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Mondee Holdings, Inc. (Nasdaq: MOND)

Second Quarter 2022 Earnings Call

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CORPORATE PARTICIPANTS

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Thomas White, *D.A. Davidson & Co.*

Michael Grondahl, *Northland Securities*

Brett Knoblauch, *Cantor Fitzgerald & Co.*

PRESENTATION

Operator

Good day, and welcome to the Mondee Second Quarter 2022 Earnings Conference Call.

Please note, this event is being recorded.

I would now like to turn the conference call over to Jeff Houston, Senior Vice President. Jeff, please go ahead.

Jeff Houston

Thank you, and good morning, everyone. Welcome to Mondee's Second Quarter 2022 Conference Call. With me today are Chairman, CEO and Founder, Prasad Gundumogula, and Chief Financial Officer, Dan Figenshu, who will present our results. Also available, our Vice Chairman, Chief Strategy and Business Development Officer, Orestes Fintiklis, and Chief Operating Officer, Jim Dullum.

Before we begin, I'd like to remind everyone that this call may contain forward-looking statements, including statements about revenue, growth of our business, our Management and government plans and other nonhistorical statements as further described in our press release. These forward-looking statements are subject to certain risks, uncertainties and assumptions including those related to Mondee's growth, the evolution of our industry, our product development and success, our Management performance and general economic and business conditions.

We undertake no obligation to revise any statements to reflect changes that occur after this call. Descriptions of these and other risks that could cause actual results to have a material difference from these forward-looking statements are discussed in our reports filed with the SEC and in our press release that was issued this morning.

During the call, we also refer to non-GAAP financial measures. Reconciliations of the most comparable GAAP measures are also available in the press release, which is available at investors.mondee.com. Note that our second quarter results are for the three months ended June 30, 2022, and Mondee's stock began trading on the NASDAQ after that on July 19. Since we were still a private company during the second quarter, Legacy Mondee will not—is not required to file its 10-Q with the SEC.

While we are not required to publish an earnings release or host an earnings call, we decided to hold this call and file its content in an 8-K, including an updated investor presentation, which is available on the website, and you can flip through at your leisure, so that we can provide an update on our business and financial performance now instead of waiting until November when we plan to report third quarter earnings.

With that, I would like to turn the call over to Prasad. Prasad?

Prasad Gundumogula

Thank you, Jeff, and welcome, everyone to Mondee's second quarter earnings call. We appreciate your interest, whether you are a shareholder, a client, supplier, business partner, employees, prospect to shareholder or analyst. I will begin today's call with a summary of our business highlights and strategy, and then we'll turn the call over to our CFO, Dan Figenshu for a more detailed review of our financial results and outlook. We will then conclude the session with time to answer a few questions.

I'm excited to announce that in the second quarter of 2022, Legacy Mondee continued to deliver profitable growth. Gross revenue of $614.8 million was up 180% year-over-year, while net revenue of $42.7 million was up 81% year-over-year. In addition, as we scale, we continue to deliver profitability. Second quarter Adjusted EBITDA was $4.4 million, up from breakeven in Q2 2021 and doubled quarter-over-quarter.

Among many accomplishments in the second quarter, there were three key areas that drove our strong financial and operating results and set us up well for the second half of the year: First, we capitalized on the ongoing travel market recovery; second, we continue to improve and evolve our tech platform; and third, we positioned our Company for M&A growth with our public market debut.

Starting with the recovery in the leisure travel market. The travel industry, especially international travel, which was subdued during most of 2021, began a strong recovery through the second quarter of 2022, although it was uneven in some parts of the world, which were impacted by differing post-pandemic recovery policies, ongoing effects of the war in Ukraine, inflation and recessionary threats.

Our domestic market opened first, followed by international travel. International travel recovered in some areas more than others, based largely on regional post-pandemic reopenings. With our agile operating culture, we were able to dynamically adjust our marketing, sales focus and go-to-market investments.

Slide 4 of our most recent investor presentation sets out the mix of transactions by region in the second quarter of 2022 versus the pre-pandemic second quarter of 2019. It shows, for example, North America has recovered in line with our pre-pandemic mix. Europe overperformed in the first half of this year, and Asia represents an opportunity for the second half of 2022. Our North America air, hotel and ancillary transactions return to 90% of pre-pandemic levels by June. Since North America, our primary market and the market where we are market leaders was the first to open, we focused our go-to-market resources to capitalize on the recovery.

As the European and Middle Eastern regions open next, we adjusted marketing programs and resources to increase our market share there, which added fuel to the general recovery tailwinds. This strategy resulted in strong transaction volume and market share pickup in the European markets in the second quarter, which now represents 27% of transactions which has more than doubled from 12% in January 2022. Overall, the European and Middle Eastern regions have now exceeded our pre-pandemic mix.

However, the Asia market has more room to improve as certain regions continue to have travel restrictions during the first half of 2022, particularly China, which was a significant market for Mondee before the pandemic. As these travel restrictions ease, the Asian market represents a substantial opportunity for our continued recovery in the second half, and we are positioning our marketing and other resources to capitalize on that trend.

In addition to the general market recovery, we have capitalized on other market channel opportunities with our TripPlanet go-to-market initiative performing well. As a reminder, TripPlanet is our solution for member organizations and small-to-medium enterprise closed user groups. And note what we highlight in the segment of our business is the almost 4x increase in average daily tickets booked on our TripPlanet platform for this closed user groups since January of this year. Driving some of this growth is our recent strategic partnership with EBG, a leading activities and events content provider for theme parks, events and more, which together with strategic alliances such as ours—with Gallagher Affinity and others increased our access to about 125 million members currently, up from less than 10 million in the beginning of 2022 and 4 million in 2021.

The second driver of our performance is our technology-led revenue growth. Mondee's travel marketplace is enabled by our travel tech platform effectively, connecting our global content service hubs through our distribution channels and affiliates to target closed user groups. This continuously evolving ecosystem features the following: first, in our global content hub, where we are already the leader in North America private airfares, we are rapidly expanding hotel and vacation rental content, actively adding theme park and even tickets and aggressively exploring options to add cruises and tour content. In addition, our technology is now positioned to add user-generated content through crowdsourcing.

Second, in our service hub, we provide full coverage for customer and traveler needs on a 24/7 basis and expect to expand local expertise and content curation further on a gig economy fueled crowd-sourced basis. The service hub provides a full suite of support for our leisure, closed user group and retail distribution channels and customers.

Last but not least, the content Management. Service support and distribution capability are enabled by our continuously evolving gig tech platform, which now includes capabilities such as omnichannel delivery of conversational commerce features. This next-gen tech platform continues to achieve solid traction, and we expect it to fuel improved results going forward. It is driving additional benefits for our over 50,000 travel advisers and emerging gig economy travel workers whom we connect with our high-value content from more than 500 airlines, over a million hotel and vacation rentals and various ancillary offerings.

As a reminder, Mondee sources, prices and assembles travel combinations at scale that is comparable to the largest global online travel companies, albeit with mostly privately negotiated affairs. Demonstrating the current momentum and the ability of our platform in the second quarter, we facilitated approximately 550,000 transactions, up 46% year-over-year from approximately 460,000 in second quarter 2021. We define transactions as the consumers complete trip and travel experience. So, a single transaction could include multiple flights and hotels, or vacation rentals as well as ancillary solutions. In addition, our platform provides fintech, martech and insurtech solutions customized for the travel industry, ranging from virtual cards and fraud protection solutions to social media and digital campaign and travel insurance.

A further example of the success of this platform is the result from our fintech offering for Q2 2022, which were an impressive 184% growth year-over-year. More excitingly, we made solid strides on our tech-led evolution on our next-gen gig economy platform and are piloting with customers in the gig worker space including a major leisure-focused travel company. We expect to move into full deployment of our next-gen platform in the second half of the year.

We also offer our tech platform to our TripPlanet to member organizations, closed user groups and SMEs. Our platform extends the benefits of the Mondee ecosystem to individuals in these various organizations and closed user groups for their personnel and leisure travel needs. As mentioned above, transactions in this channel have increased almost 4x since the beginning of 2022.

Turning to our recent NASDAQ listing, which is our third area of accomplishment and positioning for the future. On July 19 of this year, Mondee began trading on the NASDAQ under the ticker symbol MOND, M-O-N-D. Becoming a public company is a significant milestone, and I would like to thank all of our shareholders, employees, customers, suppliers and partners for their continued support and hard work. We are thrilled to commence our journey as a NASDAQ-listed company. We look forward to leveraging our public market status and post-merger capital structure to enable us to execute acquisitions of companies that fit our strategic vision aggressively.

We have a history of well calibrated and successfully integrated M&A transactions, delivering strong revenue and cost synergies. We plan to aggressively execute a targeted accretive acquisition strategy, which will help accelerate our growth plans. We have identified a number of accretive acquisition targets that we believe are a good fit for our platform as we continue to disrupt and transform the travel industry.

I will now pass the call over to Dan Figenshu, CFO of Mondee for a review of our financial performance and outlook.

Dan Figenshu

Thank you, Prasad, and thanks again to our audience for attending. We are proud of the legacy Company's second quarter financial performance, particularly the continued growth of Adjusted EBITDA profitability, especially given that this performance was driven entirely by organic revenue growth. We have used part of the liquidity provided by our entry to the public markets to optimize our capital structure, and we are now turning our attention toward commencing our planned M&A strategy, as Prasad just mentioned.

Second quarter gross revenue grew 180% year-over-year to $615 million. Net revenue grew 81% year-over-year to $43 million. The aforementioned growth—growth drivers in the quarter more than offset some pockets of pressure. Take rates in particular, which we define as net revenue divided by gross revenue, are beginning to come back—to come more in line with expectations after significant volatility in prior periods. While take rates for the first half of 2022 of 7.5% was in line with our expectations of 7% to 8%, Q2 2022 declined somewhat to 6.9% as projected. Regardless, Q2's take rate is still up 1.5 percentage points from 2019's pre-pandemic levels due to the success of our ancillary solutions and fintech revenue.

Take rates were countercyclical during the pandemic, particularly with our ancillaries such as travel insurance solutions as well as higher change and cancellation fees, where demand for protection, changes and cancellations spiked due to changing global travel patterns. As expected, demand for these solutions has declined somewhat as the world has reopened. Going forward, we expect take rates to trend upward as a higher portion of our revenue mix comes from the more sticky and higher-margin revenues, such as ancillaries, fintech and subscription, as well as a greater mix of hotels that typically carry higher margin. This is even before taking into account the impacts of the subscription revenues of the disruptive TripPlanet and Unpub products.

We were able to more than offset any headwinds due to the strategic actions Prasad mentioned. Furthermore, we are happy with our overall business trends: Over 1 million tickets sold in the first six months of 2022; over $1 billion in gross revenue in the first six months; we doubled EBITDA quarter-over-quarter.

Turning to expenses. Q2 GAAP operating expenses were $38.7 million or 90.8% of net revenue, and that's down from 99.9% in the year ago quarter, while investing in revenue-generating opportunities such as marketing, events and product launches. Sales and marketing as a percentage of gross revenue quarter-to-date decreased from 6.6% as of first quarter of 2021 to 4.7% in the second quarter of 2022. G&A as a percentage of net revenue has been relatively flat on both a quarter-to-date and year-to-date basis.

Our Q2 net losses were $2.1 million, and that compares to a $12.9 million loss in the year ago quarter. And our Q2 net loss per share of $0.03 compared to a $0.16 loss last year. On a non-GAAP basis, adjusted net losses were $3 million compared with a loss of $6.3 million last year. On a per share basis, adjusted losses per share were $0.03 compared with adjusted losses per share of $0.07 last year. Adjusted EBITDA was $4.4 million, an improvement of $4.4 million as compared to a second quarter 2021 Adjusted EBITDA of $0. Even after increased marketing costs to acquire lifetime customers and grow market share at this inflection point a post pandemic recovery. Note that reconciliations of GAAP to non-GAAP are available in today's earnings release.

Net cash flow used from operations for the three months ended June 2022 was $1.1 million, and that's compared to $1.2 million for the three months ended June 2021. We expect net cash flow from operations to be positive for full year 2022.

Turning to our outlook. We would like to take this opportunity to establish our guidance approach. Going forward, we will provide an annual guidance on our fourth quarter earnings call. So, when we report 2022 fourth quarter results, we will establish 2023 guidance. For 2022, net revenue is projected to be in the range of $150 million to $160 million, representing year-over-year growth of 66% at the midpoint. Adjusted EBITDA is projected to be in the range of $15 million to $22 million. This represents growth of 463% year-over-year and a margin of 12% at the midpoint.

In summary, we believe that Mondee is in a strong financial position to capitalize on the reopening of the travel industry and on future growth opportunities.

I will turn it back over to Prasad.

Prasad Gundumogula

Thanks, Dan. In summary, Mondee is a leader in travel technology with a modern platform underpinning a continuously growing next-gen focused travel marketplace. We believe we provide the best travel content to target consumers through the most effective opaque distribution channels on the most efficient technology and tools. We believe that we are well positioned to continue gaining market share, benefiting from the recovery of international leisure travel in the medium term and addressing the rapidly evolving travel experience needs of today and tomorrow's consumers over the long term.

Thanks for attending our first earnings call, and we look forward to your ongoing support.

Jeff Houston

Operator, we are ready to open it up to Q&A.

Operator

Thank you. Our first question comes from Tom White from D.A. Davidson. Tom, please go ahead.

Thomas White

Great. Good morning everyone. Thanks for taking my questions. A couple, if I could. Maybe just a high-level one first, maybe for you, Prasad. Just curious to hear how your discussions with travel supply partners are going. There obviously is a number of different kind of cross currents, I guess, between people wanting to travel again, but also maybe some inflation and sort of macro pressure. So, just curious how your supply partners, airlines and hotels, are viewing kind of the wholesale, kind of private channel in this type of environment? How you think maybe Mondee might be positioned if we do see, sort of, more of a sustained kind of slowdown in the economic backdrop?

Prasad Gundumogula

Yes, thanks for the question Tom. Let me give you my take. We have been a valued partner with our suppliers for many, many years. We continue to be more valued partner in the years to come. Of all of our discussions, our focus is to see how we can add our value to those—to our suppliers by providing access to their content in a more narrow-cast basis, not on a broadcasted, and also bring a better yield for them based on their yield curves.

As the market is recovering, as you all well know, that the capacity—the more and more capacity is available, as the routes—new routes get added. Also the—and it comes with the servicing issues and all the scale-related issues. So historically, we have been helping them to handle that service issues as well as finding the niche customers where we can help to get the transactions without cannibalizing their published markets.

Fuel with our technology platform, which has some unique capabilities of connecting their direct—their systems directly, as well as ability to service our customers in the most efficient way, adds great value for them. So we—all in all, we feel that it's a great partnership. We have it with our suppliers until now, and we—it's even greater with the addition of our distribution capabilities as well as our technology platform and nature of our closed user group distribution.

James Dullum

Hey Tom, it's Jim Dullum. Let me just add on to what Prasad has said. He's pointed out we are the opaque channel that can help them fill during the short term. We can help them fill pockets because of some of the variability in the market. But also bear in mind that our primary business is with personal and leisure travel, which tends to have a little more extended period of booking prior to travel.

So yes, we are seeing sort of a surge in current demand. But remember, we're also selling tickets and bookings, etc., that are six months and even further out. So, that also feeds into the partnership with the suppliers where we continue to give them those channels for future sales and revenue, which again, as Prasad pointed out, helps them manage their yield more effectively.

Orestes Fintiklis

May I add, this is Orestes Fintiklis, the Vice Chairman of the Company. I would like to add two points. The first one is that even though there may be an intuitive feeling that with the reduction in excess capacity, there will be less of an interest from the partner supplier to engage in opaque channels like Mondee. In reality, this reduction in the capacity is not homogeneous. So, airlines and hotels, they want to push demand in different directions. So Mondee continues to be a very valuable partner. A stark testimony to that is the fact that many of our suppliers have improved the terms at which we are transacting as well as the incentives that they are providing to Mondee.

The second point that you made about macro pressures, two points on this one. The first is that indeed, there is an inflation which is driving an increase in the value of the tickets, which on the part of the airlines and the hotels is also driving an increase in the cost structure. Unlike that, Mondee is benefiting from the inflationary pressure on the sales price, but we are not carrying these increased costs, like increased fuel cost, increased personnel costs that our suppliers are, which makes Mondee a very unique proposition in this inflationary environment.

The other related point to the macro pressure and the general environment is that we are seeing a very strong U.S. dollar for various reasons that we believe will continue in the foreseeable future. This very strong dollar is highly beneficial to our business model because, as you may recall, Mondee's business is 80% outbound international U.S. travel. So, with more power, more purchasing power in the hands of the U.S. consumer, we anticipate and we believe that this will fuel even further our future growth. Thank you.

Thomas White

Got it. That's very helpful. Thanks guys. Maybe one follow-up, maybe for Dan. I appreciate the color around kind of the different drivers of take rate and kind of explaining the delta there between the gross revenue growth and the net revenue growth. I guess, can you just maybe give a little bit more color on what the drivers of the—I think you mentioned that you expect kind of take rates to rebound here in the back half of the year, what the drivers behind that are?

Is there certain ancillaries that will be maybe kind of more resilient to reopening—or at least relative to last year? Is it hotels coming on in a much more meaningful way? Just kind of curious here on that take rate rebounding commentary you made.

Dan Figenshu

Thanks, Tom. Yes, a big portion of that rebound, we believe, will come from hotels, which represent a larger and larger slice of our total revenue picture. As mentioned, hotels carry a higher margin. So, that helps drive and expand our take rate in future quarters. So, we think that's an important part of will be the second half of 2022 and certainly into 2023, an important part of that take rate and that take rate story.

Other important parts that will impact take rate, as we mentioned, are going to be some ancillaries, especially on fintechs side. But also significant is going to be our subscription business. And as mentioned, the TripPlanet, and Unpub products, those are only just beginning as we've talked about, and those will have significant impact on take rate as they have a 100% margin on the take rate side. So, those drive take rate even further up. Hopefully, that's helpful Tom.

Thomas White

Very much. I'll get back in queue. Thank you.

Operator

Our next question comes from Mike Grondahl from Northland Securities. Mike, your line is open.

Michael Grondahl

Hey guys, thanks and congratulations. Can you talk a little bit about the outperformance in Europe? Really, how flexible, I would imagine marketing spend is pretty flexible and you basically go to where the volume is to keep pushing that. But maybe help us understand the outperformance in Europe and kind of your confidence in Asia recovering in the second half. Then if you had any comments on July or August, that would be great.

Prasad Gundumogula

So, the Europe—European market, we have a good story in the first half of 2022. It all started with a 12% market share of our business. Now in June, we are at 27%. And July, it's continuing and continuing to grow. The primary reasons are the travel restrictions and the opening of the markets there, and propensity of the travelers traveling to those areas. So, we have deployed a very agile go-to market strategies to capture that market and to focus on the customers using our real-time data analytics tools, and be able to help our marketing strategies to focus on delivering the access to the right content, to the right customers, at the right time.

So, we are doing that with the travel agencies and gig economy workers who participate in this area from North America. We also opened our gates to a European customer base and to be able to take advantage of our platform, which they never have an access in the past. That drives the growth also significantly.

James Dullum

Mike, it's Jim Dullum. So obviously, relative to Asia as an example for the second half, we can't predict when they will open up to travel more and more, when they will relieve some of the restrictions on COVID-related and all the pandemic issues related. However, we see signs that it is improving and we see further signs that it will continue to improve.

So, that's our basis for currently what we're seeing in the market. We would expect that throughout the rest of the year, those markets will continue to open up. Since they have been such a large portion of our business in the past, we expect that to recover to those levels as they reopen. So that's our optimism, if you will, for that second half performance.

The other thing to remember is even for Europe and the ability for us to move our marketing and sales efforts around since a lot of our business is done through that intermediary channel, as Prasad mentioned, the agents, the affiliates, the gig workers, etc., some of those will change their focus, and we simply then provide them the marketing programs as they focus on different markets to emphasize that. But, in other areas, we can actively target that channel, that will take channel where it is going to markets that are now opened or in the midst of opening. So, that's what gives us the flexibility to move that around pretty quickly, is working through that channel.

Orestes Fintiklis

So may I add, this is Orestes Fintiklis. On the Asia point, the idea is that we're not really predicting when the recovery will happen. But the point that we're making is that Asia was almost 20% of our business prior to the pandemic, and we were able to achieve this overperformance without having that business in full throttle. We tripled the product revenues, doubled the net revenues, doubled the EBITDA, and that was even without Asia. So, the clear point here is that when Asia opens up, whether it's in '22 or early '23, that is clearly more upside to come from the current levels of recovery.

Now on the European point that you made, I will make 2 points for—to basically analyze a bit more on the reasons for the success of going basically from 12% to 27% in a matter of six months. There are two main reasons. The first one is that Mondee has the ability to target its customers. As you know, we—our marketing strategy is not to throw a bunch of marketing dollars on Google, but it is effectively to target through our customers by offering them specific net rate and specific incentives. So, what we did when we saw Europe recovering, we focused on travel advisers that sell predominantly in that area, and we increased the incentives to those cohorts of our customers.

The second point was that due to the prolonged impact of COVID in the European travel market, many of the opaque channels in Europe either went out of business or they had to reduce substantially their marketing dollar, which gave us a window to increase market share in this very, very important market. Thank you very much.

Michael Grondahl

Got it. That's helpful. Then hey, flipping over to your M&A strategy, in the past, you've talked about kind of a robust pipeline. A number of these targets you had gotten close to, is there a way we can think about maybe what is a base case for year-end? I mean, do you think you can get a couple of targets announced and possibly closed with revenues between $10 million, $20 million, $30 million? What's a fair way to think about what you can achieve by year-end '22?

Prasad Gundumogula

Yes. I mean, yes, of course, it is possible, but we cannot predict it, that it will be done 100% because it's not only we both agree to continue with that, there's a process of diligence, the process of doing acquisition complete in the right manner. But, we are currently working actively with our pipeline targets, and we expect to close certain targets that are very accretive for our business, producing tens of millions of dollars more in EBITDAs in the months to come.

James Dullum

Yes. Mike, I would just add as well that as you can see from the 14 acquisitions we've done in the past, all very accretively. Once we have closed the acquisition, we can bring them on and make them productive because of our platform extremely quickly. So, to Prasad's point, we can't exactly predict when they'll happen. We're working very actively with a number of candidates right now, and are now positioned to be able to make this happen as quickly as the process will allow. But as soon as it does happen, you can expect to start to see results very quickly from us.

Michael Grondahl

Got it. Then lastly, EBG and the Arthur Gallagher partnerships, relationships, I know it's early for both of those, but how are those going?

Prasad Gundumogula

They're going extremely well. We are doing a complementary offerings to each of this. We are providing technology platforms to them and to tap into their distribution networks, and they are providing the content that we do not have access.

So, it's been a great partnership. We know that we are only scratching the surface with those partnerships right now. Months to come, and especially in the second half and then 2023, we expect to take these relationships to the next level, which will be good for both of us.

Orestes Fintiklis

May I add a point here. So parts of the joint ventures are already up and running, and they are producing very material results with thousands of flights sold on these platforms every week. And then the second point is that these relationships are very symbiotic, in the sense that these organizations, they have vast distribution capabilities in the hundreds of millions of users.

So, with our technology, we believe that we will be able to increase the adoption rates within this distribution networks, and this is basically where we're focusing our energy in the next few months.

Michael Grondahl

Great. Okay. Thanks guys.

Operator

Thank you. Our next question comes from Brett Knoblauch from Cantor Fitzgerald. Brett, your line is open.

Brett Knoblauch

Hi guys. Congrats on this in the first conference call underway. Just curious if your guidance for $155 million to $160 million on the net side for the full year implies kind of the second half is more or less flat versus the first half. What do you have in those assumptions? Can you maybe walk us through the seasonality, or how we should think about just the back half kind of being similar to the first half in terms of absolute dollars from net revenue?

Prasad Gundumogula

Yes. I mean, the seasonality wise, the third quarter is—third and fourth quarters are at the similar level of quarter one and quarter two. However, there are ups and downs within the intra-quarter months. Please keep in mind that we make the bookings in advance and hence, that some of the bookings for the holidays and for fourth quarter is being done in the third quarter, wherein that we recognize some of our revenue streams, such as our overhead revenues in dollar based on the flown revenues in Q4.

Overall, we are seeing—we are expecting third quarter and fourth quarter to be—seasonality wise it's in the similar size, but the recovery is continuing, and we are taking more and more market shares in these markets. Hence, that we see—that this will be a good outcome for us in quarters to come.

Dan Figenshu

It's Fig. I just wanted to add that in some of the lower down quarters, we will still continue to grow through even that with not just the recovery, but our own expansion and gaining market share, which will allow us to at least sort of hold the line in the second half of the year compared to the first half of the year, which is why we feel these are sort of reasonable expectations for where 2022 will finish on both a net and EBITDA basis.

Orestes Fintiklis

If I may add here few points. What I would add is that we always strive to be conservative in our assumptions with the ability to overperform. So that's a relevant consideration. Then the second one is that about 1/3 of our revenue is back-ended, in the sense that these incentive from our suppliers. As you know, in the first quarter of the year, we had the negative headwinds of Omicron pandemic, so that is impacting the back end revenues of future quarters. So, with that in mind, we decided to project a very conservative picture for this year with, of course, the ability to overperform. Thank you.

Brett Knoblauch

No, that's helpful. Then maybe on Rocketrip, what are you seeing in terms of corporate travels and demand for corporate travel? Is that returning in line with expectations? Are you seeing maybe some of the customers who utilize Rocketrip to return to their normal spend quicker than usual? How should we think about that business and how that is performing?

James Dullum

Yes, Brett, it's Jim. So, we are seeing recovery in the—with some of the Rocketrip customers. Their rate of travel spend is starting to increase again, so we're now seeing that flow through that system. A number of our customers in Rocketrip tend to be larger corporations. Yes, on the small and medium business side, the travel patterns are recovering more quickly we're seeing than on the large corporate customer side.

So, they've been recovering, not as fast as we would have liked to have seen, but that's just the general pattern that's happening in the marketplace. So, at that level, I think Rocketrip is performing well, and we work on continuing to add business there, add customers. But, to be very honest, we have not put a huge market push on that, simply because the general softness in the market.

If you think about it, a lot of companies during the pandemic because they weren't traveling and were trying to rightsize expenses, what would—I can imagine what one of the areas are that they would have attacked, so they are just in the process of rebuilding their travel departments.

So, as that happens, we will continue to emphasize there now. But previously, we've sort of taken a more soft approach.

Prasad Gundumogula

By the way, we are enhancing Rocketrip solutions with our new tool set for their Blaze travel and for their small to medium businesses, requiring to have business leases and simplified systems. So, we're enhancing and adding more solutions that we feel that is going to be required for the market. We are going to capitalize our current customer base in Rocketrip to start with and expand from there.

Orestes Fintiklis

May I add a few points here. The first one is that in marketing terms, the strategy of the Company is always to allocate marketing dollars in the most efficient manner at the right time of the cycle. That is why initially, we focused on domestic travel, then on international U.S. outbound travel, then we pulled resources in Europe when that market is recovering. So, in line with that, and the way to cautiously allocate our marketing dollars, we are kind of phasing out the forecast when we see the strong recovery on corporate travel.

The second point I would make is that Rocketrip is not our only product targeting corporate. The second product that we have is TripPlanet, and that is mostly focused on small and medium enterprises. The angle there is that we are capturing not only the corporate travel of these membership organizations, the small and medium enterprises, but the leisure travel of their employees. As you can see, that is an area that we have focused and which has delivered a quadrupling of the revenues through TripPlanet in the first six months of the year. Thank you.

Brett Knoblauch

Perfect. That’s really helpful. Thanks so much guys. Really appreciate it.

Operator

Thank you. Ladies and gentlemen, currently we have no further questions. Therefore, I would like to hand the call back to Jeff Houston for any closing remarks. Jeff, please go ahead.

Jeff Houston

Thank you, everyone, for joining our call today. I just want to remind you that our investor presentation is up on the Mondee website, investors.mondee.com and we're happy to answer any questions you have. Our e-mail address is ir@mondee.com. Thank you.

Operator

Thank you. Ladies and gentlemen, this concludes today's conference call. Thank you for being with us today. Have a lovely day ahead. You may disconnect your lines now.