume: 21,060 MT
- Average total production cost : $6.31/kg
- Average cash cost: $5.41/kg

Outlook

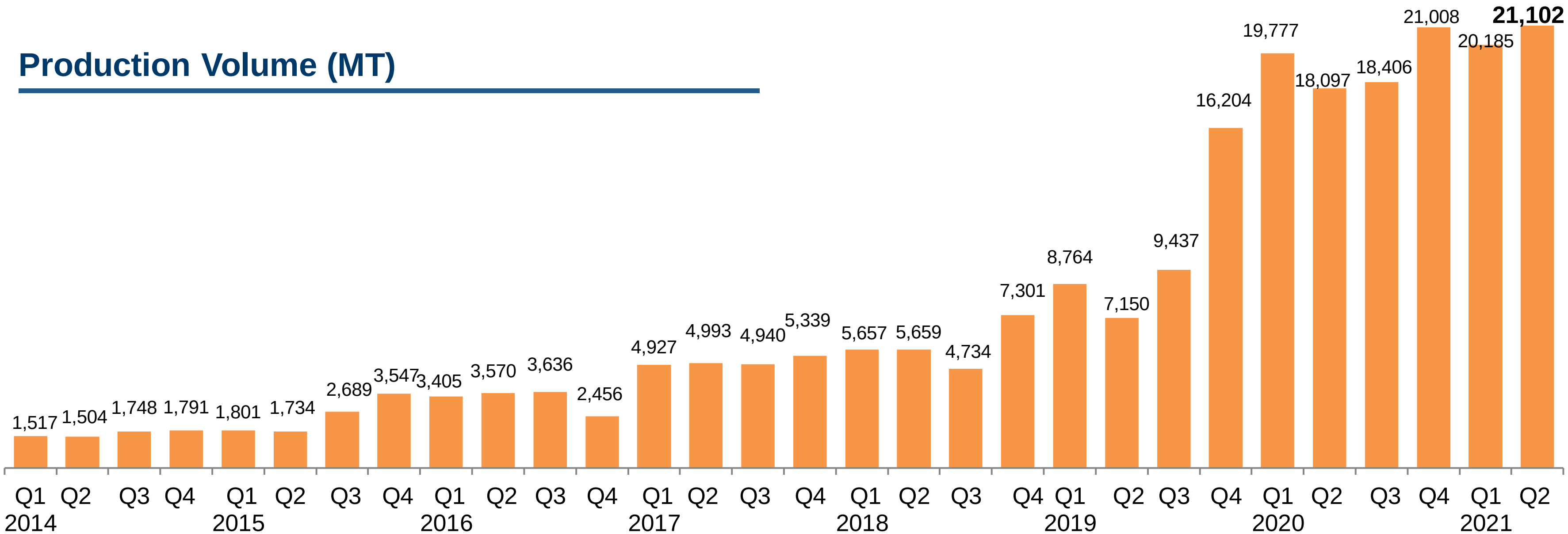
- Expected annual production volume in 2021: 83,000 ~ 85,000 MT

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

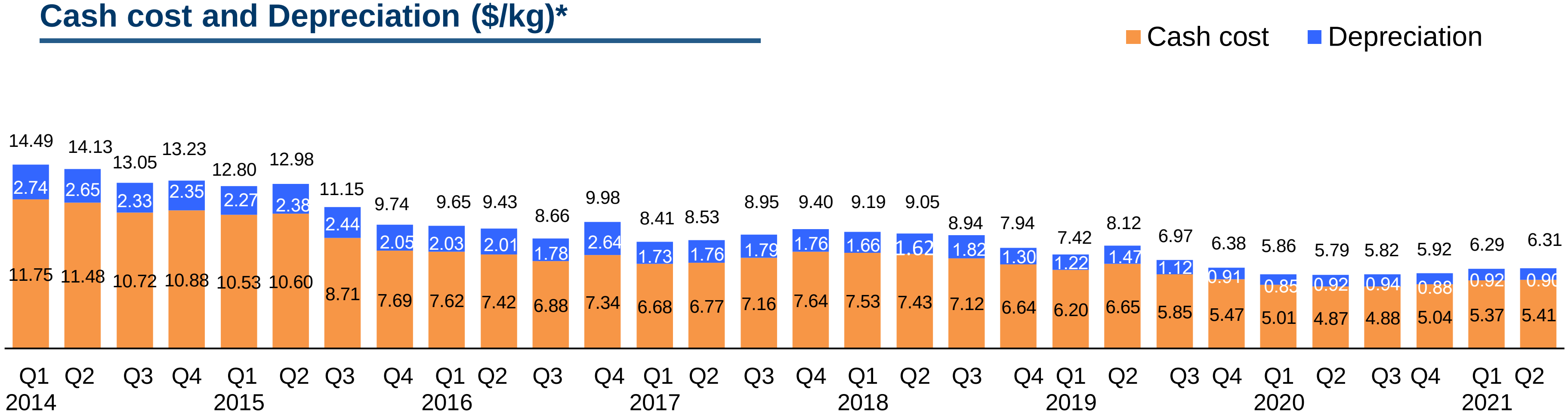


Polysilicon manufacturing overview

Production Volume (MT)



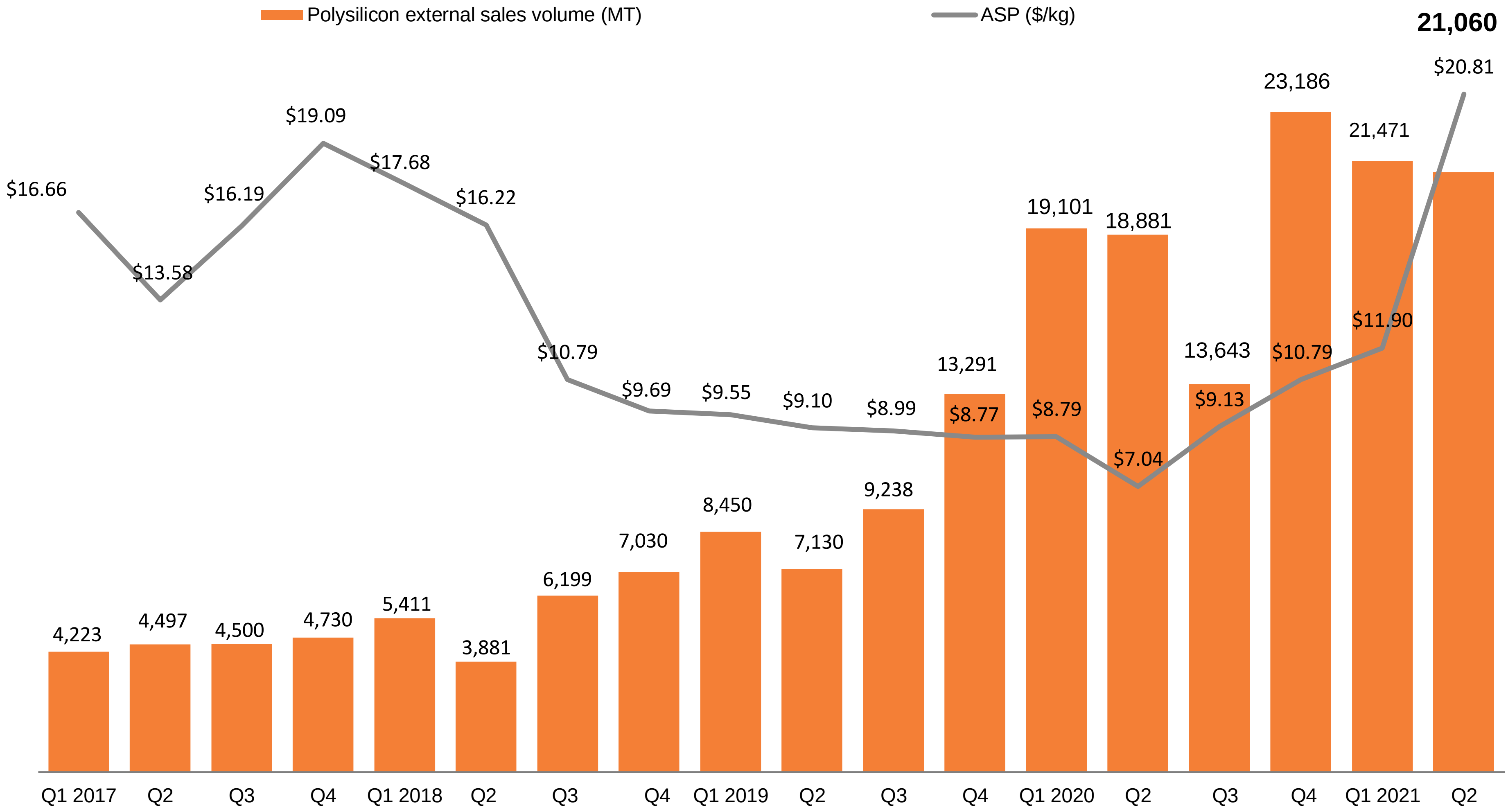
Cash cost and Depreciation ($/kg)*



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

Historical sales volume and Q3 2021 guidance

Polysilicon external sales volume and ASPs



Income statement summary

($ in millions, unless otherwise stated)	Q2 2021	Q1 2021	Q2 2020
Revenues	**441.4**	**256.1**	**133.5**
Cost of revenues	(138.1)	(137.2)	(110.8)
Gross profit	303.2	118.9	22.7
Gross margin	**68.7%**	**46.4%**	**17.0%**
SG&A	(9.3)	(9.0)	(10.1)
R&D expense	(2.1)	(1.2)	(2.0)
Other operating income	0.5	0.5	0.1
Income from operations	**292.4**	**109.2**	**10.8**
Interest expense	(7.2)	(7.8)	(6.7)
Net income attributable to Non-controlling interest	10.8	3.9	(0.007)
Net income attributable to Daqo New Energy shareholders	**232.1**	**83.2**	**2.4**
Basic earnings per ADS (US$)	**3.15**	**1.13**	**0.03**
EBITDA (1)	**311.7**	**128.1**	**26.8**
EBITDA margin (1)	**70.6%**	**50.0%**	**20.0%**

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

Balance sheet summary

($ in millions)	As of 6/30/2021	As of 3/31/2021	As of 6/30/2020
Cash and cash equivalent	227.1	167.0	88.2
Restricted cash	42.6	60.8	27.6
Accounts receivable	-	0.02	0.07
Note receivables	97.0	38.5	8.2
Inventories	33.8	34.1	26.8
Prepaid land use rights	37.0	30.5	28.8
Net PP&E	1,217.5	1,081.4	956.7
Total assets	**1,716.8**	**1,439.1**	**1,159.5**
Short-term Borrowings	85.7	121.8	147.8
Advances from customers - short term portion	115.9	64.6	23.5
Advance from customers - long term portion	78.2	77.5	1.1
Notes payable	42.5	60.8	49.1
Payables for purchases of property, plant and equipment	36.0	34.8	97.2
Long-term Borrowings	70.9	100.4	116.9
Total liabilities	**573.4**	**553.9**	**528.2**
Total equity	**1,143.3**	**885.2**	**631.3**
Total liabilities and equity	**1,716.8**	**1,439.1**	**1,159.5**

Cash flow summary

($ in millions)	6 months ended 6/30/ 2021	6 months ended 6/30/ 2020
Net cash provided by operating activities – continuing operations	442.3	47.0
Net cash provided by operating activities – discontinued operations	-	0.05
Net cash provided by operating activities	**442.3**	**47.0**
Net cash used in investing activities – continuing operations	(255.4)	(60.2)
Net cash used in investing activities – discontinued operations	-	(0.2)
Net cash used in investing activities	**(255.4)**	**(60.4)**
Net cash provided by financing activities – continuing operations	(37.1)	16.3
Net cash used in financing activities – discontinued operations	-	(0.06)
Net cash provided by financing activities	**(37.1)**	**16.2**
Effect of exchange rate changes	1.6	(1.7)
Net increase in cash, cash equivalents and restricted cash	151.3	1.1
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	269.7	116.4

Non-GAAP reconciliation

US$ in millions	Q2 2021	Q1 2021	Q2 2020
Net income from continuing operations	242.9	87.2	2.4
Income tax expenses	43.1	14.5	2.0
Interest expense	7.2	7.8	6.7
Interest income	(0.8)	(0.3)	(0.4)
Depreciation & amortization	19.3	18.9	16.0
EBITDA (1)	**311.7**	**128.1**	**26.8**
EBITDA margin (1)	**70.6%**	**50.0%**	**20.0%**
Share-based compensation	2.4	3.0	4.5
Adjusted net income (non-GAAP)(2) attributable to Daqo New Energy Corp. shareholders	**234.5**	**86.2**	**6.9**
Adjusted earnings per basic ADS (non-GAAP)(2)	**$3.18**	**$1.18**	**$0.10**

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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Thank you