

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

FORM 10-Q

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

For the quarterly period ended December 31, 2025

or

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

For the transition period from _____ to _____

Commission File Number 0-4057

PORTSMOUTH SQUARE, INC.

(Exact name of registrant as specified in its charter)

CALIFORNIA
(State or other jurisdiction
of Incorporation or organization)

94-167411
(I.R.S. Employer
Identification No.)

1516 S. Bundy Dr., Suite 200, Los Angeles, California 90025
(Address of principal executive offices) (Zip Code)

(310) 889-2500
(Registrant's telephone number, including area code)

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 (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit 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.

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

The number of shares outstanding of registrant's Common Stock, as of February 12, 2026 was 734,187.

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
NONE	NONE	NONE

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**PART 1
FINANCIAL INFORMATION**

Item 1 – condensed consolidated financial statements

**PORTSMOUTH SQUARE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS**

As of	December 31, 2025 (unaudited)		June 30, 2025
ASSETS			
Investment in Hotel, net	\$	33,426,000	\$ 33,783,000
Investment in marketable securities		145,000	127,000
Cash and cash equivalents		3,408,000	4,470,000
Restricted cash		5,314,000	7,252,000
Accounts receivable, net		162,000	397,000
Other assets, net		1,156,000	891,000
Total assets	\$	<u>43,611,000</u>	\$ <u>46,920,000</u>
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Liabilities:			
Accounts payable and other liabilities - Hotel	\$	11,660,000	\$ 12,671,000
Accounts payable and other liabilities		202,000	129,000
Accounts payable to related party		18,928,000	16,634,000
Related party notes payable		38,108,000	38,108,000
Other notes payable		1,696,000	1,979,000
Mortgage notes payable, net		102,013,000	101,519,000
Total liabilities		<u>172,607,000</u>	<u>171,040,000</u>
Shareholders' deficit:			
Common stock, no par value: Authorized shares - 750,000; 734,187 shares issued and outstanding shares as of December 31, 2025 and June 30, 2025		2,092,000	2,092,000
Accumulated deficit		(131,088,000)	(126,212,000)
Total shareholders' deficit		<u>(128,996,000)</u>	<u>(124,120,000)</u>
Total liabilities and shareholders' deficit	\$	<u>43,611,000</u>	\$ <u>46,920,000</u>

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

PORTSMOUTH SQUARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

<u>For the three months ended December 31,</u>	<u>2025</u>	<u>2024</u>
Revenue - Hotel	\$ 12,661,000	\$ 9,965,000
Costs and operating expenses		
Hotel operating expenses	(10,427,000)	(9,055,000)
Hotel depreciation and amortization expense	(914,000)	(878,000)
General and administrative expense	(316,000)	(296,000)
Total costs and operating expenses	(11,657,000)	(10,229,000)
Income (loss) from operations	1,004,000	(264,000)
Other income (expense)		
Interest expense - mortgage	(2,385,000)	(2,845,000)
Interest expense - related party	(864,000)	(857,000)
Net loss on marketable securities	(6,000)	(33,000)
Dividend and interest income	-	3,000
Trading and margin interest expense	(40,000)	(40,000)
Total other expense, net	(3,295,000)	(3,772,000)
Net loss	\$ (2,291,000)	\$ (4,036,000)
Basic and diluted net loss per share	\$ (3.12)	\$ (5.50)
Weighted average number of common shares outstanding - basic and diluted	734,187	734,187

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

PORTSMOUTH SQUARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

<u>For the six months ended December 31,</u>	<u>2025</u>	<u>2024</u>
Revenue - Hotel	\$ 25,079,000	\$ 21,785,000
Costs and operating expenses		
Hotel operating expenses	(20,908,000)	(17,847,000)
Hotel depreciation and amortization expense	(1,788,000)	(1,781,000)
General and administrative expense	(582,000)	(651,000)
Total costs and operating expenses	(23,278,000)	(20,279,000)
Income from operations	1,801,000	1,506,000
Other income (expense)		
Interest expense - mortgage	(4,878,000)	(5,669,000)
Interest expense - related party	(1,736,000)	(1,681,000)
Net gain on marketable securities	17,000	8,000
Dividend and interest income	-	7,000
Trading and margin interest expense	(79,000)	(78,000)
Total other expense, net	(6,676,000)	(7,413,000)
Loss before income taxes	(4,875,000)	(5,907,000)
Income tax expense	(1,000)	(1,000)
Net loss	\$ (4,876,000)	\$ (5,908,000)
Basic and diluted net loss per share	\$ (6.64)	\$ (8.05)
Weighted average number of common shares outstanding-basic and diluted	734,187	734,187

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

PORTSMOUTH SQUARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT
(Unaudited)

	<u>Common Stock</u>		<u>Accumulated Deficit</u>	<u>Total Shareholders' Deficit</u>
	<u>Shares</u>	<u>Amount</u>		
Balance at July 1, 2025	734,187	\$ 2,092,000	\$ (126,212,000)	\$ (124,120,000)
Net loss	-	-	(2,585,000)	(2,585,000)
Balance at September 30, 2025	734,187	2,092,000	(128,797,000)	(126,705,000)
Net loss	-	-	(2,291,000)	(2,291,000)
Balance at December 31, 2025	<u>734,187</u>	<u>\$ 2,092,000</u>	<u>\$ (131,088,000)</u>	<u>\$ (128,996,000)</u>

	<u>Common Stock</u>		<u>Accumulated Deficit</u>	<u>Total Shareholders' Deficit</u>
	<u>Shares</u>	<u>Amount</u>		
Balance at July 1, 2024	734,187	\$ 2,092,000	\$ (117,102,000)	\$ (115,010,000)
Net loss	-	-	(1,872,000)	(1,872,000)
Balance at September 30, 2024	734,187	2,092,000	(118,974,000)	(116,882,000)
Net loss	-	-	(4,036,000)	(4,036,000)
Balance at December 31, 2024	<u>734,187</u>	<u>\$ 2,092,000</u>	<u>\$ (123,010,000)</u>	<u>\$ (120,918,000)</u>

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

PORTSMOUTH SQUARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

For the six months ended December 31,	2025	2024
Cash flows from operating activities:		
Net loss	\$ (4,876,000)	\$ (5,908,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Unrealized loss (gain) on marketable securities	(17,000)	6,000
Depreciation and amortization	1,788,000	1,781,000
Amortization of loan costs	494,000	680,000
Amortization of other notes payable	(283,000)	(125,000)
Changes in operating assets and liabilities:		
Investment in marketable securities	(1,000)	65,000
Accounts receivable	235,000	198,000
Other assets	(265,000)	(362,000)
Accounts payable and other liabilities - Hotel	(1,011,000)	2,342,000
Accounts payable and other liabilities	73,000	(1,090,000)
Accounts payable related party	2,294,000	2,390,000
Net cash used in operating activities	<u>(1,569,000)</u>	<u>(23,000)</u>
Cash flows from investing activities:		
Payments for hotel furniture, equipment and building improvements	(1,431,000)	(614,000)
Net cash used in investing activities	<u>(1,431,000)</u>	<u>(614,000)</u>
Cash flows from financing activities:		
Proceeds from related party note payable	-	1,129,000
Payments of mortgage notes payable	-	(1,174,000)
Net cash used in financing activities	<u>-</u>	<u>(45,000)</u>
Net decrease in cash, cash equivalents, and restricted cash	(3,000,000)	(682,000)
Cash, cash equivalents, and restricted cash at the beginning of the period	11,722,000	4,775,000
Cash, cash equivalents, and restricted cash at the end of the period	<u>\$ 8,722,000</u>	<u>\$ 4,093,000</u>
Supplemental information:		
Interest paid	<u>\$ 3,053,000</u>	<u>\$ 2,051,000</u>

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

PORTSMOUTH SQUARE, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025
(UNAUDITED)

NOTE 1 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited condensed consolidated financial statements of Portsmouth Square, Inc. (“Portsmouth”, the “Company”, “we”, “our”, or “us”) have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”) applicable to interim financial reporting. As permitted under those rules and regulations, certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) have been condensed or omitted. In the opinion of management, all normal recurring adjustments considered necessary for a fair presentation have been included. The results of operations for the interim periods presented are not necessarily indicative of results expected for the full fiscal year.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements of Portsmouth and the notes therein included in the Company’s Annual Report on Form 10-K for the year ended June 30, 2025. The June 30, 2025, condensed consolidated balance sheet was derived from the audited condensed consolidated balance sheet included in the Company’s Form 10-K for the year ended June 30, 2025.

The unaudited condensed consolidated financial statements include the accounts of our wholly owned and controlled subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

There have been no material changes to the Company’s significant accounting policies during the six months ended December 31, 2025. Please refer to the Company’s Annual Report on Form 10-K for the year ended June 30, 2025 for a summary of the significant accounting policies.

Recently Issued and Adopted Accounting Pronouncements

Our Annual Report on Form 10-K for the year ended June 30, 2025, filed with the SEC on September 29, 2025, contains a discussion on the recently issued accounting pronouncements. As of December 31, 2025, there was no material impact from the recent adoption of new accounting pronouncements, nor expected material impact from recently issued accounting pronouncements yet to be adopted, on the Company’s condensed consolidated financial statements.

Going Concern

The unaudited condensed consolidated financial statements have been prepared in accordance with U.S. GAAP and on a going concern basis, which assumes the Company will continue to operate in the normal course of business. Management evaluates going concern in accordance with Accounting Standards Codification (“ASC”) 205-40 for the twelve months following the issuance of these condensed consolidated financial statements.

As disclosed in the Company’s Annual Report on Form 10-K for the year ended June 30, 2025, management concluded that the conditions and events that had raised substantial doubt were alleviated as of that date as a result of the Company’s March 28, 2025 refinancing of its senior mortgage and mezzanine debt, which resulted in extended maturities, favorable interest terms, and improved covenant compliance. Since closing, the Company has remained current on all required debt service and continued property enhancements intended to support the Hilton San Francisco Financial District hotel’s (“Hotel”) competitive positioning (See Note 10 – Mortgage Notes Payable and Mezzanine Financing). In addition, in March 2025 and May 2025, the related-party facility with The InterGroup Corporation was amended to increase borrowing capacity to \$40,000,000, extend maturity to July 31, 2027, and reduce the rate to 9%, providing a contingency source of liquidity without required monthly principal or interest payments prior to maturity (See Note 9 – Related Party and Other Financing Transactions).

Management re-evaluated the Company’s liquidity as of December 31, 2025, and concluded that no conditions or events exist that raise substantial doubt about the Company’s ability to continue as a going concern for at least the next twelve months following issuance.

NOTE 2 - LIQUIDITY

See Note 1 – Basis of Presentation and Significant Accounting Policies (Going Concern) (ASC 205-40) for management’s going concern assessment, including the prior conditions/events, the actions taken, the assessment outcome, and related risks.

Historically, the Company has relied primarily on cash flows generated from operations at its hotel property, the Hilton San Francisco Financial District (the “Hotel”), as its primary source of liquidity. However, the pace of recovery in the San Francisco hospitality market remains slower than anticipated due to several factors, including a sustained decline in business travel driven by remote work trends, as well as broader municipal challenges such as safety concerns, homelessness, and increased crime. These conditions have limited demand in key customer segments and shifted the Hotel’s revenue base toward lower-yielding leisure travel.

As a result, the Company experienced net cash used in operating activities of approximately \$1,569,000 for the six months ended December 31, 2025. In response to ongoing market pressures, the Company has adopted several capital preservation initiatives, including deferral of non-essential capital projects, temporary suspension of certain Hotel services, renegotiation of vendor agreements, and reduction of controllable operating expenses. During the six months, the Company continued to invest in property enhancements, incurring capital expenditures totaling approximately \$1,431,000. These expenditures included the renovation of 14 guest rooms, which had previously been utilized as administrative offices and were returned to the Company’s available room inventory upon completion in September 2025 (see Note 4).

As of December 31, 2025, the Company had:

- Cash and cash equivalents of \$3,408,000 (compared to \$4,470,000 as of June 30, 2025);
- Restricted cash of \$5,314,000 (compared to \$7,252,000 as of June 30, 2025); and
- Marketable securities, net of margin balances, of \$145,000 (compared to \$127,000 as of June 30, 2025).

These securities are considered liquid and available for short-term needs. Marketable securities are short-term investments that are readily convertible to cash and are not material to the Company’s overall liquidity (See Note 5).

Summary of Related Party Financing (See Note 9 for full details)

To supplement its liquidity position, the Company maintains access to an unsecured loan facility with its parent company, The InterGroup Corporation (“InterGroup”), a related party. The initial facility, dated July 2, 2014, has undergone several amendments. In March 2025, the facility was amended to (i) increase the available borrowing capacity to \$40,000,000, and (ii) extend the maturity date to July 31, 2027. In May 2025, the facility was amended to reduce the interest rate to 9% from 12%.

During the six months ended December 31, 2025, the Company had no additional borrowings under this facility. As of December 31, 2025, the outstanding loan balance was \$38,108,000, with no principal repayments made to date. Principal and accrued interest are due in full at maturity; no monthly principal or interest payments are required prior to that date. See Note 9 – Related Party and Other Financing Transactions.

To further enhance liquidity flexibility, the Company may consider amending its by-laws to authorize the issuance of additional shares for potential equity capital raises, should public market conditions permit.

Liquidity Outlook

The Company remains current on all debt service obligations, and management’s forecasts indicate adequate liquidity for the twelve-month period following the issuance of these condensed consolidated financial statements.

Forward-looking risks remain primarily tied to the performance of the San Francisco hospitality market, including:

- The pace of recovery in business travel;

- Competitive dynamics among local hotels;
- Broader municipal issues affecting the city's perception among travelers; and
- Potential impacts from macroeconomic trends on leisure travel demand.

Management will continue to monitor these market-specific conditions and adjust operations, capital allocation, and marketing strategies to maintain the Hotel's competitive position.

The following table provides a summary as of December 31, 2025, the Company's material financial obligations which also includes interest payments:

	Total	6 Months 2026	Year 2027	Year 2028	Year 2029	Year 2030	Thereafter
Mortgage notes payable	\$ 103,300,000	\$ -	\$ 103,300,000	\$ -	\$ -	\$ -	\$ -
Hilton/Aimbridge other notes payable	1,696,000	283,000	463,000	317,000	317,000	316,000	-
Related party notes payable	38,108,000	-	-	38,108,000	-	-	-
Interest mortgage notes payable	16,572,000	4,449,000	12,123,000	-	-	-	-
Interest related party note payable	16,500,000	2,286,000	4,573,000	9,641,000	-	-	-
Total	<u>\$ 176,176,000</u>	<u>\$ 7,018,000</u>	<u>\$ 120,459,000</u>	<u>\$ 48,066,000</u>	<u>\$ 317,000</u>	<u>\$ 316,000</u>	<u>\$ -</u>

Mortgage Notes Payable

See Note 10 – Mortgage Notes Payable and Mezzanine Financing for current facility terms, maturities, covenants, and cash-management provisions.

Related Party Notes Payable

See Note 9 – Related Party and Other Financing Transactions for additional information on the InterGroup revolving credit facility.

NOTE 3 – REVENUE

The following table presents our revenues disaggregated by revenue streams:

For the three months ended December 31,	2025	2024
Hotel revenues:		
Hotel rooms	\$ 11,055,000	\$ 8,401,000
Food and beverage	620,000	654,000
Garage	822,000	780,000
Other operating departments	164,000	130,000
Total Hotel revenue	<u>\$ 12,661,000</u>	<u>\$ 9,965,000</u>
For the six months ended December 31,	2025	2024
Hotel revenues:		
Hotel rooms	\$ 21,483,000	\$ 18,511,000
Food and beverage	1,532,000	1,387,000
Garage	1,722,000	1,655,000
Other operating departments	342,000	232,000
Total Hotel revenue	<u>\$ 25,079,000</u>	<u>\$ 21,785,000</u>

Performance Obligations

We identified the following performance obligations for which revenue is recognized as the respective performance obligations are satisfied, which results in recognizing the amount we expect to be entitled to for providing the goods or services:

- *Cancelable room reservations or ancillary services* are typically satisfied as the good or service is transferred to the Hotel guest, which is generally when the room stay occurs.
- *Non-cancelable room reservations and banquet or conference reservations* represent a series of distinct goods or services provided over time and satisfied as each distinct good or service is provided, generally recognized daily over the stay or as banquet/conference services are rendered.
- *Other ancillary goods and services* are purchased independently of the room reservation at standalone selling prices and are considered separate performance obligations, which are satisfied when the related good or service is provided to the Hotel guest.
- *Components of package reservations* for which each component could be sold separately to other Hotel guests are considered separate performance obligations and are satisfied as set forth above.

Hotel revenue primarily consists of Hotel room rentals, revenue from accommodations sold in conjunction with other services (e.g., package reservations), food and beverage sales and other ancillary goods and services (e.g., parking). Revenue is recognized when rooms are occupied or goods and services have been delivered or rendered, respectively. Payment terms typically align with when the goods and services are provided. For package reservations, the transaction price is allocated to the performance obligations within the package based on the estimated standalone selling prices of each component.

We do not disclose the value of unsatisfied performance obligations for contracts with an expected length of one year or less. Due to the nature of our business, our revenue is not significantly impacted by refunds. Cash payments received in advance of guests staying at our Hotel are refunded to Hotel guests if the guest cancels within the specified time before any services are rendered. Refunds related to service are generally recognized as an adjustment to the transaction price at the time the Hotel stay occurs or services are rendered.

Contract Assets and Liabilities

The Company does not have any material contract assets as of December 31, 2025 and June 30, 2025, other than trade and other receivables, net on our condensed consolidated balance sheets. Our receivables are primarily the result of contracts with customers, which are reduced by an allowance for doubtful accounts that reflects our estimate of amounts that will not be collected.

The Company records contract liabilities when cash payments are received or due in advance of guests staying at our Hotel, which are presented within accounts payable and other liabilities—hotel on our condensed consolidated balance sheets and had a balance of \$505,000 at July 1, 2025. Contract liabilities were \$1,196,000 as of December 31, 2025. The increase as of December 31, 2025, was primarily driven by an increase in advance deposits received from customers for services to be performed after December 31, 2025. During the six months ended December 31, 2025, we recognized \$505,000 of revenue that was included in the contract liability balance at July 1, 2025.

Contract liabilities were \$370,000 as of July 1, 2024 and increased to \$462,000 as of December 31, 2024. During the six months ended December 31, 2024, we recognized \$369,000 of revenue that was included in the contract liability balance at July 1, 2024.

Contract Costs

We consider sales commissions earned to be incremental costs of obtaining a contract with our customers. As a practical expedient, we expense these costs as incurred as our contracts with customers are less than one year.

NOTE 4 – INVESTMENT IN HOTEL, NET

Investment in Hotel consisted of the following as of:

December 31, 2025	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 1,124,000	\$ -	\$ 1,124,000
Finance lease ROU assets	1,805,000	(1,722,000)	83,000
Furniture and equipment	40,772,000	(34,178,000)	6,594,000
Building and improvements	61,990,000	(36,365,000)	25,625,000
Investment in Hotel, net	<u>\$ 105,691,000</u>	<u>\$ (72,265,000)</u>	<u>\$ 33,426,000</u>

June 30, 2025	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 1,124,000	\$ -	\$ 1,124,000
Finance lease ROU assets	1,805,000	(1,665,000)	140,000
Furniture and equipment	41,195,000	(33,248,000)	7,947,000
Building and improvements	60,136,000	(35,564,000)	24,572,000
Investment in Hotel, net	<u>\$ 104,260,000</u>	<u>\$ (70,477,000)</u>	<u>\$ 33,783,000</u>

Finance lease ROU assets, furniture and equipment are stated at cost, depreciated on a straight-line basis over their useful lives ranging from 3 to 7 years and amortized over the life of the lease. Building and improvements are stated at cost, depreciated on a straight-line basis over their useful lives ranging from 15 to 39 years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the remaining lease term. Construction-in-progress is not depreciated until the assets are placed in service.

Depreciation expense for the six months ended December 31, 2025 and 2024 was \$1,788,000 and \$1,781,000, respectively.

As discussed in Note 2 – Liquidity, the Company continued property enhancements during the six months ended December 31, 2025, including renovation of 14 guest rooms that were returned to available room inventory upon completion in September 2025.

NOTE 5 - INVESTMENT IN MARKETABLE SECURITIES, NET

The Company's investment in marketable securities consists primarily of corporate equity securities. The Company has also periodically invested in income-producing securities, which may include interests in real estate-based companies and REITs, where financial benefit could transfer to its shareholders through income and/or capital gain.

As of December 31, 2025, and June 30, 2025, all the Company's marketable equity securities are measured at fair value with changes recognized in earnings (ASC 321). The changes in unrealized gains and losses on these investments are included in earnings. The portfolio is held in a brokerage account and may be subject to margin; see Note 2 for amounts "net of margin balances."

Investment	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Net Unrealized Gain	Fair Value
As of December 31, 2025					
Corporate					
Equities	\$ 112,000	\$ 33,000	\$ -	\$ 33,000	\$ 145,000
As of June 30, 2025					
Corporate					
Equities	\$ 112,000	\$ 15,000	\$ -	\$ 15,000	\$ 127,000

Net (loss) gain on marketable securities on the condensed consolidated statements of operations is comprised of both realized and unrealized gains (losses). The breakdown of these components for the three and six months ended December 31, 2025 and 2024 is as follows:

For the three months ended December 31,	2025	2024
Realized gain on marketable securities, net	\$ -	\$ 24,000
Unrealized loss on marketable securities, net	(6,000)	(57,000)
Net loss on marketable securities	\$ (6,000)	\$ (33,000)

For the six months ended December 31,	2025	2024
Realized gain on marketable securities, net	\$ -	\$ 14,000
Unrealized gain (loss) on marketable securities, net	17,000	(6,000)
Net gain on marketable securities	\$ 17,000	\$ 8,000

NOTE 6 - FAIR VALUE MEASUREMENTS

The carrying values of the Company's financial instruments that are not required to be carried at fair value on a recurring basis approximate fair value due to their short maturities (i.e., accounts receivable, other assets, accounts payable and other liabilities, due to securities broker and obligations for securities sold) or the nature and terms of the obligation (i.e., other notes payable and mortgage notes payable). See Note 9 and Note 10 for additional information on these obligations.

The assets and liabilities measured at fair value on a recurring basis are as follows:

As of	December 31, 2025 Total - Level 1	June 30, 2025 Total - Level 1
Assets:		
Investment in marketable securities:		
REITs and real estate companies	\$ 145,000	\$ 127,000

Recurring fair value measurements.

- Marketable equity securities (Level 1): Quoted prices in active markets for identical assets.
- Interest rate cap (Level 2): Valued using observable inputs including forward Term SOFR curves and implied volatilities from third-party pricing services; incorporates counterparty nonperformance risk where applicable.

In March 2025, the Company, through its affiliate Justice Operating Company, LLC, entered into an interest rate cap agreement (the “Interest Rate Cap”) with Goldman Sachs Bank USA in connection with a variable-rate mortgage loan. The Interest Rate Cap limits Term SOFR to 4.50% and has a notional amount equal to or greater than the outstanding principal balance of the loan. The Company paid a premium of approximately \$136,000 at inception. Changes in the fair value of the Interest Rate Cap are recorded in Other Income (Expense) in the condensed consolidated statements of operations. The Interest Rate Cap is not designated as a hedging instrument under ASC 815 and is accounted for at fair value, with changes in fair value recognized in earnings each reporting period. The Interest Rate Cap is classified as a Level 2 within the ASC 820 fair value hierarchy (See Note 10).

The following table summarizes the fair value of the derivative instrument as of December 31, 2025:

<u>Derivative Type</u>	<u>Notional Amount</u>	<u>Balance Sheet Classification</u>	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>
Interest Rate Cap	\$ 67,000,000	Other Assets	\$ 5,000	Level 2

The Company did not record any material nonrecurring fair value measurements (e.g., long-lived asset impairments) during the six months ended December 31, 2025 or 2024. See Note 4 for discussion of long-lived assets.

There have been no material changes to the Company’s fair value measurement methodologies or classification of instruments during the periods presented, and there were no transfers between levels 1, 2, and 3 during the six months ended December 31, 2025 or 2024.

NOTE 7 – CASH, CASH EQUIVALENTS AND RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets that sum to the total of the amounts shown in the condensed consolidated statements of cash flows:

<u>As of</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Cash and cash equivalents	\$ 3,408,000	\$ 4,470,000
Restricted cash	5,314,000	7,252,000
Total cash, cash equivalents, and restricted cash shown in the condensed consolidated statement of cash flows	<u>\$ 8,722,000</u>	<u>\$ 11,722,000</u>

Cash and cash equivalents include cash on hand and highly liquid investments with original maturities of three months or less at the date of purchase. Amounts are recorded within “cash and cash equivalents” on the condensed consolidated balance sheets.

Restricted cash consists primarily of funds held in lender-controlled accounts (lockbox/cash-management structure) related to the Hotel’s mortgage and mezzanine financing, including escrows and reserves for real estate taxes and insurance, replacement/FF&E and capital additions, and other amounts required by the loan agreements. Restricted cash is presented within current or noncurrent assets on the condensed consolidated balance sheets based on the expected timing of use. See Note 10 – Mortgage Notes Payable and Mezzanine Financing for additional information about the cash-management/lockbox provisions.

Cash, cash equivalents and restricted cash as presented in the condensed consolidated statements of cash flows equal the sum of these line items on the condensed consolidated balance sheets.

NOTE 8 - SEGMENT INFORMATION

The Company operates in two reportable segments, the operation of the Hotel (“Hotel Operations”) and the investment of its cash in marketable securities and other investments (“Investment Transactions”). These two operating segments, as presented in the condensed consolidated financial statements, reflect how management internally reviews each segment’s performance. Corporate expenses that are not allocated to segments are presented as (“Corporate”). Management also makes operational and strategic decisions based on this same information.

The chief operating decision maker (“CODM”) is a group of senior executives who collectively use segment income (loss) before interest expense, gain on extinguishment of debt, depreciation and amortization, and income taxes as the primary measure reviewed for evaluating performance and allocating resources. The significant expense categories regularly provided for Hotel operations include labor and related benefits, utilities, repairs and maintenance, marketing, and general and administrative costs. These expenses are included in “Segment operating expenses” in the table below.

Information below represents reporting segments for the three and six months ended December 31, 2025 and 2024, respectively. Segment net loss from Hotel operations consists of the operation of the Hotel and operation of the garage. Net loss from investments consists of net investment gain (loss), dividend and interest income and investment related expenses.

As of and for the three months ended December 31, 2025	Hotel Operations	Investment Transactions	Corporate	Total
Revenues	\$ 12,661,000	\$ -	\$ -	\$ 12,661,000
Operating expenses	(9,208,000)	-	-	(9,208,000)
Utilities	(397,000)	-	-	(397,000)
Real estate taxes	(588,000)	-	-	(588,000)
Insurance	(234,000)	-	-	(234,000)
General & administrative	-	-	(316,000)	(316,000)
Segment income (loss)	2,234,000	-	(316,000)	1,918,000
Interest expense - mortgage	(2,385,000)	-	-	(2,385,000)
Interest expense - related party	(864,000)	-	-	(864,000)
Depreciation and amortization expense	(914,000)	-	-	(914,000)
Loss from investments	-	(46,000)	-	(46,000)
Net loss	\$ (1,929,000)	\$ (46,000)	\$ (316,000)	\$ (2,291,000)
Total assets	\$ 43,283,000	\$ 145,000	\$ 183,000	\$ 43,611,000

As of and for the three months ended December 31, 2024	Hotel Operations	Investment Transactions	Corporate	Total
Revenues	\$ 9,965,000	\$ -	\$ -	\$ 9,965,000
Operating expenses	(7,973,000)	-	-	(7,973,000)
Utilities	(432,000)	-	-	(432,000)
Real estate taxes	(429,000)	-	-	(429,000)
Insurance	(221,000)	-	-	(221,000)
General & administrative	-	-	(296,000)	(296,000)
Segment income (loss)	910,000	-	(296,000)	614,000
Interest expense - mortgage	(2,845,000)	-	-	(2,845,000)
Interest expense - related party	(857,000)	-	-	(857,000)
Depreciation and amortization expense	(878,000)	-	-	(878,000)
Loss from investments	-	(70,000)	-	(70,000)
Net loss	\$ (3,670,000)	\$ (70,000)	\$ (296,000)	\$ (4,036,000)
Total assets	\$ 38,991,000	\$ 138,000	\$ 517,000	\$ 39,646,000

As of and for the six months ended December 31, 2025	Hotel Operations	Investment Transactions	Corporate	Total
Revenues	\$ 25,079,000	\$ -	\$ -	\$ 25,079,000
Operating expenses	(18,375,000)	-	-	(18,375,000)
Utilities	(943,000)	-	-	(943,000)
Real estate taxes	(1,080,000)	-	-	(1,080,000)
Insurance	(510,000)	-	-	(510,000)
General & administrative	-	-	(582,000)	(582,000)
Segment income (loss)	4,171,000	-	(582,000)	3,589,000
Interest expense - mortgage	(4,878,000)	-	-	(4,878,000)
Interest expense - related party	(1,736,000)	-	-	(1,736,000)
Depreciation and amortization expense	(1,788,000)	-	-	(1,788,000)
Loss from investments	-	(62,000)	-	(62,000)
Income tax expense	-	-	(1,000)	(1,000)
Net loss	\$ (4,231,000)	\$ (62,000)	\$ (583,000)	\$ (4,876,000)
Total assets	\$ 43,283,000	\$ 145,000	\$ 183,000	\$ 43,611,000

As of and for the six months ended December 31, 2024	Hotel Operations	Investment Transactions	Corporate	Total
Revenues	\$ 21,785,000	\$ -	\$ -	\$ 21,785,000
Operating expenses	(15,452,000)	-	-	(15,452,000)
Utilities	(1,017,000)	-	-	(1,017,000)
Real estate taxes	(956,000)	-	-	(956,000)
Insurance	(422,000)	-	-	(422,000)
Segment operating expenses	-	-	(651,000)	(651,000)
Segment income (loss)	3,938,000	-	(651,000)	3,287,000
Interest expense - mortgage	(5,669,000)	-	-	(5,669,000)
Interest expense - related party	(1,681,000)	-	-	(1,681,000)
Depreciation and amortization expense	(1,781,000)	-	-	(1,781,000)
Loss from investments	-	(63,000)	-	(63,000)
Income tax expense	-	-	(1,000)	(1,000)
Net loss	\$ (5,193,000)	\$ (63,000)	\$ (652,000)	\$ (5,908,000)
Total assets	\$ 38,991,000	\$ 138,000	\$ 517,000	\$ 39,646,000

NOTE 9 - RELATED PARTY AND OTHER FINANCING TRANSACTIONS

The following summarizes the balances of related party and other notes payable as of December 31, 2025 and June 30, 2025, respectively:

As of	December 31, 2025	June 30, 2025
Related party note payable - InterGroup	\$ 38,108,000	\$ 38,108,000
Other note payable - Hilton	1,425,000	1,583,000
Other note payable - Aimbridge	271,000	396,000
Total related party and other notes payable	<u>\$ 39,804,000</u>	<u>\$ 40,087,000</u>

InterGroup Revolving Credit Facility (Related Party)

On July 2, 2014, the Partnership secured an unsecured loan from The InterGroup Corporation ("InterGroup"), a related party, in the principal amount of \$4,250,000, bearing a fixed annual interest rate of 12%, with no monthly principal or interest payments required prior to maturity. InterGroup also received a loan fee equal to 3% of the principal. The loan was prepayable at any time without penalty and was extended through July 31, 2023. On December 16, 2020, the borrowing capacity was increased to \$10,000,000. On December 31, 2021, following dissolution of the Partnership, Portsmouth assumed the outstanding obligation and its borrowing limit increased to \$16,000,000.

In July 2023, maturity was extended to July 31, 2025, and capacity increased to \$20,000,000 (0.5% modification fee). In March 2024, capacity increased to \$30,000,000 (additional 0.5% modification fee on the incremental \$10,000,000). In March 2025, capacity increased to \$40,000,000 and maturity was extended to July 31, 2027. In May 2025, the interest rate was reduced to 9%. Principal and accrued interest are due at maturity; no monthly principal or interest payments are required prior to that date. As of December 31, 2025, the outstanding balance was \$38,108,000. To date, the Company has not made any principal repayments on this note payable. See Note 2 – Liquidity for a summary and Note 10 – Mortgage Notes Payable and Mezzanine Financing for the cash-management provisions.

Hilton Development Incentive (Other Financing)

The note payable to Hilton (Franchisor) is a self-exhausting, interest-free development incentive that is reduced by approximately \$317,000 annually through January 2030 while the Company remains a Hilton franchisee.

Hotel Management Key Money

Under the February 1, 2017, Hotel Management Agreement ("HMA") with Aimbridge Hospitality, Aimbridge advanced \$2,000,000 of key money for capital improvements. The key money is amortized in equal monthly amounts over eight (8) years beginning on the second anniversary of the takeover date. The unamortized balance was \$271,000 and \$396,000 at December 31, 2025, and June 30, 2025, respectively, and is included in other notes payable in the condensed consolidated balance sheets.

Future minimum principal payments for all related party and other financing transactions are as follows:

For the year ending June 30,	Amount
2026 (6 months)	\$ 283,000
2027	463,000
2028	38,425,000
2029	317,000
2030	316,000
Thereafter	-
	<u>\$ 39,804,000</u>

As of December 31, 2025 and June 30, 2025, the Company had accounts payable to InterGroup of \$18,928,000 and \$16,634,000, respectively, representing accrued interest and certain shared costs and expenses, primarily general and administrative expenses, rent, insurance, and other expenses.

Ownership and Governance

As of December 31, 2025, InterGroup owned approximately 75.9% of the outstanding common shares of Portsmouth, and John V. Winfield owned approximately 2.5% of Portsmouth's outstanding common shares. Mr. Winfield also serves as the President, Chairman of the Board and Chief Executive Officer of InterGroup and owns approximately 70.1% of InterGroup's outstanding common shares as of that date.

At December 31, 2025, the members of Portsmouth's Board of Directors — John V. Winfield, William J. Nance, John C. Love, Yvonne Murphy, and Steve Grunwald — also serve as directors of InterGroup. Mr. Winfield served as Managing Director of Justice until its dissolution in December 2021. The Company's President David C. Gonzalez also serves as Chief Operating Officer of InterGroup.

As disclosed in the Company's Form 8-K on January 6, 2026, John C. Love notified Portsmouth Square, Inc. of his resignation from the Company's Board of Directors, effective immediately. Mr. Love's resignation was not the result of any disagreement with the Company on any matter relating to its operations, policies, or practices.

All related-party transactions are reviewed in accordance with the Company's related-party transaction policy.

NOTE 10 – MORTGAGE NOTES PAYABLE AND MEZZANINE FINANCING

For management's going-concern evaluation under ASC 205-40 (prior conditions/events, actions taken, assessment outcome, and risks), see Note 1 – Basis of Presentation and Significant Accounting Policies (Going Concern). For the related-party revolving credit facility with The InterGroup Corporation, see Note 9 – Related Party and Other Financing Transactions.

A. Mortgage and Mezzanine Loan History

In December 2013, Justice Investors Limited Partnership ("Justice"), then a consolidated subsidiary of Portsmouth Square, Inc., obtained a \$97,000,000 senior mortgage loan (fixed 5.275%) and a \$20,000,000 mezzanine loan (fixed 9.75%) to fund the redemption of limited partnership interests and repay a prior \$42,940,000 mortgage loan. The senior loan required interest-only payments through January 2017, then amortized on a 30-year schedule to maturity on January 1, 2024.

The mezzanine loan was secured by the membership interests of Justice Operating Company, LLC ("Operating") held by Justice Mezzanine, LLC ("Mezzanine") and was subordinated to the senior mortgage. In July 2019, the mezzanine loan was refinanced with CRED REIT Holdco LLC ("Mezzanine Lender") at \$20,000,000, fixed 7.25%, co-term with the senior loan (maturity January 1, 2024).

As of June 30, 2024, the outstanding mortgage loan balance was \$76,962,000. As of December 31, 2024, the outstanding balance was \$75,789,000.

B. Forbearance Agreements and Default Notices (2024-January 2025)

On April 29, 2024, the Company entered into forbearance agreements, effective through January 1, 2025, with (i) the senior mortgage lender, which required a 10% principal paydown (\$8.59 million), a 1% forbearance fee (\$0.86 million), and a 4% default interest accrual; and (ii) the mezzanine lender, which advanced \$4.5 million toward the senior paydown, charged a 1% forbearance fee (\$0.245 million), and also accrued default interest at 4%. The senior lender issued a Notice of Termination on January 3, 2025, and the mezzanine lender issued a Notice of Default on January 14, 2025.

The prior facilities were fully retired upon refinancing on March 28, 2025 (see Section C). In connection with the March 28, 2025 refinancing, the Company recognized a gain of approximately \$1.416 million for the quarter ended March 31, 2025, primarily related to the mezzanine lender's forgiveness of accrued default interest and the forbearance fee. The senior facility's accrued default interest and forbearance fee were paid at refinancing, and the senior mortgage facility was retired.

C. Refinancing Completed March 28, 2025 (Current Facilities)

On March 28, 2025, the Company refinanced the senior mortgage and modified the mezzanine loan, fully retiring the prior facilities.

- Senior Mortgage (Prime Finance): Operating entered into a \$67,000,000 Mortgage Loan Agreement with Prime Finance (“Prime”). Interest is Term SOFR + 4.75% with a SOFR cap of 4.50%. The loan is interest-only through maturity; initial term to April 9, 2027, with three one-year extension options subject to satisfaction of specified financial and operational covenants. An interest-rate cap (notional equal to or greater than the outstanding principal) was purchased at inception (premium approximately \$136,000). The loan is secured by the Hilton San Francisco Financial District (the “Hotel”). See Note 6 for fair value measurement of the interest rate cap.
- Mezzanine Loan (CRED REIT Holdco LLC): Mezzanine executed an amended and restated Mezzanine Loan Agreement for \$36,300,000 at a fixed 7.25% rate, with maturity and potential extension terms matching the senior loan. The Mezzanine loan is secured by Mezzanine’s membership interest in Operating.
- Guaranties and covenants: Portsmouth provides a limited guaranty in connection with both facilities. The Loan Agreements include customary covenants, representations and warranties, and events of default.
- Status: Since the March 28, 2025 closing, the Company has remained current on required debt service and continues to operate under the covenants and cash-management provisions described below. As of December 31, 2025, the Company was in compliance with all such covenants.

D. Cash-Management/Lockbox and debt service coverage ratio (“DSCR”) Provisions

The Loan Agreements include a lender-controlled cash-management/lockbox arrangement pursuant to which Hotel receipts are deposited into controlled accounts and disbursed in accordance with approved budgets and waterfall provisions. Distributions are subject to DSCR and other conditions specified in the Loan Agreements. These cash-management provisions remain in effect under the current facilities.

E. Maturities and Interest (Summary)

- Senior Mortgage: \$67,000,000 original principal; interest Term SOFR + 4.75% (with SOFR cap 4.50%); interest-only; initial maturity April 9, 2027; three one-year extension options (subject to conditions).
- Mezzanine: \$36,300,000; 7.25% fixed; co-term/co-extension with senior.
- Security: Senior – Hotel; Mezzanine – membership interest in Operating
- Guarantor: Portsmouth (limited guaranty).

NOTE 11 – ACCOUNTS PAYABLE AND OTHER LIABILITIES

The following summarizes the balances of accounts payable and other liabilities as of December 31, 2025 and June 30, 2025, respectively:

As of	December 31, 2025	June 30, 2025
Trade payable	\$ 1,400,000	\$ 1,944,000
Advance deposits	1,240,000	519,000
Payroll and related accruals	3,062,000	2,975,000
Mortgage interest payable	4,614,000	3,283,000
Withholding and other taxes payable	893,000	1,597,000
Franchise fees	249,000	1,649,000
Management fees payable	77,000	604,000
Other payables	327,000	229,000
Total accounts payable and other liabilities	\$ 11,862,000	\$ 12,800,000

NOTE 12 – SUBSEQUENT EVENTS

The Company evaluated subsequent events through the date that the accompanying unaudited condensed consolidated financial statements were issued, and determined that no material subsequent events exist through the date of this filing that require recognition or additional disclosure in the accompanying unaudited condensed consolidated financial statements, other than as disclosed below.

On January 6, 2026, John C. Love notified Portsmouth Square, Inc. of his resignation from the Company’s Board of Directors, effective January 6, 2026. On that same date, the Board of Directors appointed Andrew Kaplan to serve as a director of the Company, effective immediately. These matters were disclosed in a Current Report on Form 8-K filed by the Company.

Item 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS AND PROJECTIONS

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). Forward-looking statements include, but are not limited to, statements related to our expectations regarding the performance of our business, our financial results, our liquidity and capital resources, including anticipated repayment of certain of the Company's indebtedness, the impact on our business and financial condition, the effects of competition, the effects of future legislation or regulations and other non-historical statements, as well as the impact of macroeconomic factors (including inflation, increases in interest rates, potential economic slowdown or a recession and geopolitical conflicts). Forward-looking statements include all statements that are not historical facts, and in some cases, can be identified by the use of forward-looking terminology such as the words "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "projects," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect our results of operations, financial condition, cash flows, performance or future achievements or events.

Such statements are subject to certain risks and uncertainties. These risks and uncertainties include, but are not limited to, the following: national and worldwide economic conditions, including the impact of recessionary conditions on tourism, travel and the lodging industry; the impact of terrorism and war on the national and international economies, including tourism, securities markets, energy and fuel costs; natural disasters; general economic conditions and competition in the hotel industry in the San Francisco area; seasonality, labor relations and labor disruptions; actual and threatened pandemics and other public health events; the ability to obtain financing at favorable interest rates and terms; securities markets, regulatory factors, litigation and other factors discussed below in this Report and in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2025, including under "Risk Factors.". These risks and uncertainties could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as to the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances after the date they are made or to reflect the occurrence of unanticipated events, except as required by law.

RESULTS OF OPERATIONS

The Company's principal source of revenue continues to be derived from its ownership in Operating, including Hotel room revenue, food and beverage revenue, garage revenue, and revenue from other operating departments. Operating owns the Hotel and related facilities, including a five-level underground parking garage. The financial statements of Operating have been consolidated with those of the Company.

Three Months Ended December 31, 2025 Compared to Three Months Ended December 31, 2024

The Company had net loss of \$2,291,000 for the three months ended December 31, 2025 compared to net loss of \$4,036,000 for the three months ended December 31, 2024. The decrease in net loss was primarily driven by improved Hotel operating results, including higher room revenues associated with increased room availability and improved average daily rate (“ADR”) and occupancy.

Hotel Operations

The Company had net loss from Hotel operations of \$1,929,000 for the three months ended December 31, 2025 compared to net loss of \$3,670,000 for the three months ended December 31, 2024. The decrease in loss was primarily attributable to higher room revenues, including increased room availability resulting from returning renovated administrative office space to available room inventory, as well as higher ADR and occupancy.

The following table sets forth a more detailed presentation of Hotel operations for the three months ended December 31, 2025 and 2024:

For the three months ended December 31,	2025	2024
Hotel revenues:		
Hotel rooms	\$ 11,055,000	\$ 8,401,000
Food and beverage	620,000	654,000
Garage	822,000	780,000
Other operating departments	164,000	130,000
Total Hotel revenues	12,661,000	9,965,000
Operating expenses excluding depreciation and amortization	(10,427,000)	(9,055,000)
Operating income before interest, depreciation and amortization	2,234,000	910,000
Interest expense - mortgages	(2,385,000)	(2,845,000)
Interest expense - related party	(864,000)	(857,000)
Depreciation and amortization expense	(914,000)	(878,000)
Net loss from Hotel operations	<u>\$ (1,929,000)</u>	<u>\$ (3,670,000)</u>

For the three months ended December 31, 2025, the Hotel had operating income of \$2,234,000 before interest expense, depreciation, and amortization on total operating revenues of \$12,661,000 compared to operating income of \$910,000 before interest expense, depreciation, and amortization on total operating revenues of \$9,965,000 for the three months ended December 31, 2024.

The following table sets forth the average daily room rate, average occupancy percentage and RevPAR of the Hotel for the three months ended December 31, 2025 and 2024:

Three Months Ended December 31,	Average Daily Rate	Average Occupancy %	RevPAR
2025	\$ 234	92%	\$ 215
2024	\$ 190	88%	\$ 168

The Hotel’s revenues increased approximately 27% this quarter compared to the prior-year period to \$12,661,000 from \$9,965,000. Average daily rate increased by \$44, average occupancy increased by 4%, and RevPAR increased by \$47 for the three months ended December 31, 2025 compared to the three months ended December 31, 2024.

Investment Transactions

The Company recorded a net loss on marketable securities of \$6,000 for the three months ended December 31, 2025 compared to a net loss of \$33,000 for the three months ended December 31, 2024 (unrealized loss of \$6,000 in 2025; realized gain of \$24,000 and net unrealized loss of \$57,000 in 2024). Given the modest size of the portfolio (\$145,000 at December 31, 2025 and \$127,000 at June 30, 2025, each net of margin balances), period-to-period activity in marketable securities is not expected to be material to the Company’s consolidated results of operations or liquidity. See Note 5 – Investment in Marketable Securities, Net.

Six Months Ended December 31, 2025 Compared to Six Months Ended December 31, 2024

The Company had net loss of \$4,876,000 for the six months ended December 31, 2025 compared to net loss of \$5,908,000 for the six months ended December 31, 2024. The decrease in net loss was primarily attributable to increased room availability resulting from the return of renovated administrative office space to available room inventory. The prior-year period also reflected lower expenses related to a management incentive fee waiver. In addition, mortgage interest expense decreased in the current-year period.

Hotel Operations

The Company had net loss from Hotel operations of \$4,231,000 for the six months ended December 31, 2025 compared to net loss of \$5,193,000 for the six months ended December 31, 2024. The improvement in operating results was primarily driven by the conversion of former administrative office space into revenue-generating guest rooms. The prior-year period also reflected lower expenses related to a management incentive fee waiver.

The following table sets forth a more detailed presentation of Hotel operations for the six months ended December 31, 2025 and 2024:

For the six months ended December 31,	2025	2024
Hotel revenues:		
Hotel rooms	\$ 21,483,000	\$ 18,511,000
Food and beverage	1,532,000	1,387,000
Garage	1,722,000	1,655,000
Other operating departments	342,000	232,000
Total Hotel revenues	25,079,000	21,785,000
Operating expenses excluding depreciation and amortization	(20,908,000)	(17,847,000)
Operating income before interest, depreciation and amortization	4,171,000	3,938,000
Interest expense - mortgages	(4,878,000)	(5,669,000)
Interest expense - related party	(1,736,000)	(1,681,000)
Depreciation and amortization expense	(1,788,000)	(1,781,000)
Net loss from Hotel operations	\$ (4,231,000)	\$ (5,193,000)

For the six months ended December 31, 2025, the Hotel had operating income of \$4,171,000 before interest expense, depreciation, and amortization on total operating revenues of \$25,079,000 compared to operating income of \$3,938,000 before interest expense, depreciation, and amortization on total operating revenues of \$21,785,000 for the six months ended December 31, 2024.

The following table sets forth the average daily room rate, average occupancy percentage and RevPAR of the Hotel for the six months ended December 31, 2025 and 2024.

Six Months Ended December 31,	Average Daily Rate	Average Occupancy %	RevPAR
2025	\$ 226	94%	\$ 211
2024	\$ 200	92%	\$ 184

The Hotel's revenues increased by approximately 15% for the six months ended December 31, 2025 as compared to the prior-year period to \$25,079,000 from \$21,785,000. Average daily rate increased by \$26, average occupancy increased by 2%, and RevPAR increased by \$27 for the six months ended December 31, 2025 compared to the six months ended December 31, 2024.

Investment Transactions

The Company recorded a net gain on marketable securities of \$17,000 for the six months ended December 31, 2025 compared to a net gain of \$8,000 for the six months ended December 31, 2024 (unrealized gain of \$17,000 in 2025; net realized gain of \$14,000 and net unrealized loss of \$6,000 in 2024). Given the modest size of the portfolio (\$145,000 at December 31, 2025 and \$127,000 at June 30, 2025, each net of margin balances), period-to-period activity in marketable securities is not expected to be material to the Company's consolidated results of operations or liquidity. See Note 5 – Investment in Marketable Securities, Net.

Tax Estimates

We record a tax benefit for a position only if we believe it is more likely than not to hold up under audit, and we measure that benefit conservatively. Audits or changes in tax laws can change our conclusions and, in turn, our results. The Company recognized income tax expense of \$1,000 for each of the six months ended December 31, 2025 and 2024. The amount represent the income tax effect on the Company's pretax loss, which includes the operations of the Hotel.

MARKETABLE SECURITIES

The following table shows the composition of the Company's marketable securities portfolio as of December 31, 2025 and June 30, 2025 by selected industry groups.

As of December 31, 2025		% of Total
Industry Group	Fair Value	Investment Securities
REITs and real estate companies	\$ 145,000	100.0%

As of June 30, 2025		% of Total
Industry Group	Fair Value	Investment Securities
REITs and real estate companies	\$ 127,000	100.0%

The following table shows the net loss on the Company's marketable securities and the associated margin interest and trading expenses for the respective periods:

For the three months ended December 31,	2025	2024
Net loss on marketable securities	\$ (6,000)	\$ (33,000)
Dividend and interest income	-	3,000
Trading and management expenses	(40,000)	(40,000)
	<u>\$ (46,000)</u>	<u>\$ (70,000)</u>

For the six months ended December 31,	2025	2024
Net gain loss on marketable securities	\$ 17,000	\$ 8,000
Dividend and interest income	-	7,000
Trading and management expenses	(79,000)	(78,000)
	<u>\$ (62,000)</u>	<u>\$ (63,000)</u>

FINANCIAL CONDITION AND LIQUIDITY

The Company had cash, cash equivalents and restricted cash of \$8,722,000 and \$11,722,000 as of December 31, 2025, and June 30, 2025, respectively. The Company had marketable securities, net of margin due to securities broker, of \$145,000 and \$127,000 as of December 31, 2025, and June 30, 2025, respectively. These marketable securities are short-term investments and readily convertible to cash and are not material to the Company's overall liquidity. See Note 7 – Cash, Cash Equivalents and Restricted Cash and Note 5 – Investment in Marketable Securities, Net. Restricted cash primarily reflects lender-controlled accounts under the Hotel's cash-management/lockbox arrangement.

Related Party Credit Facility – InterGroup

The Company maintains an unsecured related-party revolving credit facility with its majority shareholder, The InterGroup Corporation (“InterGroup”), originally established in 2014 and amended multiple times. While the facility remains available, management is not currently relying on it to fund ongoing Hotel operations, which – following the March 28, 2025 refinancing – have been funded through operating cash flows.

Key modifications include:

- December 2021: Portsmouth assumed \$11.35 million in outstanding debt upon the dissolution of Justice Investors L.P.
- July 2023: Increased available borrowings to \$20,000,000 and extended maturity to July 31, 2025 with a 0.5% loan modification fee.
- March 2024: Increased available borrowings to \$30,000,000 with additional 0.5% modification fee on the incremental \$10,000,000.
- March 2025: Further increased available borrowing capacity to \$40,000,000 and extended the maturity to July 31, 2027.
- May 2025: Reduced the interest rate from 12% to 9%.

The facility now bears 9% annual interest, is payable at maturity, and may be prepaid at any time without penalty. During the fiscal year ended June 30, 2025, the Company borrowed an additional \$11,615,000. As of December 31, 2025, the outstanding balance was \$38,108,000. The facility is maintained as a contingency source of liquidity; management currently expects to satisfy near-term working capital needs from operating cash flows and cash on hand. See Note 9 – Related-Party and Other Financing Transactions.

The Company may also consider amending its by-laws to increase authorized shares and pursue public capital market offerings if deemed necessary to support liquidity.

Refinancing Accounting Effects (FY2025)

In connection with the March 28, 2025 refinancing, the Company recognized a gain of approximately \$1.416 million for the quarter ended March 31, 2025, primarily related to the mezzanine lender's forgiveness of accrued default interest and the forbearance fee; the senior mortgage facility's accrued default interest and forbearance fee were paid at refinancing, and that senior mortgage facility was retired. See Note 10.

Liquidity Requirements

The Company's short-term liquidity needs include:

- Hotel operating costs, including payroll, utilities, franchise and management fees,
- Corporate overhead and tax obligations,
- Interest payments and required loan maintenance under both senior and mezzanine debt agreements, and
- Routine repair and maintenance capital expenditures at the Hotel.

Long-term liquidity requirements include:

- Scheduled debt maturities, including those disclosed in Note 9 and 10, and
- Capital improvements to maintain the competitiveness and operational standards of the Hotel under its Hilton franchise agreement.

The Company intends to meet these obligations using a combination of:

- Available cash on hand;
- Operating cash flows;
- Availability under the InterGroup related-party revolving credit facility, if needed; and
- Other potential financing or equity alternatives.

Management's Liquidity Assessment

The Company has taken proactive steps to stabilize its liquidity profile, including:

- Completion of a refinancing of its senior and mezzanine debt in March 2025,
- Continuing cost controls and selective capital expenditure deferrals,
- Maintenance of access to related-party financing capacity; and
- Maintenance of a lender-controlled lockbox cash management system (see Note 10 – Mortgage Notes Payable and Mezzanine Financing).

While management believes that current liquidity sources and available borrowing capacity will be sufficient to support near-term working capital needs—even in the event of continued pressure on hotel performance indicators such as occupancy and RevPAR—there can be no assurance that unforeseen market or operational conditions will not adversely affect the Company's liquidity position. In particular, changes in demand, pricing, labor costs, and other operating conditions in the San Francisco hospitality market could adversely affect cash flows.

The Company continues to evaluate strategic alternatives and operational adjustments in response to ongoing macroeconomic and market-specific challenges in San Francisco's hospitality sector.

Capital Expenditures

During the six months ended December 31, 2025, the Company incurred approximately \$1,431,000 of capital expenditures, primarily related to guest-room renovations and returning 14 rooms previously used as administrative offices and other uses, to available inventory. The Company expects to continue selective investments intended to maintain brand standards and the Hotel's competitive positioning, subject to liquidity and covenant considerations. See Note 4 – Investment in Hotel, Net.

Going Concern

As previously disclosed in the Company's Annual Report on Form 10-K for the year ended June 30, 2025, management concluded that conditions giving rise to substantial doubt were alleviated as of that date as a result of the Company's March 28, 2025, refinancing of its senior mortgage and restated mezzanine loan. Management has reevaluated conditions as of the date of issuance of these interim financial statements and concluded that no conditions or events exist that raise substantial doubt under ASC 205-40. See Note 1 – Basis of Presentation and Significant Accounting Policies (Going Concern).

MATERIAL CONTRACTUAL OBLIGATIONS

The following table provides a summary as of December 31, 2025, of the Company's material financial obligations including interest payments:

	Total	6 Months 2026	Year 2027	Year 2028	Year 2029	Year 2030	Thereafter
Mortgage notes payable	\$ 103,300,000	\$ -	\$ 103,300,000	\$ -	\$ -	\$ -	\$ -
Hilton/Aimbridge other notes payable	1,696,000	283,000	463,000	317,000	317,000	316,000	-
Related party notes payable	38,108,000	-	-	38,108,000	-	-	-
Interest mortgage notes payable	16,572,000	4,449,000	12,123,000	-	-	-	-
Interest related party notes payable	16,500,000	2,286,000	4,573,000	9,641,000	-	-	-
Total	<u>\$ 176,176,000</u>	<u>\$ 7,018,000</u>	<u>\$ 120,459,000</u>	<u>\$ 48,066,000</u>	<u>\$ 317,000</u>	<u>\$ 316,000</u>	<u>\$ -</u>

Mortgage Notes Payable

Operating entered into a \$67,000,000 Mortgage Loan Agreement with Prime Finance. The loan bears interest at Term SOFR + 4.75%, with a SOFR cap of 4.50%, and is interest-only through maturity. The loan initially matures on April 9, 2027, with three one-year extension options, subject to satisfaction of financial and operational covenants. The interest-rate cap caps Term SOFR at 4.50% and has a notional amount equal to or greater than the outstanding principal balance of the loan. The Company paid a premium of approximately \$136,000 for the cap at inception. The loan is secured by the Hotel. Mezzanine executed an amended and restated Mezzanine Loan Agreement with CRED REIT Holdco LLC for a principal amount of \$36,300,000. The loan accrues interest at a fixed rate of 7.25% per annum, with matching maturity and extension terms with the senior loan. The loan is secured by Mezzanine's membership interest in Operating. See Note 10 – Mortgage Notes Payable and Mezzanine Financing.

Related Party Notes Payable

Principal and accrued interest are due in full at maturity; no monthly principal or interest payments are required prior to maturity. See Note 9 – Related Party and Other Financing Transactions.

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2025, the Company had no material off-balance sheet arrangements as defined in Item 303(a) of Regulation S-K.

IMPACT OF INFLATION

Hotel room rates are typically impacted by supply and demand factors, not inflation, since rental of a hotel room is usually for a limited number of nights. Room rates can be, and usually are, adjusted to account for inflationary cost increases. Since Aimbridge has the power and ability under the terms of its management agreement to adjust Hotel room rates on an ongoing basis, management believes there has not been a material adverse impact on the Company's revenues due to inflation. For the two most recent fiscal years, the impact of inflation on the Company's income has not been viewed by management as material. However, inflationary pressures on wages, utilities, food and beverage costs, and other operating expenses could adversely affect operating margins to the extent such increases cannot be offset through pricing actions or operating efficiencies.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies are those that are most significant to the portrayal of our financial position and results of operations and require judgments by management in order to make estimates about the effect of matters that are inherently uncertain. The preparation of these unaudited condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. We evaluate our estimates on an ongoing basis, including those related to the consolidation of our subsidiaries, recognition of our revenues, allowances for bad debts, accruals, asset impairments, other investments, income taxes and commitments and contingencies. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates. There have been no material changes to the Company's critical accounting policies during the six months ended December 31, 2025. Critical accounting policies are discussed in the Company's Annual Report on Form 10-K for the year ended June 30, 2025.

INCOME TAXES

We apply ASC 740 to account for income taxes. Significant judgment is required to estimate the future tax consequences of events recognized in our condensed consolidated financial statements and tax returns, including the realizability of deferred tax assets and the effects of changes in tax laws or their interpretation. Our income tax returns are subject to examination by the IRS and other taxing authorities; changes in our assessment of these matters could materially affect our consolidated financial statements. We evaluate tax positions taken or expected to be taken on a tax return and recognize benefits only when it is more likely than not that the position will be sustained upon examination, based on the technical merits and assuming full knowledge by the taxing authority. For positions that meet this threshold, the recognized benefit is measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. Positions that do not meet the recognition threshold are not recognized. Because estimates, assumptions, and judgments are inherent in these evaluations, changes in our assessments could materially affect our consolidated financial statements. We recognize interest and penalties related to uncertain tax positions in income tax expense.

DEFERRED INCOME TAXES – VALUATION ALLOWANCE

We assess the realizability of deferred tax assets (“DTA”) each reporting period on a jurisdiction-by-jurisdiction basis. A valuation allowance is recorded when it is more likely than not that some or all DTAs will not be realized. In forming this conclusion, we weigh all available positive and negative evidence, placing significant weight on objectively verifiable evidence, including recent financial results.

Cumulative pre-tax losses over the preceding three years constitute significant negative evidence that DTAs may not be realizable, while cumulative pre-tax income provides objective positive evidence of our ability to generate taxable income. Consistent with GAAP, when there is a recent history of pre-tax losses, limited or no weight is placed on forecasts in assessing DTA realizability. When relevant, we use systematic and logical scheduling to estimate the timing of reversal of temporary differences (i.e., when deferred tax liabilities will generate taxable income and when DTAs will generate deductions). These assessments require assumptions and judgments and are inherently complex and subjective. Significant judgment is also required to determine the timing and amount of any future release of the valuation allowance should our evidence change.

HOTEL ASSETS AND DEFINITE-LIVED INTANGIBLE ASSETS

We review hotel property and equipment and definite-lived intangible assets (together, “long-lived assets”) each quarter and whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. We generally assess recoverability at the property (asset-group) level – the lowest level for which identifiable cash flows are largely independent.

When indicators of impairment exist, we compare the carrying amount to the sum of the asset group’s undiscounted cash flows expected from use and eventual disposition. If the carrying amount is not recoverable, we measure an impairment loss as the excess of carrying amount over fair value. Fair value is estimated using market and/or income approaches, which require significant judgment, including assumptions about occupancy, ADR/RevPAR, operating margins, required capital expenditures, terminal values, and market discount and capitalization rates. Our indicators of impairment assessment considers industry conditions, property location, market dynamics, historical performance, and property-specific facts available at the time; conclusions may vary from period to period as facts change.

Changes in economic or operating conditions could result in future impairment charges. Changes in the estimates and assumptions used in our impairment analyses could result in future impairment charges.

There were no indicators of impairment for our hotel investments or definite-lived intangible assets, and no impairment losses were recorded for the six months ended December 31, 2025 and 2024, respectively.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are a “smaller reporting company” and therefore we are not required to provide the information required by this Item.

Item 4. Controls and Procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Company’s management, with the participation of the Company’s Chief Executive Officer and Principal Financial Officer, evaluated the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, the Chief Executive Officer and Principal Financial Officer concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, the Company’s disclosure controls and procedures were effective at a reasonable assurance level to ensure that information required to be disclosed in the Company’s reports under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to management as appropriate.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Company’s internal control over financial reporting during the fiscal quarter covered by this report that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Portsmouth Square, Inc., through Justice Investors Operating Company, LLC (the “Company”), owns the real property at 750 Kearny Street in San Francisco, which is improved with a 27-story building that houses a Hilton-branded hotel (the “Property”). In connection with City approvals in the early 1970s, the Company constructed an ornamental overhead pedestrian bridge spanning Kearny Street to the City’s Portsmouth Square park and underground garage (the “Bridge”), pursuant in part to a Major Encroachment Permit (the “Permit”).

On May 24, 2022, the City purported to revoke the Permit and, on June 13, 2022, directed the Company to submit a general bridge removal and site restoration plan (the “Plan”) at the Company’s expense. The Company disputes the legality of the purported revocation and the existence of any obligation to fund removal. Company representatives participated in meetings with the City on and after August 1, 2019 regarding a potential collaborative removal process; until the 2022 purported revocation, City representatives repeatedly indicated that the City would bear the costs of any removal.

Without waiving any rights, and to evaluate available options and respond to the City’s directives, the Company has engaged a project manager, structural engineer, and architect to advise on the Plan for Bridge removal and reconstruction of the Property’s Kearny Street frontage. The Company continues to work with the City on approvals and permits and is discussing both process and financial responsibility. Those discussions are expected to continue at least through the calendar first two quarters of 2026. A final Plan is not expected to be completed and approved until the first calendar quarter 2026; permits for Bridge demolition are unlikely to be obtained in the second calendar quarter of 2026, and demolition is unlikely to commence before June 2026.

At this time, the Company cannot reasonably estimate a loss or range of loss related to this matter, and no liability has been recorded. The Company disputes that it has any obligation to fund Bridge removal and continues to engage with the City regarding process and financial responsibility. No liability has been recorded in the accompanying financial statements.

Item 1A. RISK FACTORS

As a smaller reporting company, we are not required to provide the information called for by this Item.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There have been no events that are required to be reported under this Item.

Item 3. DEFAULTS UPON SENIOR SECURITIES

There have been no events that are required to be reported under this Item.

Item 4. MINE SAFETY DISCLOSURES

There have been no events that are required to be reported under this Item.

Item 5. OTHER INFORMATION

There have been no events that are required to be reported under this Item.

Item 6. EXHIBITS

- 31.1 [Certification of Principal Executive Officer of Periodic Report Pursuant to Rule 13a-14\(a\) and Rule 15d-14\(a\).](#)
- 31.2 [Certification of Principal Financial Officer of Periodic Report Pursuant to Rule 13a-14\(a\) and Rule 15d-14\(a\).](#)
- 32.1 [Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350.](#)
- 32.2 [Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350.](#)

- 101. INS Inline XBRL Instance Document
- 101. SCH Inline XBRL Taxonomy Extension Schema
- 101. CAL Inline XBRL Taxonomy Extension Calculation Linkbase
- 101. DEF Inline XBRL Taxonomy Extension Definition Linkbase
- 101. LAB Inline XBRL Taxonomy Extension Label Linkbase
- 101. PRE Inline XBRL Taxonomy Extension Presentation Linkbase
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

PORTSMOUTH SQUARE, INC.
(Registrant)

Date: February 12, 2026 by /s/ John V. Winfield
John V. Winfield
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

Date: February 12, 2026 by /s/ Ann Marie Blair
Ann Marie Blair
Principal Financial Officer

CERTIFICATION

I, John V. Winfield, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Portsmouth Square, 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 (a) disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and (b) internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-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 equivalent functions):
 - (a) All significant deficiencies and material weakness 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.

Date: February 12, 2026

/s/ John V. Winfield

John V. Winfield
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Ann Marie Blair, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Portsmouth Square, 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 (a) disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and (b) internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-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 equivalent functions):
 - (a) All significant deficiencies and material weakness 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.

Date: February 12, 2026

/s/ Ann Marie Blair

Ann Marie Blair
Principal Financial Officer

**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 of Portsmouth Square, Inc. (the "Company") on Form 10-Q for the quarter ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John V. Winfield, 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, to the best of my knowledge, that:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John V. Winfield

John V. Winfield
Chief Executive Officer
(Principal Executive Officer)

Date: February 12, 2026

A signed original of this written statement required by Section 906 has been provided to Portsmouth Square, Inc. and will be retained by Portsmouth Square, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**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 of Portsmouth Square, Inc. (the "Company") on Form 10-Q for the quarter ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ann Marie Blair, Principal 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, to the best of my knowledge, that:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ann Marie Blair

Ann Marie Blair
Principal Financial Officer

Date: February 12, 2026

A signed original of this written statement required by Section 906 has been provided to Portsmouth Square, Inc. and will be retained by Portsmouth Square, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.
