MANAGEMENT REPORT

T-Drill Group comprises the parent company T-Drill Oy and its wholly owned subsidiaries T-Drill Holding Corporation (USA) and T-Drill Inc. (USA). T-Drill Group is a subgroup of Leinolat Group, whose parent company is Oy Leinolat Ab. Oy Leinolat Ab holds 91% of the shares in T-Drill Oy. The other companies within Leinolat Group are Leimec Oy, Uwira Oy, Kilkanen Oy and Bobi.com Oy.

The year 2025 was marked by uncertainty in the global economy. Growth in the Euro area and Asia remained slow, while growth in the United States was clearly faster. Although the US economic environment was challenging due to volatile and difficult-to-predict trade policy and high import tariffs, the scale of data centre investments and spending on technology had a favourable impact on the company's business in 2025.

In 2025, the parent company's net sales totalled EUR 22.5 million (in 2024 EUR 18.7 million), an increase of 20%. The Group's net sales amounted to EUR 29.2 million (in 2024 EUR 23.1 million), an increase of 27%.

Markets

The most significant change for the company in 2025 compared with previous years was the strong growth in data centre investments in the United States. This development supported the company's sales to the United States and significantly strengthened the order book.

Exports and foreign operations accounted for 99.7% of both the Group's and the parent company's net sales.

Profit, profitability and capital expenditures

The parent company recorded a profit of EUR 3,075 thousand (in 2024 EUR 2,130 thousand). The Group recorded a profit of EUR 2,881 thousand (in 2024 EUR 1,768 thousand).

The parent company's net sales increased by 20%. Sales to Europe remained at the previous year's level, sales to North America rose by 79%, and sales to other continents decreased by 63%.

The Group's net sales increased by 27% year on year. The net sales of the subsidiary T-Drill Industries Inc., measured in US dollars, rose by 82%. North America accounted for 69% of the Group's net sales.

The parent company's capital expenditures totalled approximately EUR 94.6 thousand and related to production equipment and minor purchases.

Key figures

	T-Drill Group			T-Drill Oy		
	2023	2024	2025	2023	2024	2025
Net sales (EUR thousand)	22,697	23,041	29,194	17,906	18,766	22,468
Operating profit (EUR thousand)	3,065	3,834	4,567	2,138	3,018	4,163
Operating profit margin, %	13.5	16.6	15.6	11.9	16.1	18.5
Equity ratio	54%	59%	56%	48%	56%	56%
Return on equity (ROE)	35%	25%	34%	51%	37%	41%

Product and operational development

During 2025, product development focused on improving the quality and reliability of the best-selling models of the existing collaring machines. Additional features for flanging machines were also developed in response to customer needs. Development of punching and welding technology for T-Drill tube fabrication and joining applications continued. Technical documentation was enhanced by creating an electronic spare parts portal to support sales of spare and wear parts.

New features were developed for the standard machines as part of customer projects.

Production and assembly operations were improved to meet increased market demand, including by increasing production personnel and acquiring new premises, some of which will be taken into use during the next financial year.

In 2025, product development costs accounted for approximately 5% of the Group's net sales. The costs were recognised as expenses for the financial year.

Safety is a high priority at T-Drill. Occupational safety activities continued in accordance with established practices. The company provides safe products and services to its customers and product users, as well as a safe working environment for its personnel. Occupational safety training for personnel was carried out throughout 2025.

Potential business risks

T-Drill's business is exposed to potential risks, the most significant of which include pandemics, wars, trade policy decisions in different countries, exchange rate fluctuations, increases in raw material and personnel costs, and the availability and price of materials and subcontracting. Exchange rate fluctuations affect profitability and the consolidated figures. Increases in raw material and personnel costs affect profitability.

T-Drill applies dynamic hedging in its foreign exchange risk management, with hedging decisions based on prevailing market conditions. External risk management uses derivative instruments such as forward contracts. Internal risk management uses matching.

The key risks relating to personnel, assets, operations and business interruption are insured.

Environment

Environmental considerations are integrated into production, product development and products in accordance with the principles of sustainable development. As part of Leinolat Group, T-Drill has had a sustainability strategy and related objectives in place since 2023.

T-Drill's major environmental impacts relate to the carbon handprint of its products, meaning their environmental impact compared with alternative manufacturing methods, including material and energy savings and reduced welding.

T-Drill's environmental management system is ISO 14001 certified.

Outlook

The company's competitive technology, broad and continuously developing product portfolio, and customer base diversified across several industrial sectors and a wide geographical area provide opportunities for positive business development also during the current financial year. The company expects demand for data centre projects to remain strong also in 2026. Market development is supported by advancing digitalisation, increased use of cloud services and the growing capacity requirements of artificial-intelligence solutions, which require new and energy-efficient cooling solutions. Slightly faster economic growth forecast for the Euro area in 2026 compared with previous years also offers growth potential in key European countries. The company's efforts to strengthen its presence in Asia are also expected to provide increasing opportunities in the Asian markets. During the financial year, the company will continue to participate in key industry trade fairs and further increase its investments in selected industrial sectors. Investments in digital and social media marketing will also be continued to build greater brand awareness.

However, the ongoing Russian war of aggression against Ukraine, challenges related to economic growth in the Euro area, and uncertainty regarding increases in US import tariffs continue to create uncertainty in the global economy, which may therefore affect net sales and profitability during the current financial year.

Structural arrangements and treasury shares

T-Drill Oy's Extraordinary General Meeting was held on 30 December 2025. The General Meeting resolved on a directed share issue to the company's employees. Ten new Series J shares were subscribed for in the share issue.

In connection with the share issue directed to employees, during the financial year the company granted loans totalling EUR 112,500.00 to the employees who subscribed for shares in order to finance the subscription price. The subscribed shares have been pledged as security for the loans, and the other terms of the loans are equivalent to those prevailing in arm's length transactions between independent parties. The price paid for the shares was recognised in full in the reserve for invested unrestricted equity.

At the balance sheet date, the company has loan receivables totalling EUR 165,681.97 from an individual belonging to the company's related parties. Transactions with related parties are carried out on terms equivalent to those of transactions with independent parties; however, they are disclosed in order to provide a true and fair view.

Following the share issue carried out during the financial year, the company holds 1,036 Series A shares and 10 Series J shares. The shares carry equal rights to dividends and the company's assets.

Administration

T-Drill Oy's Annual General Meeting was held on 25 April 2025. The following individuals were elected to serve as members of the Board of Directors: Lars-Erik Schöring of Vaasa as Chairman, Keimo Kalliosaari of Vaasa, Juha Kytölä of Vaasa, Tomas Hedenborg of Helsinki, Pekka Leinola of Vaasa, and Steven Greenfield of Atlanta, USA. Jouni Matikainen of Seinäjoki served as Chief Executive Officer.

The auditor was the firm of Authorised Public Accountants KPMG Oy, with Antti Mäkiluoma, Authorised Public Accountant (KHT), as the auditor with principal responsibility.

Personnel

During the financial year, the Group employed an average of 117 persons, of whom 20 were employed by the subsidiary.

	2025	**2024**	**2023**
Group	117	100	99
Parent company	97	86	85
of whom at the Laihia site	76	66	66
at the Isokyrö site	21	18	19

Wages and salaries for the financial year, EUR thousand

	2025	**2024**	**2023**
Group	7,668	6,300	5,738
Parent company	5,474	4,714	4,536

T-Drill's operations are guided by its vision, 'The Leading Innovator of Sustainable Tube and Pipe Fabrication Solutions', and the shared values of the entire Group: Trust, Transparency and Teamwork. The rights and obligations concerning personnel ensure the right to a safe and healthy working environment and personal well-being.

In recognition of its positive employee experience, T-Drill Oy was awarded the Great Place to Work certification in March 2025.

Board of Directors' proposal for the distribution of retained earnings

Distributable funds in the financial statements amount to EUR 8,106,213.34, of which the profit for the financial year is EUR 3,074,519.56. The Board of Directors proposes to the General Meeting that the distributable funds be used as follows: dividends of EUR 2,500,004.52 be distributed on the outstanding shares and the remainder be retained in retained earnings.
No material changes have occurred in the company's financial position after the end of the financial year. The company's liquidity is good and, in the Board of Directors' opinion, the proposed distribution of profits does not jeopardise the company's solvency.