

## Q & A with Jörgen Lantto, CEO and President of Fingerprint Cards

On February 16, 2016, Fingerprint Cards' CEO Jörgen Lantto had a chat with the readers of Dagens Industri. Below is a transcript of the chat, the chat was originally published on di.se (in Swedish).

Q & A with Jörgen, translation in English (Q= Incoming question, A= Jörgen's answer)

**Q: How do you see the growth for biometrics up to year 2020? Compared to today, how large will the market be, and what share of the market is it fair to assume you will take?**

A: We will see a large growth the coming years. The number of devices with fingerprint sensors in our segment of the market will grow from 250 million units in year 2015 to around 1,7 billion units in 2018. Further on we have not estimated yet. Regarding our share, we believe we can have 50-70 per cent of the market in value terms in 2016, up from 45 per cent in 2015. We have not communicated our goals further, but our ambition is to be the leading supplier.

**Q: Hi Jörgen, who are the main competitors for Fingerprint according to your opinion?**

A: Mainly two companies. Synaptics in the global market and Goodix in China.

**Q: Do you have ongoing projects on biometric passports? How far has this developed?**

A: Passports are for sure a possibility going forward, but so far our focus areas in new market segments have been smart cards, the automotive industry and Internet of things.

**Q: What are you looking forward to in the upcoming Barcelona mobile fair?**

A: I am looking forward to meeting many of our large customers to discuss their plans and how we can support them in the best way. I also will have meetings with investors who are interested in knowing more about Fingerprint Cards.

**Q: First, let me thank you for a great job! My question is when do you believe we will see credit card purchases supported by fingerprint readers?**

A: Thanks for your comment! Let me tell you that our customers are planning the first commercial launches of smart cards equipped with our sensors in 2016. Let us wait and see if Swedish customers will be early adopters in this new market.

**Q: Fingerprint is a company and a share that is discussed very much on different chat sites. Do you as a company follow these discussions?**

A: Of course we are aiming at a reasonable grasp of these things but our main focus is solely the operative business.

**Q: Did you have any doubts on taking your position in FPC?**

A: As soon as Apple acquired our main competitor I was not hard to persuade. You know, I had been (I was) on the FPC Advisory Board. I would say that Apple's acquisition sparked off the very exciting journey we are on; a journey that just has begun.

**Q: In year 2030, how do you believe that your technology will affect the life of ordinary people a normal day in the week?**

A: Wow, that is a real long-term perspective. I do believe that the technology at that time will be widely spread, and such a natural part of our lives that we hardly think about it. Passwords and pincodes are gone since long. Fingerprint sensors are in all devices that are connected to the internet.

**Q: Do you have any thoughts about the report from Precise Biometrics?**

A: I have not read it yet.

**Q: When will you start buy back own shares in FPC?**

A: The AGM (Annual Meeting) the 4<sup>th</sup> of May will decide on share buybacks, after that it can begin if the AGM votes in favor.

**Q: Can you develop more on the projects concerning biometric cards that FPC is involved in right now? Which are the biggest challenges here?**

A: We are working on several projects concerning biometric cards and have already communicated that we collaborate with Zwipe. But we also have other partnerships that we haven't announced yet. There are some adjustments of the sensors we have to do, and above all we have to establish new solution with new partners. The companies we are collaborating with in the card business are not the same companies that are our partners in the phone business. This has to be finalized before commercial solutions can be launched in the marketplace.

**Q: Internet of things is often mentioned as a future growth market. Are there products and/or solutions that you are involved in today?**

A: Yes, we do work on actual projects. We will come back on this with more details when the time is ripe.

**Q: What are your comments on the lack of knowledge and many negative pieces by journalists and "experts" about Fingerprint? Still there are voices claiming overvaluations and exaggerated expectations although the financial reports show good figures.**

A: Our focus is our business and continue to build a successful company. The business we are in is still young and quite unknown, and people adapt to this differently. We are trying to educate the market and the media.

**Q: When can I throw the keys to my apartment and use only my finger as the key? Do you collaborate with any of the larger keylock manufacturers?**

A: We have many ongoing cooperations and the area you mention is relevant to us. But we do not communicate the product planning of our customers, and I do not want to be more specific right now.

**Q: Hello Jörgen, thanks for a great job! It has been interesting to follow your career since you joined the company, although there are many involved. But I have a question about the long-term margins in the industry. It has been speculated that the margins will diminish over time. What's your view on this?**

A: Thanks! The whole company is to congratulate for our success! We have yet not communicated our long-term financial goals. We will come back on this at the AGM in May. But our ambition is definitely to grow with a good profitability and for us there is no conflict between growth and profitability. The



growth emanates from a very fast growing market and the profitability from our products that really are cost effective.

**Q: Hello, you mentioned in an earlier interview (about which tech company in Sweden you would like to talk to) the company Tobii. Can you develop this further?**

A: I have to confess I don't have sufficient time to follow in detail all that happens in Sweden. We are on a global market and there are few companies like us in Sweden. I don't know so much about Tobii but they have a very interesting technology, it seems.

**Q: Hi! When are you to split the share and start the repurchases of shares?**

A: The Annual General Meeting will decide on this on May, 4. On condition the AGM votes in favor, the process of splitting the share can be commenced and a share buyback be decided.

**Q: Are there other areas you would like to develop beside the fingerprint sensors?**

A: It is a good question. Our main focus is to continue to grow within fingerprint sensors for smartphones, and adapt our sensors to the areas we have discussed here: smart cards, the automotive industry, Internet of things i.e. Another option to grow is broadening our offering to other types of sensors. We can develop this ourselves or acquire companies if we find something interesting.

**Q: Who is this Jörgen Lantto besides being the CEO of a cool company?**

A: I have a family and try to spend as much time I can with them when not working. When good musicians comes to Sweden, I also like to go to concerts.

**Q: It is great to ride the subway in China and Hong Kong and see commercials from ZTE, Huawei, Xiaomi with your fingerprint readers on the back. Besides China, how is your penetration in other growing markets like India?**

A: It pleases me you notice the products of our customers in China and Hong Kong! India is in fact one of the priority markets of our customers. The penetration of smartphones is still very low in India and our customers are dedicated to grow fast there. We see that fingerprint sensors is one of the areas where our customers want to make difference in India and that is nice.

**Q: Hello Jörgen. A lot of talking about the technology but a substantial part of the value in FPC must be the human capital of the company. Do you have time to focus sufficiently on your staff? How can you make the people in FPC to be satisfied and stay with the company, and at the same time recruit all the new people you need to grow and develop?**

A: Thank you for a most relevant question. I have the privilege of working in a company with fantastic people that have great ambitions. We have grown from 20 employees when I started back in 2013 to over 250 today. Few people have left us these years. Working at FPC, you can influence the everyday life of hundreds of millions of people with our products. That is really inspiring! In such a growing business as ours it is very important that people work well together, and we have our eyes on that.

**Q: Can you tell something more about the upcoming mobile fair in Barcelona?**

A: You will have to be patient ☺. As I mentioned earlier, it will be a week full of meetings with customers, investors and analysts.



**Q: The company's name is Fingerprint Cards. Did you choose the word "cards" because you started to work on cards, before the smartphone boom arrived?**

A: I wasn't here at the very beginning but I believe Fingerprint Cards was chosen because the cards are an important market for us. But let me tell you that FPC showed a fingerprint sensor equipped to an Ericsson mobile phone already in 1999. So at that time we knew that the mobile phone industry would be an important market, although there were no smartphones back then. But it is very satisfying and pleasing that now 18 years later we are at a point in time where the cards are available to the customer. This was our last question. Have a good day!