UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2026

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For transition period from ______ to ______

Commission File Number 001-39331

System1, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**92-3978051**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4235 Redwood Avenue **Los Angeles, CA**	**90066**
(Address of Principal Executive Offices)	(Zip Code)

(310) 924-6037
(Registrant's telephone number including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A common stock, par value $0.0001 per share	SST	The New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days: Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of May 1, 2026 there were 8,150,474 shares of Class A common stock, $0.0001 par value per share, and 1,788,758 shares of Class C common stock, $0.0001 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

System1, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)
(In thousands, except par value)

	March 31, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 51,514	$ 86,887
Restricted cash, current	500	1,243
Accounts receivable, net	53,257	57,289
Prepaid expenses and other current assets	6,468	4,061
Total current assets	111,739	149,480
Restricted cash, non-current	379	379
Property and equipment, net	1,459	1,562
Internal-use software development costs, net	13,897	13,672
Intangible assets, net	101,358	148,089
Goodwill	82,407	82,407
Operating lease right-of-use assets	8,722	9,120
Other non-current assets	364	263
Total assets	$ 320,325	$ 404,972
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 14,290	$ 22,016
Accrued expenses and other current liabilities	33,278	46,277
Operating lease liabilities, current	1,467	1,427
Debt, net	76,816	76,718
Total current liabilities	125,851	146,438
Operating lease liabilities, non-current	7,753	8,183
Long-term debt, net	221,648	228,399
Deferred tax liability	3,549	4,013
Other non-current liabilities	548	520
Total liabilities	359,349	387,553
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Class A common stock $0.0001 par value; 500,000 shares authorized, 8,302 and 8,225 Class A shares issued as of March 31, 2026 and December 31, 2025, respectively	1	1
Class C common stock $0.0001 par value; 25,000 shares authorized, 1,813 and 1,813 Class C shares issued as of March 31, 2026 and December 31, 2025, respectively	—	—
Additional paid-in capital	880,302	878,859
Accumulated deficit	(894,746)	(847,679)
Accumulated other comprehensive loss	(222)	(157)
Treasury stock, at cost - 190 and 137 shares as of March 31, 2026 and December 31, 2025, respectively	(759)	(557)
Total stockholders' equity attributable to System1, Inc.	(15,424)	30,467
Non-controlling interest	(23,600)	(13,048)
Total stockholders' equity	(39,024)	17,419
Total liabilities and stockholders' equity	$ 320,325	$ 404,972

The accompanying notes are an integral part of these condensed consolidated financial statements.

System1, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)
(In thousands, except for per share amounts)

	Three Months Ended March 31,	
	2026	**2025**
Revenue	$ 37,234	$ 74,513
Operating expenses:		
Cost of revenue	13,860	46,077
Salaries and benefits	20,800	24,988
Selling, general, and administrative	16,789	16,574
Impairment of long-lived assets	36,822	—
Total operating expenses	88,271	87,639
Operating loss	(51,037)	(13,126)
Other expense:		
Interest expense, net	6,629	7,085
Change in fair value of warrant liabilities	—	32
Total other expense, net	6,629	7,117
Loss before income tax	(57,666)	(20,243)
Income tax benefit	(75)	(387)
Net loss	(57,591)	(19,856)
Less: Net loss attributable to non-controlling interest	(10,524)	(3,973)
Net loss attributable to System1, Inc.	$ (47,067)	$ (15,883)
Basic and diluted net loss per share:	$ (5.82)	$ (2.14)
Weighted average number of shares outstanding - basic and diluted	8,090	7,439

The accompanying notes are an integral part of these condensed consolidated financial statements.

System1, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Loss (Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2026	**2025**
Net loss	$ (57,591)	$ (19,856)
Other comprehensive loss:		
Foreign currency translation (loss) income	(79)	13
Comprehensive loss	(57,670)	(19,843)
Comprehensive loss attributable to non-controlling interest	(10,538)	(3,971)
Comprehensive loss attributable to System1, Inc.	$ (47,132)	$ (15,872)

The accompanying notes are an integral part of these condensed consolidated financial statements.

System1, Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited)
(In thousands)

	Class A Common Stock		Class C Common Stock		Treasury Stock, at cost						
	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-In-Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-Controlling Interest	Total Stockholders' Equity
Balance at December 31, 2025	**8,225**	**$ 1**	**1,813**	**$ —**	**137**	**$ (557)**	**$ 878,859**	**$ (847,679)**	**$ (157)**	**$ (13,048)**	**$ 17,419**
Net loss	—	—	—	—	—	—	—	(47,067)	—	(10,524)	(57,591)
Issuance of restricted stock, net of forfeitures and shares withheld for taxes	77	—	—	—	—	—	(27)	—	—	(17)	(44)
Class A common stock repurchases	—	—	—	—	53	(202)	—	—	—	—	(202)
Other comprehensive loss	—	—	—	—	—	—	—	—	(65)	(14)	(79)
Stock-based compensation	—	—	—	—	—	—	1,470	—	—	—	1,470
Contribution from members	—	—	—	—	—	—	—	—	—	3	3
Balance at March 31, 2026	**8,302**	**$ 1**	**1,813**	**$ —**	**190**	**$ (759)**	**$ 880,302**	**$ (894,746)**	**$ (222)**	**$ (23,600)**	**$ (39,024)**

	Class A Common Stock		Class C Common Stock		Treasury Stock, at cost						
	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-In-Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-Controlling Interest	Total Stockholders' Equity
Balance at December 31, 2024	**7,365**	**$ 1**	**1,870**	**$ —**	**—**	**$ —**	**$ 863,041**	**$ (782,335)**	**$ (443)**	**$ 4,732**	**$ 84,996**
Net loss	—	—	—	—	—	—	—	(15,883)	—	(3,973)	(19,856)
Issuance of restricted stock, net of forfeitures and shares withheld for taxes	120	—	—	—	—	—	33	—	—	(325)	(292)
Other comprehensive income	—	—	—	—	—	—	—	—	11	2	13
Stock-based compensation	—	—	—	—	—	—	2,766	—	—	44	2,810
Distribution to members	—	—	—	—	—	—	—	—	—	(12)	(12)
Balance at March 31, 2025	**7,485**	**$ 1**	**1,870**	**$ —**	**—**	**$ —**	**$ 865,840**	**$ (798,218)**	**$ (432)**	**$ 468**	**$ 67,659**

The accompanying notes are an integral part of these condensed consolidated financial statements.

System1, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2026	**2025**
Cash Flows from Operating Activities		
Net loss	$ (57,591)	$ (19,856)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	12,129	20,477
Stock-based compensation	1,264	2,651
Impairment of long-lived assets	36,822	—
Amortization of debt issuance costs	846	911
Noncash lease expense	382	489
Change in fair value of warrant liabilities	—	32
Deferred tax benefits	(460)	(588)
Share-based compensation liabilities	—	806
Other, net	3	23
Changes in operating assets and liabilities:		
Accounts receivable	4,033	1,156
Prepaid expenses and other current assets	(2,509)	(3,245)
Accounts payable	(7,726)	(2,760)
Accrued expenses and other current liabilities	(12,941)	(16,025)
Other non-current liabilities	(386)	(20)
Net cash used in operating activities	(26,134)	(15,949)
Cash Flows from Investing Activities		
Purchases of property and equipment	—	(46)
Purchases of intangible asset	—	(275)
Capitalized software development costs	(2,175)	(1,227)
Net cash used in investing activities	(2,175)	(1,548)
Cash Flows from Financing Activities		
Repayment of term loan	(7,500)	(5,000)
Taxes paid related to net settlement of stock awards	(44)	(292)
Contributions from (Distributions to) members, net	3	(12)
Repurchases of Class A common stock	(202)	—
Net cash used in financing activities	(7,743)	(5,304)
Effect of exchange rate changes in cash, cash equivalent and restricted cash	(64)	9
Net decrease in cash, cash equivalents and restricted cash	(36,116)	(22,792)
Cash, cash equivalents and restricted cash, beginning of the period	88,509	67,948
Cash, cash equivalents and restricted cash, end of the period	$ 52,393	$ 45,156
Reconciliation of cash, cash equivalents and restricted cash to the condensed consolidated balance sheets:		
Cash and cash equivalents	$ 51,514	$ 43,913
Restricted cash	879	1,243
Total cash, cash equivalents and restricted cash	$ 52,393	$ 45,156
Supplemental cash flow information:		
Cash paid for income taxes, net	$ 236	$ 286
Cash paid for interest	$ 6,315	$ 4,319
Stock-based compensation included in capitalized software development costs	$ 206	$ 159

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Organization and Description of Business

System1, Inc. and subsidiaries (the "Company", "we", "our" or "us") operates flagship internet utilities including *CouponFollow, MapQuest,* and *Startpage.com,* and a best-in-class marketing platform powered by artificial intelligence, enabling third party publishers ("Network Partners") to monetize and maximize the value of user traffic across a wide range of advertising category verticals.

On August 1, 2024, we undertook a corporate reorganization, the result of which was that all of the assets and business operations of the Company are now held by System1 Holdings, LLC ("System1 Holdings"), a newly formed intermediate holding company of which we maintain the controlling interest and in which the non-controlling interest is owned by the holders of our Class C common stock. Following the corporate reorganization, (a) System1 Holdings now owns 100% of S1 Holdco, LLC ("S1 Holdco"), the previous intermediate holding company with the non-controlling interests, and 100% of S1 Media, LLC ("S1 Media"), another new subsidiary formed in connection with the corporate reorganization, (b) S1 Media holds the assets and business operations associated with our Products businesses, which include CouponFollow, Startpage and MapQuest, and our acquisition marketing platform and (c) S1 Holdco holds our assets related to our Marketing businesses. System1 Holdings holds our remaining assets and business operations. S1 Holdco and its subsidiaries remain obligors and guarantors under our Term Loan and Revolving Facility, and System1 Holdings and S1 Media are not parties thereto.

Liquidity and Going Concern

We have evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date that the condensed consolidated financial statements are issued.

We have experienced declining cash flows and financial performance primarily as a result of reductions in Advertising Partners and overall consumer demand for our marketing services. As of March 31, 2026, we had cash and cash equivalents of $51.5 million and negative net working capital, which we define as current assets less current liabilities, of $14.1 million. We had an aggregate principal amount outstanding of $50.0 million under our revolving facility (as defined in Note 5, Debt, Net) with a maturity date of January 27, 2027, and $252.6 million of term debt outstanding on our term loan which matures in July 2027. Management determined, as a result of this evaluation, that our current cash and cash equivalents, net working capital position, and the upcoming maturity date of our revolving facility raise substantial doubt about our ability to continue as a going concern for the twelve-month period following the date of this filing.

Our plan is to continue exploring options of refinancing all of our debt obligations. Management cannot conclude as of the date of this filing that its plans are probable of being successfully implemented. There can be no assurance that we will be able to obtain financing that will provide us with sufficient liquidity to satisfy our revolving facility in January 2027 or our term loan in July 2027. As a result, management has concluded that substantial doubt exists about our ability to continue as a going concern.

Our condensed consolidated financial statements have been prepared on a basis that assumes we will continue as a going concern which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business. Accordingly, the accompanying condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying unaudited interim condensed consolidated financial statements and related disclosures are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") applicable to interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-

X. Our condensed consolidated financial statements include the accounts of System1, Inc. and its subsidiaries. All intercompany accounts and transactions have been eliminated in the consolidation. Our fiscal year ends on December 31, 2026. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, as filed with the Securities and Exchange Commission on March 11, 2026.

In our opinion, the condensed consolidated financial statements include all adjustments of a normal recurring nature necessary for the fair statement of our financial position, results of operations, and cash flows. The results of operations for the three months ended March 31, 2026 are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2026 or future operating periods.

There have been no changes to our significant accounting policies described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 that have had a material impact on our condensed consolidated financial statements and related notes.

On June 10, 2025, we filed a certificate of amendment to our Amended and Restated Certificate of Incorporation with the Secretary of State of Delaware to effect a 1-for-10 reverse stock split of the Class A and Class C common stock (the "Reverse Stock Split"). All share data and per share data amounts included in this Form 10-Q have been retrospectively adjusted to reflect the effect of the Reverse Stock Split.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Management's estimates are based on historical information available as of the date of the condensed consolidated financial statements and various other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates.

Significant estimates and assumptions reflected in these condensed consolidated financial statements include, but are not limited to, valuation of goodwill, intangible assets, and long-lived assets, valuation and recognition of stock-based compensation awards and income taxes. On an ongoing basis, management evaluates our estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities.

Risks

We are subject to certain business and operational risks, including competition from alternative technologies, as well as dependence on key Advertising Partners, key employees, key contracts, and growth to achieve our business and operational objectives.

Concentrations

As of March 31, 2026, we had one paid search advertising partnership agreement with Google, and one paid search advertising partnership agreement with Microsoft. The agreement with Google (our largest Advertising Partner by revenue) is in effect through September 30, 2027. We had a second Google agreement that originally was scheduled to remain in effect through February 28, 2027, but was terminated for convenience by Google effective as of February 10, 2026. The agreement with Microsoft (our next largest Advertising Partner by revenue) is in effect through December 31, 2026. Under certain circumstances, each of these agreements may be terminated by either us or the respective Advertising Partner immediately, or with minimal notice**.**

Accounting Pronouncements Not Yet Adopted

In November 2024, the Financial Accounting Standards Board issued ASU No. 2024-03, Income Statement Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40), which improves the disclosures about a public business entity's expenses and requires detailed information about the types of expenses in commonly presented expense financial statement captions. This guidance will be effective for the annual periods beginning with the year ending December 31, 2027 and interim periods during the year ending December 31, 2028. Early adoption is permitted. Upon adoption, the guidance can be applied prospectively or retrospectively. We are evaluating the effect that this guidance will have on our condensed consolidated financial statements and related disclosures.

In September 2025, the Financial Accounting Standards Board issued ASU No. 2025-06, Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software, which amends certain aspects of the accounting for and disclosure of software costs. This guidance will be effective for the annual periods beginning with the year ending December 31, 2028 and interim periods during the year ending December 31, 2028. Early adoption is permitted. Upon adoption, the guidance can be applied prospectively or retrospectively. We are evaluating the effect that this guidance will have on our condensed consolidated financial statements and related disclosures.

3. Goodwill, Internal-Use Software Development Costs, Net, and Intangible Assets, Net

Goodwill

In the second quarter of 2025, as a result of organizational restructuring, we changed our identified segments and determined there are now two operating and reportable segments, Marketing and Products. There was no change to the Partner Network reporting unit. See Note 9, Segment Reporting, for further discussion of our operating and reportable segments. No impairment of goodwill was recognized in any of the periods presented. If revenue and gross profit performance deteriorate further, it is possible that there could be impairment of Goodwill in future periods in the Partner Network reporting unit. Goodwill was $82.4 million as of March 31, 2026 and December 31, 2025, all of which was attributable to the Partner Network reporting unit.

Internal-use Software Development Costs, Net and Intangible Assets, Net

During the first quarter of 2026, we significantly reduced our marketing activities for search monetization in our publishing business and performed an analysis of the carrying value of the long-lived assets in our Marketing asset group. The asset group was tested for recoverability using the undiscounted cash flows over the remaining useful life of the primary asset in the asset group. The estimated net cash flows were determined utilizing internal forecasts. If forecasted net cash flows were less than the carrying amount of the asset group, an impairment expense would be measured by comparing the fair value of the asset group to its carrying amount. The carrying amount of an individual asset in the group cannot be reduced below its fair value.

We concluded that the carrying amount of the Marketing asset group exceeded the undiscounted cash flows. Consequently, our Marketing asset group was no longer recoverable from future operations and we recognized an impairment to our Marketing asset group trademarks, the only asset in the group to which an impairment could be allocated under ASC 360. The impairment of long-lived assets expense was $36.8 million during the three months ended March 31, 2026, presented in our condensed consolidated statements of operations.

During the first quarter of 2026, we implemented measures to optimize and improve operating efficiency in response to changes in products offered by Advertising Partners. As a result of these actions, we incurred $2.2 million of one-time costs which were recorded during the three months ended March 31, 2026, presented within salaries and benefits expense in our condensed consolidated statements of operations. These actions impacted our publishing business by reducing future cashflows.

Internal-use software development costs and intangible assets consisted of the following (in thousands):

	March 31, 2026		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Internal-use software development costs	$ 30,706	$ (16,809)	$ 13,897
Intangible assets:			
Developed technology	$ 196,403	$ (196,390)	$ 13
Trademarks and trade names	163,973	(62,892)	101,081
Software	5,100	(5,100)	—
Customer relationships	2,900	(2,636)	264
Total	$ 368,376	$ (267,018)	$ 101,358

	December 31, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Internal-use software development costs	$ 28,325	$ (14,653)	$ 13,672
Intangible assets:			
Developed technology	$ 196,403	$ (192,670)	$ 3,733
Trademarks and trade names	236,053	(92,250)	143,803
Software	5,100	(4,891)	209
Customer relationships	2,900	(2,556)	344
Total	$ 440,456	$ (292,367)	$ 148,089

The internal-use software development costs include work in progress which is not being amortized of $4.6 million and $2.9 million as of March 31, 2026 and December 31, 2025, respectively.

Amortization expense for internal-use software development costs and intangible assets were as follows (in thousands):

	Three Months Ended March 31,	
	2026	2025
Amortization expense for internal-use software development	$ 2,156	$ 1,619
Amortization expense for intangible assets	$ 9,909	$ 18,651

Amortization expense was presented as follows in the condensed consolidated statements of operations (in thousands):

	Three Months Ended March 31,	
	2026	2025
Cost of revenue	$ 4,908	$ 13,050
Selling, general, and administrative	$ 7,157	$ 7,220

4. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	March 31, 2026	December 31, 2025
Accrued revenue share	$ 18,156	$ 20,865
Accrued payroll and related benefits	8,358	7,552
Accrued marketing expenses	1,361	859
Shared-based compensation liability	424	13,408
Other current liabilities	4,979	3,593
Accrued expenses and other current liabilities	$ 33,278	$ 46,277

CouponFollow Incentive Plan

During the 2024 Performance Period, the CouponFollow business achieved all performance conditions such that the entire performance-based portion of the award vested or was expected to vest. Accordingly, we recognized a current share-based compensation liability of $17.8 million within accrued expenses and other current liabilities as of December 31, 2024, of which $7.8 million was paid in cash in February 2025.

During the 2025 Performance Period, we recognized $3.5 million in shared-based compensation liability expense within accrued expenses and other current liabilities for the performance-based portion of the award that vested on December 31, 2025. The total amount recognized under the CouponFollow Incentive Plan representing performance-based conditions was $21.3 million, of which $2.5 million is a discretionary bonus. The carrying amount of the share-based liabilities approximates its fair value, determined using Level 3 fair value inputs.

In the first quarter of 2026, we paid $10.9 million and $2.1 million in cash for the last performance-based portion of the award and the discretionary bonus, respectively. The remaining $0.4 million discretionary bonus will be settled at management's discretion.

5. Debt, Net

We entered into a term loan ("Term Loan") and revolving facility ("Revolving Facility" and, together with the Term Loan, "Credit Agreement") with Bank of America, N.A., on January 27, 2022, providing for a 5.5 year term loan with a principal balance of $400.0 million and with the net proceeds of $376.0 million. The Revolving Facility provided for borrowing availability of up to $50.0 million. As of March 31, 2026, there was principal of $252.6 million outstanding on the Term Loan. Through December 31, 2025, $5.0 million of the Term Loan was payable quarterly. From March 31, 2026, $7.5 million of the Term Loan is payable quarterly. The Term Loan matures in July 2027.

For every interest period, the interest rate on the Term Loan is the adjusted Secured Overnight Financing Rate ("SOFR") plus 4.75%. The Term Loan is amortized in quarterly installments on each scheduled payment date. The Term Loan comes with a leverage covenant, which goes into effect only if the utilization on the Revolving Facility exceeds 35% of the $50.0 million Revolving Facility at each quarter-end starting the second quarter 2022, such that the first lien leverage ratio (as defined in the credit agreement) should not exceed 5.40. The Credit Agreement has certain financial and nonfinancial covenants, including the "springing" leverage ratio covenant. The Credit Agreement also requires that we deliver our audited consolidated financial statements to our lender within 120 days of our fiscal year end, December 31. Should we fail to distribute the financial statements to our lender within 120 days, we are allowed an additional 30 days to cure. We were in compliance with the financial covenants under the Term Loan as of March 31, 2026.

The interest rate on the Revolving Facility is the adjusted SOFR plus 2.5% with an adjusted SOFR floor of 0%. During the fourth quarter of 2025, we borrowed $50.0 million under the Revolving Facility and the balance outstanding as of March 31, 2026 and December 31, 2025 was $50.0 million, presented within current liabilities. We were in compliance with the financial covenants under the Revolving Facility as of March 31, 2026.

Reorganization

On August 1, 2024, we undertook a corporate reorganization, the result of which was that all of the assets and business operations of the Company are now held by System1 Holdings, LLC ("System1 Holdings"), a newly formed intermediate holding company of which we maintain the controlling interest and in which the non-controlling interest is owned by the holders of our Class C common stock. Following the corporate reorganization, (a) System1 Holdings now owns 100% of S1 Holdco, LLC ("S1 Holdco"), the previous intermediate holding company with the non-controlling interests, and 100% of S1 Media, LLC ("S1 Media"), another new subsidiary formed in connection with the corporate reorganization, (b) S1 Media holds the assets and business operations associated with our Products businesses, which include CouponFollow, Startpage and MapQuest, and our acquisition marketing platform and (c) S1 Holdco holds our assets related to our Marketing businesses. System1 Holdings holds our remaining assets and business operations. S1 Holdco and its subsidiaries remain obligors and guarantors under our Term Loan and Revolving Facility, and System1 Holdings and S1 Media are not parties thereto.

The carrying values of our debt, net of discounts, deferred financing and debt issuance costs were as follows (in thousands):

	March 31, 2026	December 31, 2025
Term Loan [1]	$ 248,464	$ 255,117
Revolving Facility	50,000	50,000
Total debt, net [2]	$ 298,464	$ 305,117

[1] Includes unamortized discount of $3.9 million and $4.7 million and unamortized loan fees of $0.2 million and $0.3 million, as of March 31, 2026 and December 31, 2025, respectively, recorded as a reduction of the carrying amount of the debt and amortized to interest expense using the effective interest method.

[2] Estimated fair value of our debt was $229.3 million as of March 31, 2026.

6. Income Taxes

As of August 1, 2024, we are the sole managing member of System1 Holdings and, as a result, consolidate the financial results of System1 Holdings. System1 Holdings is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, System1 Holdings is not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by System1 Holdings is passed through to and included in the taxable income or loss of its members, including us, on a pro rata basis. We are subject to U.S. federal income taxes, in addition to state and local income taxes with respect to its allocable share of any taxable income or loss of System1 Holdings, as well as any stand-alone income or loss generated by us.

We recorded an immaterial income tax benefit for the three months ended March 31, 2026 and an income tax benefit of $0.4 million for the three months ended March 31, 2025. The effective tax rate was 0.1% for the three months ended March 31, 2026 and 2.0% for the three months ended March 31, 2025. The provision for income taxes differs from the amount of income tax computed by applying the U.S. statutory federal tax rate of 21% to the loss before income taxes due to the exclusion of non-controlling loss, state taxes, foreign rate differential, non-deductible expenses, the valuation allowance activity related to unrealizable deferred tax assets and outside basis adjustments. As of March 31, 2026, we had a full valuation allowance on our U.S. federal and state net deferred tax assets as it was more likely than not that those deferred tax assets would not be realized.

During the three months ended March 31, 2026 and 2025, inclusive of interest, no payments were made to the parties to the Tax Receivable Agreement and there were no amounts due, respectively.

7. Commitments and Contingencies

In June 2023, we entered into a multi-year agreement with a data cloud platform service provider whereby we are contractually obligated to spend $5.0 million in each annual period between July 2023 and June 2026. As of March 31, 2026, we have fulfilled our contractual obligation towards this commitment.

As of March 31, 2026, we had various non-cancelable operating lease commitments for office space which have been recorded as Operating lease liabilities.

Litigation

We are subject to various legal proceedings and claims that arise in the ordinary course of business. We believe the ultimate liability, if any, with respect to these actions will not materially affect the consolidated financial position, results of operations, or cash flows reflected in the condensed consolidated financial statements. There can be no assurance, however, that the ultimate resolution of such actions will not materially or adversely affect our consolidated financial position, results of operations, or cash flows. We accrued for losses when the loss is deemed probable and the liability can reasonably be estimated.

In September 2025, certain lenders (the "Lenders") under our Credit Agreement, dated January 27, 2022 (the "Credit Agreement"), filed a lawsuit in the Supreme Court of the State of New York (the "New York Loan Matter") alleging (i) breach of contract against certain named subsidiaries of the Company that are parties to the Credit Agreement related to the corporate reorganization transactions undertaken by us in August 2024 to better align its corporate entity structure with its reportable business segments (the "Corporate Reorg Transactions"), (ii) both intentional fraudulent transfer and constructive fraudulent transfer against certain named subsidiaries of the Company, including certain subsidiaries that are parties to the Credit Agreement, related to certain steps that such defendants undertook in connection with certain transactions undertaken by the Company related to the sale of its Total Security business in November 2023 (the "Total Security Transactions") and (iii) both intentional fraudulent transfer and constructive fraudulent transfer against certain named subsidiaries of the Company, including certain subsidiaries that are parties to the Credit Agreement, related to certain steps that such defendants undertook in connection with the Corporate Reorg Transactions. Concurrently with the filing of the New York Loan Matter, the same Lenders under our Credit Agreement filed a lawsuit in California Superior Court (Los Angeles County) (the "California Matter" and, together with the New York Loan Matter, the "Creditor Lawsuits") alleging intentional and constructive fraudulent transfer against Openmail2, LLC, an entity controlled by our co-founders ("Openmail2") and certain trusts established for the benefit of the co-founders families (the "Co-founder Trusts") which are significant shareholders of the Company in connection with certain arm's-length negotiated loans that Openmail2 and the Co-founder Trusts extended to certain subsidiaries of the Company in fiscal year 2023 (the "Affiliate Loans") and which were repaid with a portion of the proceeds of the Total Security sale. In November 2025, the Creditor Lawsuits were consolidated into an amended complaint filed in U.S. District Court for the Southern District of New York, setting forth the same allegations against the same parties as those set forth in the Creditor Lawsuits, since the Lawsuits principally relate to the same allegations and underlying transactions. Our subsidiaries that were parties to the Affiliate Loans agreed to indemnify Openmail2 and the Co-founder Trusts for any third-party claims asserted against such parties in connection with extending the Affiliate Loans. We dispute all of the allegations set forth in the Creditor Lawsuits, deny any liability related thereto and intend to defend ourselves vigorously against the allegations and claims set forth therein. We have not accrued a loss related to the Creditor Lawsuits, as a loss is not currently probable and a loss, or range of loss, is not reasonably estimable.

Indemnifications

In the ordinary course of business, we may provide indemnifications of varying scope and terms to customers, vendors, lessors, investors, directors, officers, employees, and other parties with respect to certain matters, including, but not limited to, losses arising out of our breach of such agreements, services to be provided by us, or from intellectual property infringement claims made by third parties. These indemnifications may survive termination of the underlying agreement and the maximum potential amount of future payments we could be required to make under these indemnification provisions may not be subject to claims related to these indemnifications. As a result, we believe the estimated fair value of these agreements was immaterial. Accordingly, we have no liabilities recorded for these agreements as of March 31, 2026 or December 31, 2025, respectively.

8. Net Loss Per Share

For the three months ended March 31, 2026 and 2025, basic net loss per share was calculated by dividing net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding. Basic and diluted net loss per share was calculated as follows (in thousands, except per share data):

	Three Months Ended March 31,	
	2026	2025
Basic and diluted net loss per share		
Net loss attributable to System1, Inc.	$ (5.82)	$ (2.14)
Numerator:		
Net loss attributable to System1, Inc.	$ (47,067)	$ (15,883)
Denominator:		
Weighted-average common shares outstanding used in computing basic and diluted net loss per share	8,090	7,439

Shares of Class C common stock, restricted stock units, Stock Appreciation Rights ("SARs") and Warrants outstanding for the three months ended March 31, 2026 and 2025, are considered potentially dilutive of the shares of Class A common stock and are included in the computation of diluted loss per share, except when the effect would be anti-dilutive. For the three months ended March 31, 2026, 16.8 million Warrants and 0.5 million vested SARs were excluded from the computation of net loss per share as their impact was anti-dilutive. Additionally, 1.3 million SARs were excluded as they are contingently issuable upon the achievement of certain performance conditions, which were not achieved as of March 31, 2026. For the three months ended March 31, 2025, 16.8 million Warrants were excluded from the computation of net loss per share as their impact was anti-dilutive. Additionally, 2.1 million SARs were excluded as they are contingently issuable upon the achievement of certain performance conditions, which were not achieved as of March 31, 2025. See Note 10, Stock-Based Compensation, for additional details.

9. Segment Reporting

We previously managed our business across two operating and reportable segments: the monetization of end-users acquired directly by us to our websites and products ("Owned & Operated Advertising"), and the monetization of end-users acquired by our Network Partners ("Partner Network"). In the second quarter of 2025, we had an internal organizational change that resulted in a change in how we manage our businesses. We combined the management of our Partner Network business with the portion of our Owned and Operated Advertising activities related to paid traffic acquisition via advertising costs and direct agency fees ("Marketing") and separately manage our CouponFollow, Startpage and MapQuest businesses which primarily acquire end-users organically ("Products"). This resulted in a change to our operating and reportable segments. We now have two operating and reportable segments: Marketing and Products. All prior year information in the tables below have been revised retrospectively to reflect the change to our reportable segments.

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the Chief Operating Decision Maker ("CODM"), in deciding how to allocate resources and assess performance. Our Chief Executive Officer, who is considered to be our CODM, reviews financial information presented on an operating segment basis for purposes of making operating decisions and assessing financial performance. The CODM measures and evaluates reportable segments based on segment adjusted gross profit. The CODM evaluates both potential future, as well as historical budget to actual variances, adjusted gross profit by segment on a quarterly basis to determine the allocation of capital for acquisition marketing, as well as technical and personnel resources. Adjusted gross profit is also used to determine variable compensation expense for certain employees. We have not presented segment assets as our CODM does not regularly use segment assets to evaluate or measure segment performance or allocate resources.

The tables below include the following operating expenses that are not allocated to the reportable segments presented to our CODM, such as other cost of revenue (total cost of revenue excluding traffic acquisition cost and agency fees), salaries and benefits, selling, general and administrative expenses and, at times, certain other transactions or adjustments. The CODM does not consider these expenses for the purposes of making decisions to allocate resources among segments or to assess segment performance, however these costs are included in reported condensed consolidated net loss before income tax and are included in the reconciliation that follows.

The following table summarizes revenue, segment cost of revenue and segment adjusted gross profit by reportable segments (in thousands):

	Three Months Ended March 31, 2026			Three Months Ended March 31, 2025		
	Marketing	Products	Total	Marketing	Products	Total
Revenue	$ 18,391	$ 18,843	$ 37,234	$ 52,250	$ 22,263	$ 74,513
Less: segment cost of revenue	5,862	1,526	7,388	30,463	1,309	31,772
Segment adjusted gross profit	12,529	17,317	29,846	21,787	20,954	42,741
Other cost of revenue			6,472			14,305
Salaries and benefits			20,800			24,988
Selling, general, and administrative			16,789			16,574
Impairment of long-lived assets			36,822			—
Interest expense, net			6,629			7,085
Change in fair value of warrant liabilities			—			32
Loss before income tax			$ (57,666)			$ (20,243)

The following table summarizes revenue by geographic region (in thousands):

	Three Months Ended March 31,	
	2026	2025
United States	$ 36,601	$ 73,699
Other countries	633	814
Total revenue	$ 37,234	$ 74,513

10. Stock-Based Compensation

We are authorized to issue and/or grant restricted stock, restricted stock units, stock options, SARs, and other stock-based and cash-based awards under our 2022 Incentive Award Plan.

We recorded the following stock-based compensation expenses for equity-classified awards included within salaries and benefits in the condensed consolidated statements of operations (in thousands):

	Three Months Ended March 31,	
	2026	2025
Stock-based compensation expense	$ 1,264	$ 2,651

Restricted Stock Units

For the three months ended March 31, 2026 and 2025, we recognized stock-based compensation of $1.5 million and $2.3 million, respectively, within equity.

Stock Appreciation Rights

On May 30, 2025 the SARs plan administrator certified that the trailing twelve month ("TTM") adjusted EBITDA exceeded the Tranche I performance threshold and the Tranche I awards vested ("Vested SARs").

On June 10, 2025 our stockholders approved an amendment to the System1, Inc. 2024 Stock Appreciation Rights Plan, (as amended, the "2024 SARs Plan") and the repricing ("Repricing") of certain outstanding SARs previously granted to our employees and consultants under the SARs Plan (collectively, the "SARs Plan Amendment and Repricing"). The strike price of the SARs granted changed from $1.44 to $0.44 and the adjusted EBITDA performance threshold for any TTM period concluding on or after the applicable date of grant was modified from (i) $60 million ("Tranche II"), (ii) $70 million ("Tranche III") and (iii) $80 million ("Tranche IV") to (i) $55 million, (ii) $60 million and (iii) $65 million, respectively ("the Modification"). There were no changes to the other terms of the SARs Plan.

At the modification date, we used the Hull-White I binomial lattice option pricing model to estimate the SARs option fair value. The following table sets forth the key assumptions used to determine the modified fair value:

Input	
Risk-free interest rate	3.87% - 4.11%
Term (in years)	3.06 - 6.06
Volatility factor	84.27% - 97.65%
Dividend yield	0.00%

The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected term is equal to the remaining contractual term. Volatility is based on a blend of the historical volatility of our common stock and the peer-leveraged volatility.

As of March 31, 2026, achievement of the performance conditions associated with Tranches II, III and IV before the fifth, sixth and seventh anniversary dates of the grant date, respectively, remains not probable. No stock-based compensation expense was recorded for the SARs for the three months ended March 31, 2026. For the three months ended March 31, 2025, we recognized $0.4 million in stock-based compensation expense within equity relating to Tranche I awards which vested during the third quarter of 2025. During the three months ended March 31, 2026 and 2025, no SARs were exercised.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless otherwise indicated or the context otherwise requires, references in this section to "the Company," "System1," "we," "us," "our" and other similar terms refer to System1, Inc and its subsidiaries.

The following discussion and analysis of the financial condition and results of operations should be read together with our unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ending December 31, 2025. In addition to historical information, the following discussion and analysis contains forward-looking statements. Our actual results may differ significantly from those projected in such forward-looking statements. Factors that might cause future results to differ materially from those projected in such forward-looking statements include, but are not limited to, those discussed in the sections entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements." included in our Annual Report on Form 10-K.

Company Overview

We operate flagship internet utilities including *CouponFollow, MapQuest,* and *Startpage.com,* and a best-in-class marketing platform powered by artificial intelligence, enabling third party publishers ("Network Partners") to monetize and maximize the value of user traffic across a wide range of advertising category verticals.

Reorganization

On August 1, 2024, we undertook a corporate reorganization, the result of which was that all of the assets and business operations of the Company are now held by System1 Holdings, LLC ("System1 Holdings"), a newly formed intermediate holding company of which we maintain the controlling interest and in which the non-controlling interest is owned by the holders of our Class C common stock. Following the corporate reorganization, (a) System1 Holdings now owns 100% of S1 Holdco, LLC ("S1 Holdco"), the previous intermediate holding company with the non-controlling interests, and 100% of S1 Media, LLC ("S1 Media"), another new subsidiary formed in connection with the corporate reorganization, (b) S1 Media holds the assets and business operations associated with our Products businesses, which include CouponFollow, Startpage and MapQuest, and our acquisition marketing platform and (c) S1 Holdco holds our assets related to our Marketing businesses. System1 Holdings holds our remaining assets and business operations. S1 Holdco and its subsidiaries remain obligors and guarantors under our Term Loan and Revolving Facility, and System1 Holdings and S1 Media are not parties thereto.

Reverse Stock Split

On June 10, 2025, we filed a certificate of amendment to our Amended and Restated Certificate of Incorporation with the Secretary of State of Delaware to effect a 1-for-10 reverse stock split of Class A and Class C common stock. All share data and per share data amounts included in this Form 10-Q have been retrospectively adjusted to reflect the effect of the reverse stock split.

How We Assess the Performance of Our Business

In assessing the performance of our business, we consider a variety of performance and financial measures. The key indicators of the financial condition and operating performance of the business is Gross profit. To help assess performance with this key indicator, the revenue metrics we use are return on traffic acquisition cost ("RTAC"), Products sessions and Products revenue-per-session ("Products RPS"). In addition, we also use Adjusted Gross Profit and Adjusted EBITDA as non-GAAP financial measures. We believe these non-GAAP measures provide useful supplemental information to investors to better evaluate ongoing business performance. These measures are not, and should not be viewed as, a substitute for accounting principles generally accepted in the United States of America ("GAAP") financial measures. Refer to the "Revenue Metrics", "Adjusted Gross Profit" and "Adjusted EBITDA" sections below.

Components of Our Results of Operations

Revenue

We earn revenue by directly acquiring traffic to our owned and operated websites and utilizing our platform and additional services to monetize end-users for our Advertising Partners. For this revenue stream, we are the principal in the transaction and report revenue on a gross basis for the amounts received from Advertising Partners. We have determined that we are the principal since we direct the use of our owned and operating websites, and as such have a risk of loss on the user-traffic that we are acquiring for monetization with our Advertising Partners. Additionally, we maintain the website, provide the content and bear the cost and risk of loss associated with the digital online inventory available on our website.

Revenue is also earned from revenue-sharing arrangements with our Network Partners related to the use of our platform and additional services provided to them in order to direct advertising by our Advertising Partners to their digital online inventory. We have determined that we are the agent in these transactions and therefore report revenue on a net basis, because our network partner runs the campaign to acquire user-traffic including managing traffic acquisition cost. We report the revenue generated under our revenue-sharing arrangements on a net basis, based on the difference between amounts received by us from our Advertising Partners, less amounts remitted to the Network Partners based on the underlying revenue-sharing agreements.

We recognize revenue as we deliver user-traffic to our Advertising Partners based on a cost-per-click, cost-per-action or cost-per-thousand impression basis. The payment terms with our Advertising Partners are generally 30 days.

Revenue may fluctuate from period to period due to a number of factors including seasonality and the shift in mix of user acquisition sources from Advertising Partners.

We have two reportable segments:

- Marketing; and
- Products

Operating Expenses

We classify our operating expenses into the following categories:

Cost of revenue. Cost of revenue primarily consists of traffic acquisition costs, which are the costs to place advertisements to acquire customers to our websites and services, domain name registration costs, licensing costs to provide mapping services to *Mapquest.com* and amortization related to our platform. We do not pre-pay any traffic acquisition costs, and therefore, such costs are expensed as incurred. Amortization related to our platform is recognized over the estimated useful life of the intangible asset.

Salaries and benefits. Salaries and benefits expenses consists of salaries, bonuses, stock-based compensation, and employee benefits costs.

Selling, general, and administrative. Selling, general, and administrative expenses consist of depreciation, general intangibles amortization, fees for software services, professional services, occupancy costs and travel and entertainment. Depreciation and general intangibles amortization expense are primarily attributable to our capital investment(s) and consist of property and equipment depreciation and amortization of intangible assets with finite lives.

Impairment of long-lived assets. Impairment of long-lived assets consists of the impairment of our general intangibles that are no longer recoverable from future operations.

Other Expenses or Incomes:

Other expenses or incomes consist of the following:

Interest expense, net. Interest expense consists of interest on our debt and the amortization of deferred financing costs and debt discount. Interest income consists of interest earned on our cash deposits.

Change in fair value of warrant liabilities. The mark to market of our liability-classified Warrants.

Income tax benefit

As of August 1, 2024, we are the sole managing member of System1 Holdings and, as a result, consolidate the financial results of System1 Holdings. System1 Holdings is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, System1 Holdings is not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by System1 Holdings is passed through to and included in the taxable income or loss of its members, including us, on a pro rata basis. We are subject to U.S. federal income taxes, in addition to state and local income taxes with respect to its allocable share of any taxable income or loss of System1 Holdings, as well as any stand-alone income or loss generated by us.

Results of Operations

The following table sets forth our condensed consolidated results of operations and our condensed consolidated results of operations as a percentage of revenue for the periods presented (in thousands):

	Three Months Ended March 31,			
	2026	**Percentage of Revenue**	**2025**	**Percentage of Revenue**
Revenue	$ 37,234	100 %	$ 74,513	100 %
Operating expenses:				
Cost of revenue	13,860	37 %	46,077	62 %
Salaries and benefits	20,800	56 %	24,988	34 %
Selling, general, and administrative	16,789	45 %	16,574	22 %
Impairment of long-lived assets	36,822	99 %	—	— %
Total operating expenses	88,271	237 %	87,639	118 %
Operating loss	(51,037)	-137 %	(13,126)	-18 %
Other expense:				
Interest expense, net	6,629	18 %	7,085	10 %
Change in fair value of warrant liabilities	—	— %	32	— %
Total other expense, net	6,629	18 %	7,117	10 %
Loss before income tax	(57,666)	-155 %	(20,243)	-27 %
Income tax benefit	(75)	— %	(387)	-1 %
Net loss	(57,591)	-155 %	(19,856)	-27 %
Less: Net loss attributable to non-controlling interest	(10,524)	-28 %	(3,973)	-5 %
Net loss attributable to System1, Inc.	$ (47,067)	-126 %	$ (15,883)	-21 %

Percentages may not sum due to rounding

Revenue Metrics

The key non-financial performance metrics we use to evaluate our business, track the effectiveness of our operations and measure our performance are Revenue per AMP, the number of Products sessions and Products RPS.

Marketing

We define Active Marketing Partners ("AMP") as partners who monetize user traffic on our platform and generate revenue above a predetermined minimum per quarter. We define Revenue per AMP as GAAP Revenue from Marketing Partners divided by AMP. We believe Revenue per AMP is a relevant measure to evaluate our effectiveness and efficiency in deploying capital to acquire monetizable traffic to our Marketing segment.

Products

We define Products sessions as the total number of monetizable user visits to our Products websites. Monetizable visits exclude those visits identified as spam, bot, or other invalid traffic. We define Products RPS as Products revenue divided by Products sessions. We believe Product sessions and RPS are relevant measures to evaluate our effectiveness and efficiency in converting monetizable traffic into revenue, which are key drivers of our Products reportable segment.

Revenue

The following table presents our revenue by reportable segment (in thousands):

	Three Months Ended March 31,		Change	
	2026	**2025**	**($)**	**(%)**
Marketing	$ 18,391	$ 52,250	$ (33,859)	-65%
Products	18,843	22,263	(3,420)	-15%
Total revenue	$ 37,234	$ 74,513	$ (37,279)	-50%

Marketing

Marketing revenue decreased by $33.9 million, or 65% for the three months ended March 31, 2026 compared to the prior period, primarily due to the termination for convenience of our Adsense for Domains monetization arrangement with Google and the significant reduction in marketing activities for search monetization in our publishing business. For the three months ended March 31, 2026, compared to the prior period, AMP decreased by approximately 93 to 56 from 149, primarily due to the termination for convenience of our Adsense for Domains monetization arrangement with Google. Revenue per AMP increased by approximately $0.1 million to $0.2 million from $0.1 million.

Products

Products revenue decreased by $3.4 million, or 15%, for the three months ended March 31, 2026 compared to the prior period, primarily due to a change in mix shift from higher RPS sessions to lower RPS sessions. For the three months ended March 31, 2026, compared to the prior period, Products sessions increased by approximately 178.0 million to 653.7 million from 475.7 million while Products RPS decreased by approximately $0.02 to $0.03 from $0.05.

Cost of revenue

Cost of revenue decreased $32.2 million, or 70%, for the three months ended March 31, 2026 compared to the prior period primarily due to a decrease in advertising spend and agency fees which is correlated with the decrease in revenue. This was primarily related to the termination for convenience of our Adsense for Domains monetization arrangement with Google and a related significant reduction in marketing activities for search monetization in our publishing business.

Amortization expense for our platform recorded in cost of revenue decreased $8.1 million or 62% for the three months ended March 31, 2026 compared to the prior period primarily due to our developed technology reaching the end of its estimated useful life.

Our chief operating decision maker measures and evaluates reportable segments based on segment operating revenue and segment adjusted gross profit. We define and calculate segment adjusted gross profit as revenue less traffic acquisition costs incurred to acquire users. The remaining cost of revenue consists of non-advertising expenses such as set-up costs, royalties, fees and amortization related to our platform. We exclude the following items from segment adjusted gross profit: other cost of revenue (total cost of revenue excluding traffic acquisition cost), salaries and benefits, selling, general and administrative expenses and, at times, certain other transactions or adjustments.

The following table presents our segment adjusted gross profit by reportable segment (in thousands):

	Three Months Ended March 31,		Change	
	2026	2025	($)	(%)
Marketing	$ 12,529	$ 21,787	$ (9,258)	-42 %
Products	17,317	20,954	(3,637)	-17 %
Total adjusted gross profit	$ 29,846	$ 42,741	$ (12,895)	-30 %

See the Revenue and Cost of revenue discussions above for the changes to adjusted gross profit.

Salaries and benefits

Salaries and benefits expense decreased $4.2 million, or 17% for the three months ended March 31, 2026 compared to the prior period. The decrease was primarily driven by a $2.4 million reduction in payroll and bonus expenses due to lower headcount, a $1.3 million decline in stock-based compensation resulting from less restricted stock unit outstanding and no stock appreciation rights expense, and a $1.2 million increase in capitalized internally developed software costs. This was offset by an increase of $1.5 million in severance related expenses due to our reduction in workforce.

Selling, general, and administrative

Selling, general, and administrative expense increased $0.2 million, or 1% for the three months ended March 31, 2026 compared to the prior period. The increase was primarily driven by a $0.9 million increase in software and subscription services, offset by a decrease of $0.7 million in professional services and consulting fees.

Impairment of long-lived assets

Impairment of long-lived assets increased $36.8 million for the three months ended March 31, 2026 compared to the prior period due to the recognition of long-lived asset impairment expense at our Marketing asset group.

Other expense:

Interest expense, net

Interest expense, net decreased $0.5 million, or 6%, for the three months ended March 31, 2026 compared to the prior period primarily due to lower average interest rates in 2026 compared to 2025, offset by a higher loan balance primarily due to the drawdown of our Revolving Facility at the end of 2025.

Change in fair value of warrant liabilities

Change in fair value of warrant liabilities was flat for the three months ended March 31, 2026 compared to the prior period due to the fair value remeasurement of our Warrants which have been delisted from the New York Stock Exchange.

Income tax benefit

The difference between the effective tax rates for the periods presented and the federal statutory tax rate of 21% was primarily due to the exclusion of non-controlling loss, state taxes, foreign rate differential, valuation allowance activity related to unrealizable deferred tax assets and outside basis adjustments.

Non-GAAP Financial Measures

In addition to our results being determined in accordance with GAAP, we believe the following non-GAAP measures are useful in evaluating our operational performance. We use the following non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial information, when taken collectively, may be helpful to investors in assessing our operating performance.

Adjusted Gross Profit

Adjusted Gross Profit is defined as gross profit plus depreciation and amortization recorded in cost of revenues.

The following table reconciles Revenue to Gross Profit and Adjusted Gross Profit for the periods presented (in millions):

	Three Months Ended March 31,	
	2026	**2025**
Revenue	$ 37.2	$ 74.5
Less: Cost of revenue	(13.9)	(46.1)
Gross profit	23.3	28.4
Add: amortization related to cost of revenue	4.9	13.1
Adjusted Gross Profit	$ 28.2	$ 41.5

The decrease in adjusted gross profit for the three months ended March 31, 2026 is primarily related to our decrease in revenue. See "Management's Discussion and Analysis of Financial Condition and Results of Operations, — Revenue Metrics" for additional information for explanations of our changes in revenue.

Adjusted EBITDA

Adjusted EBITDA is defined as net income (loss) before interest expense, income taxes, depreciation and amortization expense, stock-based compensation expense, and other cash and non-cash based income or expenses that we do not consider indicative of our core operating performance, including, but not limited to impairment expense, deferred compensation, gain (loss) on extinguishment of debt, non-cash revaluation of warrant liability and acquisition and restructuring costs. We believe that the use of Adjusted Gross Profit and Adjusted EBITDA provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing our financial measures with those of comparable companies, which may present similar non-GAAP financial measures to investors. However, investors should be aware that when evaluating Adjusted Gross Profit and Adjusted EBITDA, we may incur future expenses similar to those excluded when calculating these measures. In addition, our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items. Our computation of Adjusted EBITDA may not be comparable to other similarly titled measures computed by other companies, because not all companies may calculate Adjusted EBITDA in the same fashion.

We adjust for nonoperating expenses and income, such as nonrecurring special projects, including for related consultant expenses, nonrecurring gain on the sale of assets, expenses associated with financing activities, and reorganization and severance expenses that result from the elimination or rightsizing of specific business activities or operations.

Because of the limitations described above, Adjusted Gross Profit and Adjusted EBITDA should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted Gross Profit and Adjusted EBITDA on a supplemental basis. Investors should review the reconciliation of Gross profit to Adjusted Gross Profit and net income (loss) to Adjusted EBITDA below and not rely on any single financial measure to evaluate our business.

The following table reconciles net loss to Adjusted EBITDA for the periods presented (in millions):

	Three Months Ended March 31,	
	2026	**2025**
Net loss	$ (57.6)	$ (19.9)
Adjustments:		
Income tax benefit	(0.1)	(0.4)
Interest expense	6.6	7.1
Depreciation and amortization	12.1	20.5
Impairment of long-lived assets	36.8	—
Other expense	(0.1)	—
Stock-based compensation & distributions to members	1.3	2.7
Acquisition and restructuring costs	3.7	2.1
Adjusted EBITDA	$ 2.7	$ 12.1

Liquidity and Capital Resources

To date, our principal sources of liquidity have historically been from the sale of Total Security Limited (formerly known as Protected. net Group Limited), indebtedness available under our credit facilities, other indebtedness, and cash flows from operations.

We have experienced declining cash flows and financial performance primarily as a result of reductions in Advertising Partner and overall consumer demand for our marketing services. As of March 31, 2026, we had unrestricted cash and cash equivalents of $51.5 million, negative net working capital, which we define as current assets less current liabilities, of $14.1 million. We had an aggregate principal amount outstanding of $50.0 million under our revolving facility with a maturity date of January 27, 2027, and $252.6 million of term debt outstanding on our term loan which matures in July 2027. Management determined, as a result of this evaluation, that our current cash and cash equivalents, net working capital position, and the upcoming maturity date of our revolving facility raise substantial doubt about our ability to continue as a going concern for the twelve-month period following the date of this filing.

Our plan is to continue exploring options of refinancing all of our debt obligations. Management cannot conclude as of the date of this filing that its plans are probable of being successfully implemented. There can be no assurance that we will be able to obtain financing that will provide us with sufficient liquidity to satisfy our revolving facility in January 2027 or our term loan in July 2027.

Our principal sources of liquidity are expected to be from cash on hand and cash flows from financing activities. Our ability to fund future operating expenses and capital expenditures, and our ability to meet our future debt service obligations, will depend on our ability to execute on our operational strategy and may be affected by our profitability, as well as general economic, financial and other factors which are beyond our control. Our revenue is dependent on two key Advertising Partners, which are Google and Microsoft. See our concentration with customers discussion at Item 1 "Financial Statements — Note 2, Summary of Significant Accounting Policies" for additional information.

Our main focus is executing on our operational strategy, which includes continued focus on expanding the number of advertising partners that are utilizing or integrated with our platform by continuing to attract and monetize users with commercial intent on our owned and operated web properties and on behalf of our Network Partners as well as optimizing bids and driving higher returns on advertising spend. Additionally, we are focused on our current cost structure by reducing our cash operating expenses and debt service obligations. Adverse macroeconomic conditions have affected, and may in the future affect, the demand for advertising, resulting in fluctuations in the amounts our advertisers spend on advertising, which could have a negative impact on our financial condition and operating results.

Credit Facilities

See Item 1, "Financial Statements - Note 5, Debt, Net" of this Quarterly Report on Form 10-Q.

Cash Flows

The following table summarizes our cash flows for the periods presented (in thousands):

	Three Months Ended March 31,	
	2026	2025
Net cash used in operating activities	$ (26,134)	$ (15,949)
Net cash used in investing activities	$ (2,175)	$ (1,548)
Net cash used in financing activities	$ (7,743)	$ (5,304)

Operating Activities

Our cash flows from operating activities are primarily impacted by growth in our operations, timing of payments to our suppliers for advertising inventory and data and related collections from our partners. Payment and collection cycles can vary from period to period. In addition, seasonality may impact cash flows from operating activities on a sequential quarterly basis during the year.

In the three months ended March 31, 2026, cash used in operating activities of $26.1 million resulted primarily from favorable changes in net income, excluding the impact of non-cash items offset by unfavorable changes in working capital balances. The unfavorable changes in working capital balances included $13.0 million in outflows related to the payment of an earnout obligation for the CouponFollow acquisition offset by an decrease in account receivable balances.

In the three months ended March 31, 2025, cash used in operating activities of $15.9 million resulted primarily from $13.2 million in outflows related to the payment of earnout obligations for the CouponFollow acquisition and $4.3 million in net interest paid on our Term Loan.

Investing Activities

In the three months ended March 31, 2026 and 2025, cash used in investing activities of $2.2 million and $1.5 million resulted primarily from capitalization of software development costs.

Financing Activities

Our financing activities consisted primarily of borrowings and repayments of our indebtedness under our credit facilities.

In the three months ended March 31, 2026, cash used in financing activities of $7.7 million resulted primarily from $7.5 million repayment of principal and interest on our Term Loan which increased by $2.5 million on March 31, 2026, and $0.2 million of share repurchases.

In the three months ended March 31, 2025, cash used in financing activities of $5.3 million resulted primarily from repayment of principal and interest on our Term Loan.

Off-Balance Sheet Arrangements

We do not have any relationships with entities often referred to as structured finance or special purpose entities that have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. We did not have any other off-balance sheet arrangements during the periods presented other than the indemnification agreements.

Contractual Obligations and Known Future Cash Requirements

Service Agreements

In June 2023, we entered into a multi-year agreement with a data cloud platform service provider whereby we are contractually obligated to spend $5.0 million annually between July 2023 and June 2026. As of March 31, 2026, we have fulfilled our contractual obligation towards this commitment.

Contingencies

From time to time, we are subject to contingencies that arise in the ordinary course of business. We record an accrual for a contingency when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. We do not currently believe the resolution of any such contingencies will have a material adverse effect upon our condensed consolidated financial statements.

Critical Accounting Policies and Estimates

We prepare our financial statements in accordance with GAAP. Preparing these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

The critical accounting estimates, assumptions, and judgments that we believe to have the most significant impact on our condensed consolidated financial statements are valuation of goodwill, intangible assets, stock-based compensation and income taxes.

There have been no material changes to our critical accounting policies and estimates as described in our Annual Report on Form 10-K filed with the SEC on March 11, 2026.

Recently Issued Accounting Pronouncements

For information regarding recent accounting pronouncements, see Item 1, "Financial Statements - Note 2, Summary of Significant Accounting Policies."

Item 3. Quantitative and Qualitative Disclosure about Market Risk

As a "smaller reporting company", as defined by Rule 10(f)(1) of Regulation S-K, we are not required to provide this information.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Pursuant to Rules 13a-15(b) and 15d-15(b) under the Securities Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act as of the end of the period covered by this report. Based on that evaluation, our CEO and CFO concluded that, as of March 31, 2026, our disclosure controls and procedures were effective to ensure that the information required to be disclosed in the reports required to be filed or submitted under the Securities Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes to our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the three months ended March 31, 2026 which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II—OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to various legal proceedings and claims that arise the ordinary course of business. We believe the ultimate liability, if any, with respect to these actions will not materially affect the unaudited condensed consolidated financial position, results of operations, or cash flows reflected in the unaudited condensed consolidated financial statements. There can be no assurance, however, that the ultimate resolution of such actions will not materially or adversely affect our unaudited condensed consolidated financial position, results of operations, or cash flows. We accrue for losses when the litigation and claim, including legal costs, is deemed probable and the liability can reasonably be estimated.

For information in response to this item, see Part I, Item I, "Financial Statements - Note 7, Commitments and Contingencies", within the notes to our unaudited condensed consolidated financial statements and for a summary of material legal proceedings see Part I, Item 3, "Legal Proceedings" of our Annual Report on Form 10-K filed with the SEC on March 11, 2026.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K Part I, Item "1A. Risk Factors" for the year ended December 31, 2025 filed with the SEC on March 11, 2026.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Equity Securities

None.

Issuer Purchases of Equity Securities

2022 Repurchase Program

On August 11 2022, our Board of Directors authorized and we announced up to $25.0 million for the repurchase of our Class A common stock and Warrants (the "2022 Repurchase Program"). The 2022 Repurchase Program does not expire. During the first quarter of 2025 there were no repurchases of Class A common stock and Warrants. The following table provides certain information with respect to our purchases of Class A common stock during the first quarter of 2026:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in thousands)
January	24,680	$ 4.33	24,680	$ 22,686
February	17,523	3.57	17,523	$ 22,730
March	10,637	2.89	10,637	$ 22,762
Total Repurchases	52,840	$ 3.79	52,840	

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

		Incorporated by Reference				Filed or Furnished Herewith
Exhibit No.	**Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**	
2.1(a)	Business Combination Agreement, dated as of June 28, 2021, by and among Trebia Acquisition Corp., S1 Holdco, LLC, System1 SS Protect Holdings, Inc., and the other parties that are signatory thereto.	8-K	001-39331	2.1	6/29/2021	
2.1(b)	Amendment No. 1 to the Business Combination Agreement, dated as of November 30, 2021, by and among Trebia Acquisition Corp., S1 Holdco, LLC, System1 SS Protect Holdings, Inc., and the other parties that are signatory thereto.	S-4	333-260714	2.2	12/1/2021	
2.1(c)	Amendment No. 2 to the Business Combination Agreement, dated January 10, 2022, by and among S1 Holdco, LLC, a Delaware limited liability company, System1 SS Protect Holdings, Inc., a Delaware corporation and the other parties signatory thereto.	8-K	001-39331	10.1	1/20/2022	
2.1(d)	Amendment No. 3 to the Business Combination Agreement, dated January 25, 2022, by and among S1 Holdco, LLC, a Delaware limited liability company, System1 SS Protect Holdings, Inc., a Delaware corporation and the other parties signatory thereto.	8-K	001-39331	10.1	1/26/2022	
2.2	Share Purchase Agreement, dated November 30, 2023, by and among System1, Inc., Orchid Merger Sub II, LLC, Sonic Newco, LLC, JDI Antarctica Limited and JDI Antarctica Sub II Limited	8-K	001-39331	2.1	12/4/2023	
3.1	Certificate of Incorporation of System1, Inc.	8-K	001-39331	3.1	2/2/2022	
3.2	Second Amended and Restated Bylaws of System1, Inc.	8-K	001-39331	3.1	3/1/2023	
3.3	Amendment to the System1, Inc. Certificate of Incorporation	8-K	001-39331	3.1	6/14/2024	
3.4	Amendment to the System1, Inc. Certificate of Incorporation	8-K	001-39331	3.1	6/11/2025	
4.1	Warrant Agreement, dated June 19, 2020, by and between Trebia Acquisition Corp. and Continental Stock Transfer & Trust Company, as warrant agent.	8-K	001-39331	4.1	6/2/2020	
4.2	Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934	10-K	001-39331	4.2	6/6/2023	
10.1^	System1, Inc. 2022 Incentive Award Plan.	8-K	001-39331	10.2	2/2/2022	
10.2#	Credit and Guaranty Agreement, dated as of January 27, 2022, among Orchid Finco LLC, System1 Midco, LLC, Orchid Merger Sub II, LLC and the subsidiaries from time to time party thereto, S1 Holdco, LLC, Bank of America, N.A. and the lenders from time to time party thereto.	10-K	001-39331	10.7	6/6/2023	
10.3	Registration Rights Agreement, dated January 27, 2022, by and among System1, Inc. and the other parties that are signatory thereto.	S-1	333-262608	10.3	2/9/2022	
10.4	Registration Rights Agreement, dated June 19, 2020, among the Company, the Sponsors and certain other security holders named therein.	8-K	001-39331	10.2	6/22/2020	
31.1*	Certification of principal executive officer pursuant to Rules 13a-15(e) and 15d-15(e), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2*	Certification of principal financial and accounting officer pursuant to Rules 13a-15(e) and 15d-15(e), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1**	Certification of principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2**	Certification of principal financial and accounting officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS*	XBRL Instance Document – The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					
101.SCH*	XBRL Taxonomy Extension Schema Document.					

101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*	Filed herewith.
**	This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.
^	Indicates management contract or compensatory plan.
#	Schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Registrant will furnish copies of any such schedules and exhibits to the SEC upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		System1, Inc.
Date: May 12, 2026	By:	/s/ Michael Blend
		Michael Blend
		Chief Executive Officer
Date: May 12, 2026	By:	/s/ Tridivesh Kidambi
		Tridivesh Kidambi
		Chief Financial Officer

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Michael Blend, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of System1, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Michael Blend
Michael Blend
Chief Executive Officer
(Principal Executive Officer)
Date: May 12, 2026

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Tridivesh Kidambi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of System1, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Tridivesh Kidambi
Tridivesh Kidambi
Chief Financial Officer
(Principal Financial Officer)
Date: May 12, 2026

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2026 of System1, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Blend, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael Blend
Michael Blend
Chief Executive Officer
(Principal Executive Officer)

Date: May 12, 2026

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission (the "SEC") or its staff upon request.

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2026 of System1, Inc. (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Tridivesh Kidambi, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Tridivesh Kidambi
Tridivesh Kidambi
Chief Financial Officer
(Principal Financial Officer)

Date: May 12, 2026

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission (the “SEC”) or its staff upon request.

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.