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 SEPTEMBER 30, 2023**

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: 001-36869

PJT Partners Inc.

(Exact name of registrant as specified in its charter)

Delaware	**36-4797143**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

280 Park Avenue
New York, New York 10017
(Address of principal executive offices)(Zip Code)
(212) 364-7810
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.01 per share	PJT	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 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 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 Exchange Act). Yes ☐ No ☒

As of October 30, 2023, there were 24,240,433 shares of Class A common stock, par value $0.01 per share, and 142 shares of Class B common stock, par value $0.01 per share, outstanding.

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PJT Partners Inc. was formed in connection with certain merger and spin-off transactions whereby the financial and strategic advisory services, restructuring and reorganization advisory services and Park Hill Group businesses of Blackstone Inc. ("Blackstone" or our "former Parent") were combined with PJT Capital LP, a financial advisory firm founded by Paul J. Taubman in 2013 (together with its then affiliates, "PJT Capital"), and the combined business was distributed to Blackstone's unitholders to create PJT Partners Inc., a stand-alone, independent publicly traded company. Throughout this Quarterly Report on Form 10-Q, we refer to this transaction as the "spin-off." PJT Partners Inc. is a holding company and its only material asset is its controlling equity interest in PJT Partners Holdings LP, a holding partnership that holds the Company's operating subsidiaries, and certain cash and cash equivalents it may hold from time to time. As the sole general partner of PJT Partners Holdings LP, PJT Partners Inc. operates and controls all of the business and affairs of PJT Partners Holdings LP and its operating subsidiaries.

In this Quarterly Report on Form 10-Q, unless the context requires otherwise, the words "PJT Partners Inc." refers to PJT Partners Inc., and "PJT Partners," the "Company," "we," "us" and "our" refer to PJT Partners Inc., together with its consolidated subsidiaries, including PJT Partners Holdings LP and its operating subsidiaries.

Forward-Looking Statements

Certain material presented herein contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements include certain information concerning future results of operations, business strategies, acquisitions, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, the effects of competition and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believe," "expect," "opportunity," "plan," "intend," "anticipate," "estimate," "predict," "potential," "continue," "may," "might," "should," "could" or the negative of these terms or similar expressions.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations, and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict, many of which are outside our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not place undue reliance upon any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: (a) changes in governmental regulations and policies; (b) cyberattacks, security vulnerabilities, and internet disruptions, including breaches of data security and privacy leaks, data loss, and business interruptions; (c) failures of our computer systems or communication systems, including as a result of a catastrophic event and the use of remote work environments and virtual platforms; (d) the impact of catastrophic events, including business disruptions, pandemics, reductions in employment and an increase in business failures on (1) the U.S. and the global economy, and (2) our employees and our ability to provide services to our clients and respond to their needs; (e) the failure of third-party service providers to perform their functions; and (f) volatility in the political and economic environment, including as a result of inflation, rising interest rates, and geopolitical conflict.

Any of these factors, as well as such other factors discussed in the “Risk Factors” section of our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the United States Securities and Exchange Commission (“SEC”), as such factors may be updated from time to time in our periodic filings with the SEC, accessible on the SEC’s website at www.sec.gov, could cause our results to differ materially from those expressed in forward-looking statements. There may be other risks and uncertainties that we are unable to predict at this time or that are not currently expected to have a material adverse effect on our business. Any such risks could cause our results to differ materially from those expressed in forward-looking statements.

Website Disclosure

We use our website (www.pjtpartners.com) as a channel of distribution of Company information. The information we post may be deemed material. Accordingly, investors should monitor the website, in addition to following our press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive e-mail alerts and other information about PJT Partners when you enroll your e-mail address by visiting the “Investor Relations” page of our website at ir.pjtpartners.com. Although we refer to our website in this report, the contents of our website are not included or incorporated by reference into this report. All references to our website in this report are intended to be inactive textual references only.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PJT Partners Inc.
Condensed Consolidated Statements of Financial Condition (Unaudited)
(Dollars in Thousands, Except Share and Per Share Data)

	September 30, 2023	December 31, 2022
Assets		
Cash and Cash Equivalents	$ 116,044	$ 173,235
Investments (at fair value)	239,009	50,242
Accounts Receivable (net of allowance for credit losses of $3,160 and $1,945 at September 30, 2023 and December 31, 2022, respectively)	324,124	317,751
Intangible Assets, Net	14,190	17,880
Goodwill	172,725	172,725
Furniture, Equipment and Leasehold Improvements, Net	27,311	30,693
Operating Lease Right-of-Use Assets	103,798	119,025
Other Assets	126,343	99,929
Deferred Tax Asset, Net	71,375	69,172
Total Assets	$ 1,194,919	$ 1,050,652
Liabilities and Equity		
Accrued Compensation and Benefits	$ 186,817	$ 83,920
Accounts Payable, Accrued Expenses and Other Liabilities	26,474	24,782
Operating Lease Liabilities	118,272	135,627
Amount Due Pursuant to Tax Receivable Agreement	32,105	30,315
Taxes Payable	8,116	3,451
Deferred Revenue	11,408	12,999
Total Liabilities	383,192	291,094
Commitments and Contingencies		
Equity		
Class A Common Stock, par value $0.01 per share (3,000,000,000 shares authorized; 32,297,753 and 31,062,575 issued at September 30, 2023 and December 31, 2022, respectively; 24,240,188 and 24,479,286 outstanding at September 30, 2023 and December 31, 2022, respectively)	323	310
Class B Common Stock, par value $0.01 per share (1,000,000 shares authorized; 142 issued and outstanding at September 30, 2023; 158 issued and outstanding at December 31, 2022)	—	—
Additional Paid-In Capital	578,055	502,585
Retained Earnings	99,489	60,969
Accumulated Other Comprehensive Loss	(2,518)	(2,274)
Treasury Stock at Cost (8,057,565 and 6,583,289 shares at September 30, 2023 and December 31, 2022, respectively)	(482,409)	(376,484)
Total PJT Partners Inc. Equity	192,940	185,106
Non-Controlling Interests	618,787	574,452
Total Equity	811,727	759,558
Total Liabilities and Equity	$ 1,194,919	$ 1,050,652

See notes to condensed consolidated financial statements.

PJT Partners Inc.
Condensed Consolidated Statements of Operations (Unaudited)
(Dollars in Thousands, Except Share and Per Share Data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues				
Advisory Fees	$ 244,129	$ 224,405	$ 736,013	$ 592,712
Placement Fees	26,660	39,652	74,273	149,485
Interest Income and Other	7,574	2,035	14,342	3,355
Total Revenues	278,363	266,092	824,628	745,552
Expenses				
Compensation and Benefits	193,457	179,080	573,114	488,899
Occupancy and Related	9,768	8,231	29,699	25,831
Travel and Related	7,177	7,893	22,463	20,923
Professional Fees	10,344	7,375	28,725	21,652
Communications and Information Services	4,479	4,155	12,317	12,819
Depreciation and Amortization	3,547	3,755	10,587	12,156
Other Expenses	7,037	7,961	21,807	21,794
Total Expenses	235,809	218,450	698,712	604,074
Income Before Provision for Taxes	42,554	47,642	125,916	141,478
Provision for Taxes	11,401	8,601	25,725	22,776
Net Income	31,153	39,041	100,191	118,702
Net Income Attributable to Non-Controlling Interests	13,743	17,953	43,304	52,742
Net Income Attributable to PJT Partners Inc.	$ 17,410	$ 21,088	$ 56,887	$ 65,960
Net Income Per Share of Class A Common Stock				
Basic	$ 0.69	$ 0.84	$ 2.26	$ 2.63
Diluted	$ 0.68	$ 0.82	$ 2.20	$ 2.56
Weighted-Average Shares of Class A Common Stock Outstanding				
Basic	25,193,359	24,966,527	25,220,031	25,032,151
Diluted	26,644,324	26,519,173	26,630,957	26,497,177

See notes to condensed consolidated financial statements.

PJT Partners Inc.
Condensed Consolidated Statements of Comprehensive Income (Unaudited)
(Dollars in Thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Net Income	$ 31,153	$ 39,041	$ 100,191	$ 118,702
Other Comprehensive Loss, Net of Tax — Currency Translation Adjustment	(3,518)	(3,055)	(453)	(8,150)
Comprehensive Income	27,635	35,986	99,738	110,552
Less:				
Comprehensive Income Attributable to Non-Controlling Interests	12,181	16,578	43,095	49,070
Comprehensive Income Attributable to PJT Partners Inc.	$ 15,454	$ 19,408	$ 56,643	$ 61,482

See notes to condensed consolidated financial statements.

PJT Partners Inc.
Condensed Consolidated Statements of Changes in Equity (Unaudited)
(Dollars in Thousands, Except Share Data)

	Three Months Ended September 30, 2023										
	Shares										
	Class A Common Stock	Class B Common Stock	Treasury Stock	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-Controlling Interests	Total
Balance at June 30, 2023	32,251,216	140	(8,030,750)	$ 322	$ —	$ 541,750	$ 88,149	$ (562)	$ (480,552)	$ 616,084	$ 765,191
Net Income	—	—	—	—	—	—	17,410	—	—	13,743	31,153
Other Comprehensive Loss	—	—	—	—	—	—	—	(1,956)	—	(1,562)	(3,518)
Dividends Declared ($0.25 Per Share of Class A Common Stock)	—	—	—	—	—	—	(6,070)	—	—	—	(6,070)
Tax Distributions	—	—	—	—	—	—	—	—	—	(9,832)	(9,832)
Equity-Based Compensation	—	—	—	—	—	32,931	—	—	—	5,461	38,392
Net Share Settlement	—	—	—	—	—	(1,470)	—	—	—	—	(1,470)
Deliveries of Vested Shares of Class A Common Stock	46,537	—	—	1	—	(1)	—	—	—	—	—
Change in Ownership Interest	—	2	—	—	—	4,845	—	—	—	(5,107)	(262)
Treasury Stock Purchases	—	—	(26,815)	—	—	—	—	—	(1,857)	—	(1,857)
Balance at September 30, 2023	32,297,753	142	(8,057,565)	$ 323	$ —	$ 578,055	$ 99,489	$ (2,518)	$ (482,409)	$ 618,787	$ 811,727

	Nine Months Ended September 30, 2023										
	Shares										
	Class A Common Stock	Class B Common Stock	Treasury Stock	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-Controlling Interests	Total
Balance at December 31, 2022	31,062,575	158	(6,583,289)	$ 310	$ —	$ 502,585	$ 60,969	$ (2,274)	$ (376,484)	$ 574,452	$ 759,558
Net Income	—	—	—	—	—	—	56,887	—	—	43,304	100,191
Other Comprehensive Loss	—	—	—	—	—	—	—	(244)	—	(209)	(453)
Dividends Declared ($0.75 Per Share of Class A Common Stock)	—	—	—	—	—	—	(18,367)	—	—	—	(18,367)
Tax Distributions	—	—	—	—	—	—	—	—	—	(21,981)	(21,981)
Equity-Based Compensation	—	—	—	—	—	121,603	—	—	—	14,785	136,388
Net Share Settlement	—	—	—	—	—	(17,984)	—	—	—	—	(17,984)
Deliveries of Vested Shares of Class A Common Stock	1,235,178	—	—	13	—	(13)	—	—	—	—	—
Change in Ownership Interest	—	(16)	—	—	—	(28,136)	—	—	—	8,436	(19,700)
Treasury Stock Purchases	—	—	(1,474,276)	—	—	—	—	—	(105,925)	—	(105,925)
Balance at September 30, 2023	32,297,753	142	(8,057,565)	$ 323	$ —	$ 578,055	$ 99,489	$ (2,518)	$ (482,409)	$ 618,787	$ 811,727

(continued)

See notes to condensed consolidated financial statements.

PJT Partners Inc.
Condensed Consolidated Statements of Changes in Equity (Unaudited)
(Dollars in Thousands, Except Share Data)

Three Months Ended September 30, 2022

	Shares							Accumulated			
	Class A Common Stock	Class B Common Stock	Treasury Stock	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-Controlling Interests	Total
Balance at June 30, 2022	30,597,580	161	(6,220,049)	$ 305	$ —	$ 445,961	$ 27,573	$ (2,167)	$ (350,926)	$ 556,905	$ 677,651
Net Income	—	—	—	—	—	—	21,088	—	—	17,953	39,041
Other Comprehensive Loss	—	—	—	—	—	—	—	(1,680)	—	(1,375)	(3,055)
Dividends Declared ($0.25 Per Share of Class A Common Stock)	—	—	—	—	—	—	(6,131)	—	—	—	(6,131)
Tax Distributions	—	—	—	—	—	—	—	—	—	(16,889)	(16,889)
Equity-Based Compensation	—	—	—	—	—	31,047	—	—	—	5,599	36,646
Net Share Settlement	—	—	—	—	—	(1,298)	—	—	—	—	(1,298)
Deliveries of Vested Shares of Class A Common Stock	296,246	—	—	3	—	(3)	—	—	—	—	—
Change in Ownership Interest	—	2	—	—	—	755	—	—	—	29	784
Treasury Stock Purchases	—	—	(239,618)	—	—	—	—	—	(16,271)	—	(16,271)
Balance at September 30, 2022	30,893,826	163	(6,459,667)	$ 308	$ —	$ 476,462	$ 42,530	$ (3,847)	$ (367,197)	$ 562,222	$ 710,478

Nine Months Ended September 30, 2022

	Shares							Accumulated			
	Class A Common Stock	Class B Common Stock	Treasury Stock	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Non-Controlling Interests	Total
Balance at December 31, 2021	29,248,457	159	(4,929,044)	$ 292	$ —	$ 391,242	$ (4,933)	$ 631	$ (267,000)	$ 517,340	$ 637,572
Net Income	—	—	—	—	—	—	65,960	—	—	52,742	118,702
Other Comprehensive Loss	—	—	—	—	—	—	—	(4,478)	—	(3,672)	(8,150)
Dividends Declared ($0.75 Per Share of Class A Common Stock)	—	—	—	—	—	—	(18,497)	—	—	—	(18,497)
Tax Distributions	—	—	—	—	—	—	—	—	—	(24,199)	(24,199)
Equity-Based Compensation	—	—	—	—	—	115,575	—	—	—	16,441	132,016
Net Share Settlement	—	—	—	—	—	(16,685)	—	—	—	—	(16,685)
Deliveries of Vested Shares of Class A Common Stock	1,645,369	—	—	16	—	(16)	—	—	—	—	—
Change in Ownership Interest	—	4	—	—	—	(13,654)	—	—	—	3,570	(10,084)
Treasury Stock Purchases	—	—	(1,530,623)	—	—	—	—	—	(100,197)	—	(100,197)
Balance at September 30, 2022	30,893,826	163	(6,459,667)	$ 308	$ —	$ 476,462	$ 42,530	$ (3,847)	$ (367,197)	$ 562,222	$ 710,478

See notes to condensed consolidated financial statements.

PJT Partners Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(Dollars in Thousands)

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Operating Activities		
Net Income	$ 100,191	$ 118,702
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Equity-Based Compensation Expense	136,388	132,016
Depreciation and Amortization Expense	10,587	12,156
Amortization of Operating Lease Right-of-Use Assets	17,516	15,256
Provision for Credit Losses	3,138	2,756
Other	(1,352)	4,471
Cash Flows Due to Changes in Operating Assets and Liabilities		
Accounts Receivable	(9,933)	(6,792)
Other Assets	(26,449)	(19,908)
Accrued Compensation and Benefits	102,810	36,505
Accounts Payable, Accrued Expenses and Other Liabilities	1,239	1,967
Operating Lease Liabilities	(19,579)	(16,792)
Taxes Payable	4,792	(2,163)
Deferred Revenue	(1,588)	10
Net Cash Provided by Operating Activities	317,760	278,184
Investing Activities		
Purchases of Investments	(296,704)	(143,929)
Proceeds from Sales and Maturities of Investments	109,173	44,270
Purchases of Furniture, Equipment and Leasehold Improvements	(3,423)	(2,508)
Net Cash Used in Investing Activities	(190,954)	(102,167)
Financing Activities		
Dividends	(18,367)	(18,497)
Tax Distributions	(21,981)	(24,199)
Proceeds from Revolving Credit Facility	15,000	42,000
Payments on Revolving Credit Facility	(15,000)	(42,000)
Employee Taxes Paid for Shares Withheld	(17,984)	(16,685)
Cash-Settled Exchanges of Partnership Units	(19,604)	(12,392)
Treasury Stock Purchases	(105,925)	(100,197)
Payments Pursuant to Tax Receivable Agreement	(40)	(3,092)
Net Cash Used in Financing Activities	(183,901)	(175,062)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(96)	(11,607)
Net Decrease in Cash and Cash Equivalents	(57,191)	(10,652)
Cash and Cash Equivalents, Beginning of Period	173,235	200,481
Cash and Cash Equivalents, End of Period	$ 116,044	$ 189,829
Supplemental Disclosure of Cash Flows Information		
Payments for Income Taxes, Net of Refunds Received	$ 6,199	$ 18,856
Payments for Interest	$ 20	$ 133
Non-Cash Receipt of Shares	$ —	$ 275

See notes to condensed consolidated financial statements.

1. ORGANIZATION

PJT Partners Inc. and its consolidated subsidiaries (the "Company" or "PJT Partners") offer a unique portfolio of advisory services designed to help clients achieve their strategic objectives.

On October 1, 2015, Blackstone Inc. ("Blackstone" or the "former Parent") distributed on a pro rata basis to its common unitholders all of the issued and outstanding shares of Class A common stock of PJT Partners Inc. held by it. This pro rata distribution is referred to as the "Distribution." The separation of the PJT Partners business from Blackstone and related transactions, including the Distribution, the internal reorganization that preceded the Distribution and the acquisition by PJT Partners of PJT Capital LP (together with its general partner and their respective subsidiaries, "PJT Capital") that occurred substantially concurrently with the Distribution, is referred to as the "spin-off."

PJT Partners Inc. is the sole general partner of PJT Partners Holdings LP. PJT Partners Inc. owns less than 100% of the economic interest in PJT Partners Holdings LP, but has 100% of the voting power and controls the management of PJT Partners Holdings LP. As of September 30, 2023, the non-controlling interest of PJT Partners Holdings LP was 37.8%. As the sole general partner of PJT Partners Holdings LP, PJT Partners Inc. operates and controls all of the business and affairs and consolidates the financial results of PJT Partners Holdings LP and its operating subsidiaries. The Company operates through the following subsidiaries: PJT Partners LP, PJT Partners (UK) Limited, PJT Partners (HK) Limited, PJT Partners Park Hill (Spain) A.V., S.A.U., PJT Partners (Germany) GmbH, PJT Partners (France) SAS and PJT Partners Japan K.K.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company prepared the accompanying condensed consolidated financial statements in conformity with accounting principles generally accepted in the U.S. ("GAAP") for interim financial information and the instructions to Form 10-Q. The condensed consolidated financial statements, including these notes, are unaudited and exclude some of the disclosures required in annual financial statements. Management believes it has made all necessary adjustments (consisting of only normal recurring items) so that the condensed consolidated financial statements are presented fairly and that estimates made in preparing its condensed consolidated financial statements are reasonable and prudent. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Intercompany transactions have been eliminated for all periods presented.

For a comprehensive disclosure of the Company's significant accounting policies, see Note 2. "Summary of Significant Accounting Policies" in the "Notes to Consolidated Financial Statements" in "Part II. Item 8. Financial Statements and Supplementary Data" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Cash, Cash Equivalents and Investments

Cash and Cash Equivalents include short-term highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less from the date of purchase. Cash and Cash Equivalents are maintained in U.S. and non-U.S. bank accounts and are held at seven financial institutions. Also included in Cash and Cash Equivalents are amounts held in bank accounts that are subject to advance notification to withdraw, which totaled $8.8 million as of September 30, 2023 and $0.6 million as of December 31, 2022.

Treasury securities with original maturities greater than three months when purchased are classified as Investments in the Condensed Consolidated Statements of Financial Condition.

(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

Reclassifications

Certain balances on the Condensed Consolidated Statements of Operations in the prior period have been reclassified to conform to their current presentation. For the three and nine months ended September 30, 2022, this resulted in a reclassification of $1.6 million and $3.5 million, respectively, from Other Expenses to Travel and Related. This reclassification had no impact on net income or stockholders' equity.

3. REVENUES FROM CONTRACTS WITH CUSTOMERS

The following table provides a disaggregation of revenues recognized from contracts with customers for the three and nine months ended September 30, 2023 and 2022:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Advisory Fees	$ 244,129	$ 224,405	$ 736,013	$ 592,712
Placement Fees	26,660	39,652	74,273	149,485
Interest Income from Placement Fees and Other	3,965	2,458	12,340	6,615
Revenues from Contracts with Customers	$ 274,754	$ 266,515	$ 822,626	$ 748,812

Remaining Performance Obligations and Revenue Recognized from Past Performance

As of September 30, 2023, the aggregate amount of the transaction price allocated to performance obligations yet to be satisfied was $38.7 million and the Company generally expects to recognize this revenue within the next twelve months. Such amounts relate to the Company's performance obligations of providing advisory and placement services.

The Company recognized revenue of $3.0 million and $13.5 million for the three and nine months ended September 30, 2023, respectively, and $4.0 million and $50.2 million for the three and nine months ended September 30, 2022, respectively, related to performance obligations that were fully satisfied in prior periods, primarily due to constraints on variable consideration in prior periods being resolved. Such amounts related primarily to the provision of corporate and fund placement services. The majority of Fee Revenue recognized by the Company during the three and nine months ended September 30, 2023 and 2022 was predominantly related to performance obligations that were partially satisfied in prior periods.

Contract Balances

There were no significant impairments related to contract balances during the three and nine months ended September 30, 2023 and 2022.

For the nine months ended September 30, 2023 and 2022, $12.0 million and $11.0 million, respectively, of revenue was recognized that was included in the beginning balance of Deferred Revenue, primarily related to the Company's performance obligation of standing ready to perform. In certain contracts, the Company receives customer expense advances, which are also considered to be contract liabilities. The Company recorded $1.8 million as of each of September 30, 2023 and December 31, 2022 in Accounts Payable, Accrued Expenses and Other Liabilities in the Condensed Consolidated Statements of Financial Condition primarily related to expense advances.

(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

4. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Changes in the allowance for credit losses consist of the following:

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Beginning Balance	$ 1,945	$ 1,853
Provision for Credit Losses	3,138	2,756
Write-offs	(1,923)	(2,297)
Ending Balance	$ 3,160	$ 2,312

Included in Accounts Receivable, Net is accrued interest of $3.3 million and $2.7 million as of September 30, 2023 and December 31, 2022, respectively, related to placement fees.

Included in Accounts Receivable, Net are long-term receivables of $117.6 million and $133.3 million as of September 30, 2023 and December 31, 2022, respectively, related to placement fees that are generally paid in installments over a period of three to four years.

The Company does not have any long-term receivables on non-accrual status. Of receivables that originated as long-term, there were $1.3 million and $6.5 million as of September 30, 2023 and December 31, 2022, respectively, which were outstanding more than 90 days. The Company's allowance for credit losses with respect to long-term receivables was $0.5 million as of each of September 30, 2023 and December 31, 2022.

5. INTANGIBLE ASSETS

Intangible Assets, Net consists of the following:

	September 30, 2023	December 31, 2022
Finite-Lived Intangible Assets		
Customer Relationships	$ 61,276	$ 61,276
Trade Name	9,800	9,800
Total Intangible Assets	71,076	71,076
Accumulated Amortization		
Customer Relationships	(48,226)	(44,964)
Trade Name	(8,660)	(8,232)
Total Accumulated Amortization	(56,886)	(53,196)
Intangible Assets, Net	$ 14,190	$ 17,880

Amortization expense was $1.2 million and $3.7 million for the three and nine months ended September 30, 2023, respectively, and $1.5 million and $5.3 million for the three and nine months ended September 30, 2022, respectively.

Amortization of Intangible Assets held at September 30, 2023 is expected to be $1.2 million for the remainder of the year ending December 31, 2023; $4.9 million the year ending December 31, 2024; $4.8 million for the year ending December 31, 2025; and $3.3 million for the year ending December 31, 2026.

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6. FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Furniture, Equipment and Leasehold Improvements, Net consists of the following:

	September 30, 2023	December 31, 2022
Leasehold Improvements	$ 56,791	$ 54,555
Furniture and Fixtures	19,114	18,811
Office Equipment	6,494	5,533
Total Furniture, Equipment and Leasehold Improvements	82,399	78,899
Accumulated Depreciation	(55,088)	(48,206)
Furniture, Equipment and Leasehold Improvements, Net	$ 27,311	$ 30,693

Depreciation expense was $2.3 million and $6.9 million for the three and nine months ended September 30, 2023 and 2022, respectively.

7. FAIR VALUE MEASUREMENTS

The following tables summarize the valuation of the Company's investments by the fair value hierarchy:

	September 30, 2023			
	Level I	Level II	Level III	Total
Treasury Securities	$ —	$ 251,198	$ —	$ 251,198

	December 31, 2022			
	Level I	Level II	Level III	Total
Treasury Securities	$ —	$ 50,242	$ —	$ 50,242

Investments in Treasury securities were included in both Cash and Cash Equivalents and Investments as of September 30, 2023 and in Investments as of December 31, 2022 in the Condensed Consolidated Statements of Financial Condition.

8. INCOME TAXES

The following table summarizes the Company's tax position:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Income Before Provision for Taxes	$ 42,554	$ 47,642	$ 125,916	$ 141,478
Provision for Taxes	$ 11,401	$ 8,601	$ 25,725	$ 22,776
Effective Income Tax Rate	26.8%	18.1%	20.4%	16.1%

The Company's effective tax rate differed from the U.S. federal statutory tax rate for the three and nine months ended September 30, 2023 primarily due to partnership income not being subject to U.S. corporate income taxes and permanent differences related to compensation.

The Company had no unrecognized tax benefits as of September 30, 2023.

During the quarter ended March 31, 2023, the Company's holding partnership, PJT Partners Holdings LP, received a notice from the Internal Revenue Service that its Form 1065, U.S. Return of Partnership Income, was selected for examination for the tax year ended December 31, 2020. The Company currently does not expect the results of the audit to have any material impact on its condensed consolidated financial statements.

(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

9. NET INCOME PER SHARE OF CLASS A COMMON STOCK

Basic and diluted net income per share of Class A common stock for the three and nine months ended September 30, 2023 and 2022 is presented below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator:				
Net Income Attributable to Shares of Class A Common Stock — Basic	$ 17,410	$ 21,088	$ 56,887	$ 65,960
Incremental Net Income from Dilutive Securities	583	672	1,726	1,931
Net Income Attributable to Shares of Class A Common Stock — Diluted	$ 17,993	$ 21,760	$ 58,613	$ 67,891
Denominator:				
Weighted-Average Shares of Class A Common Stock Outstanding — Basic	25,193,359	24,966,527	25,220,031	25,032,151
Weighted-Average Number of Incremental Shares from Unvested RSUs and Partnership Units	1,450,965	1,552,646	1,410,926	1,465,026
Weighted-Average Shares of Class A Common Stock Outstanding — Diluted	26,644,324	26,519,173	26,630,957	26,497,177
Net Income Per Share of Class A Common Stock				
Basic	$ 0.69	$ 0.84	$ 2.26	$ 2.63
Diluted	$ 0.68	$ 0.82	$ 2.20	$ 2.56

The ownership interests of holders (other than PJT Partners Inc.) of the common units of partnership interest in PJT Partners Holdings LP (“Partnership Units”) may be exchanged for PJT Partners Inc. Class A common stock on a one-for-one basis, subject to applicable vesting and transfer restrictions. If all Partnership Units were exchanged for Class A common stock, weighted-average Class A common stock outstanding would be 39,958,660 and 39,940,673 for the three and nine months ended September 30, 2023, respectively, excluding unvested restricted stock units (“RSUs”). In computing the dilutive effect, if any, which the aforementioned exchange would have on net income per share, net income attributable to holders of Class A common stock would be adjusted due to the elimination of the non-controlling interests associated with the Partnership Units (including any tax impact). For the three and nine months ended September 30, 2023, there were 14,765,301 and 14,720,642 weighted-average Partnership Units, respectively, that were anti-dilutive. For the three and nine months ended September 30, 2022, there were 15,019,049 and 15,115,021 weighted-average Partnership Units, respectively, that were anti-dilutive.

Share Repurchase Program

On April 25, 2022, the Company’s Board of Directors (the “Board”) authorized a $200 million repurchase program of the Company’s Class A common stock, which is in addition to the previous Board authorizations. During the nine months ended September 30, 2023, the Company repurchased 1.5 million shares of the Company’s Class A common stock at an average price per share of $71.82, or $105.9 million in aggregate, pursuant to the share repurchase program. As of September 30, 2023, the Company’s remaining repurchase authorization was $67.8 million.

(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

10. EQUITY-BASED AND OTHER DEFERRED COMPENSATION

Overview

On May 24, 2023, the Company adopted the Second Amended and Restated PJT Partners Inc. Omnibus Plan (the "PJT Equity Plan"), which amended the Amended and Restated 2019 PJT Partners Inc. Omnibus Plan. The PJT Equity Plan authorizes an additional 16 million shares of Class A common stock for the purpose of providing incentive compensation measured by reference to the value of the Company's Class A common stock or Partnership Units. The PJT Equity Plan provides for the granting of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, partnership interests and other stock-based or cash-based awards. Since October 1, 2015, the Company has authorized 33 million shares of Class A common stock for issuance of new awards under the PJT Equity Plan. The Company intends to use PJT Partners' Class A common stock to satisfy vested awards under the PJT Equity Plan.

The following table represents equity-based compensation expense and the related income tax benefit for the three and nine months ended September 30, 2023 and 2022, respectively:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Equity-Based Compensation Expense	$ 38,392	$ 36,646	$ 136,388	$ 132,016
Income Tax Benefit	$ 4,994	$ 4,621	$ 18,552	$ 17,238

Restricted Stock Units

The following table summarizes activity related to unvested RSUs for the nine months ended September 30, 2023:

	Restricted Stock Units	
	Number of Units	Weighted-Average Grant Date Fair Value (in dollars)
Balance, December 31, 2022	4,181,075	$ 65.58
Granted	2,562,210	77.67
Dividends Reinvested on RSUs	(21,537)	35.77
Forfeited	(21,734)	72.46
Vested	(1,396,014)	60.31
Balance, September 30, 2023	5,304,000	$ 72.90

As of September 30, 2023, there was $203.3 million of estimated unrecognized compensation expense related to unvested RSU awards. This cost is expected to be recognized over a weighted-average period of 1.6 years. The Company assumes a forfeiture rate of 1.0% to 7.0% annually based on expected turnover and periodically reassesses this rate. The weighted-average grant date fair value with respect to RSUs granted for the nine months ended September 30, 2022 was $63.81.

(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

RSU Awards with Both Service and Market Conditions

The following table summarizes activity related to unvested RSU awards with both a service and market condition for the nine months ended September 30, 2023:

	RSU Awards with Both Service and Market Conditions	
	Number of Units	Weighted-Average Grant Date Fair Value (in dollars)
Balance, December 31, 2022	1,534,012	$ 41.98
Granted	60,000	60.13
Dividends Reinvested on RSUs	236	35.24
Balance, September 30, 2023	1,594,248	$ 42.66

As of September 30, 2023, there was $25.5 million of estimated unrecognized compensation expense related to RSU awards with both a service and market condition. This cost is expected to be recognized over a weighted-average period of 1.8 years. The Company assumes a forfeiture rate of 4.0% to 7.0% annually based on expected turnover and periodically reassesses this rate. The weighted-average grant date fair value with respect to RSUs with both a service and market condition granted for the nine months ended September 30, 2022 was $41.97.

The Company estimated the fair value of RSU awards with both a service and market condition at grant using a Monte Carlo simulation. The following table presents the assumptions used for the nine months ended September 30, 2023:

Risk-Free Interest Rate	4.3%
Volatility Factor	39.5%
Expected Life (in years)	3.6

Partnership Units

The following table summarizes activity related to unvested Partnership Units for the nine months ended September 30, 2023:

	Partnership Units	
	Number of Partnership Units	Weighted-Average Grant Date Fair Value (in dollars)
Balance, December 31, 2022	178,067	$ 60.62
Granted	256,726	71.58
Vested	(82,385)	54.15
Balance, September 30, 2023	352,408	$ 70.12

As of September 30, 2023, there was $19.0 million of estimated unrecognized compensation expense related to unvested Partnership Units. This cost is expected to be recognized over a weighted-average period of 2.1 years. The Company assumes a forfeiture rate of 4.0% annually based on expected turnover and periodically reassesses this rate. The weighted-average grant date fair value with respect to Partnership Units granted for the nine months ended September 30, 2022 was $61.60.

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Partnership Unit Awards with Both Service and Market Conditions

The following table summarizes activity related to unvested Partnership Unit awards with both a service and market condition for the nine months ended September 30, 2023:

	Partnership Unit Awards with Both Service and Market Conditions	
	Number of Partnership Units	Weighted-Average Grant Date Fair Value (in dollars)
Balance, December 31, 2022	1,107,768	$ 39.10
Balance, September 30, 2023	1,107,768	$ 39.10

As of September 30, 2023, there was $16.3 million of estimated unrecognized compensation expense related to Partnership Unit awards with both a service and market condition. This cost is expected to be recognized over a weighted-average period of 1.8 years. The Company assumes a forfeiture rate of 4.0% annually based on expected turnover and periodically reassesses this rate. The weighted-average grant date fair value with respect to Partnership Units with both a service and market condition granted for the nine months ended September 30, 2022 was $39.10.

Units Expected to Vest

The following unvested units, after expected forfeitures, as of September 30, 2023, are expected to vest:

	Units	Weighted-Average Service Period in Years
Restricted Stock Units	6,356,170	1.7
Partnership Units	1,286,831	1.9
Total Equity-Based Awards	7,643,001	1.7

Deferred Cash Compensation

The Company has periodically issued deferred cash compensation in connection with annual incentive compensation as well as other hiring or retention related awards. These awards typically vest over a period of one to four years. Compensation expense related to deferred cash awards was $10.5 million and $29.4 million for the three and nine months ended September 30, 2023, respectively, and $7.0 million and $21.7 million for the three and nine months ended September 30, 2022, respectively. As of September 30, 2023, there was $75.0 million of unrecognized compensation expense related to these awards. The weighted-average period over which this compensation cost is expected to be recognized is 2.0 years.

11. LEASES

The components of lease expense were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating Lease Cost	$ 7,190	$ 6,751	$ 21,888	$ 20,343
Variable Lease Cost	1,063	534	3,296	2,621
Sublease Income	(195)	—	(584)	(406)
Total Lease Cost	$ 8,058	$ 7,285	$ 24,600	$ 22,558

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Supplemental information related to the Company's operating leases was as follows:

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Cash Paid for Amounts Included in Measurement of Lease Liabilities		
Operating Cash Flows from Operating Leases	$ 19,579	$ 16,792
Right-of-Use Assets Obtained in Exchange for Operating Lease Liabilities	$ 1,836	$ 2,804

	September 30, 2023	December 31, 2022
Weighted-Average Remaining Lease Term (in years)	6.5	6.8
Weighted-Average Discount Rate	4.8%	4.6%

The following is a maturity analysis of the annual undiscounted cash flows of the Company's operating lease liabilities as of September 30, 2023:

Year Ending December 31,	Operating
2023 (October 1 through December 31)	$ 8,134
2024	29,067
2025	24,889
2026	20,239
2027	11,928
Thereafter	43,519
Total Lease Payments	137,776
Less: Imputed Interest	19,504
Total	$ 118,272

12. TRANSACTIONS WITH RELATED PARTIES

Exchange Agreement

The Company has entered into an exchange agreement with the limited partners of PJT Partners Holdings LP pursuant to which they (or certain permitted transferees) have the right, subject to the terms and conditions set forth in the limited partnership agreement of PJT Partners Holdings LP, on a quarterly basis, to exchange all or part of their Partnership Units for cash or, at the Company's election, for shares of PJT Partners Inc. Class A common stock on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications. Further, pursuant to the terms in the partnership agreement of PJT Partners Holdings LP, the Company may also require holders of Partnership Units who are not Service Providers (as defined in the partnership agreement of PJT Partners Holdings LP) to exchange such Partnership Units.

Further information regarding the exchange agreement is described in Note 13. "Transactions with Related Parties—Exchange Agreement" in the "Notes to Consolidated Financial Statements" in "Part II. Item 8. Financial Statements and Supplementary Data" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Certain holders of Partnership Units exchanged 0.3 million and 0.2 million Partnership Units, respectively, for cash in the amounts of $19.6 million and $12.4 million, respectively, for the nine months ended September 30, 2023 and 2022, respectively. Such amounts are recorded as a reduction of Non-Controlling Interests in the Condensed Consolidated Statements of Financial Condition. Additionally, 250 thousand Partnership Units were exchanged for shares of PJT Partners Inc. Class A common stock for each of the three and nine months ended September 30, 2022. There were no exchanges for shares of PJT Partners Inc. Class A common stock for the three and nine months ended September 30, 2023. Exchanges for shares are recorded as a reduction of Non-Controlling Interests and an increase in Additional Paid-In Capital in the Condensed Consolidated Statements of Financial Condition.

The Company intends to exchange 33 thousand Partnership Units for cash on November 7, 2023 for an aggregate payment of $2.7 million. The price per Partnership Unit to be paid by the Company is $80.53, which is equal to the volume-weighted average price per share of the Company's Class A common stock on November 2, 2023.

Registration Rights Agreement

The Company has entered into a registration rights agreement with the limited partners of PJT Partners Holdings LP pursuant to which the Company granted them, their affiliates and certain of their transferees the right, under certain circumstances and subject to certain restrictions, to require the Company to register under the Securities Act of 1933 shares of Class A common stock delivered in exchange for Partnership Units. The registration rights agreement does not contain any penalties associated with failure to file or to maintain the effectiveness of a registration statement covering the shares owned by individuals covered by such agreement.

Tax Receivable Agreement

The Company has entered into a tax receivable agreement with the holders of Partnership Units (other than PJT Partners Inc.) that provides for the payment by PJT Partners Inc. to exchanging holders of Partnership Units of 85% of the benefits, if any, that PJT Partners Inc. is deemed to realize as a result of the increases in tax basis related to such exchanges of Partnership Units and of certain other tax benefits related to entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. As of September 30, 2023 and December 31, 2022, the Company had amounts due of $32.1 million and $30.3 million, respectively, pursuant to the tax receivable agreement, which represent management's best estimate of the amounts currently expected to be owed in connection with the tax receivable agreement. Actual payments may differ significantly from estimated amounts due.

Sublease

The Company has entered into a Sublease Agreement (the "Sublease") with Dynasty Equity Partners Management, LLC ("Dynasty") to sublease a portion of its office space to Dynasty. K. Don Cornwell, a member of the Board as of January 2023, is the CEO and co-founder of Dynasty. The sublease commenced on October 1, 2022 with an initial term of two years. The rent, terms and conditions of the Sublease were consistent with those similar subleases in the market as of the time the Sublease was entered, and the Company recognized $0.2 million and $0.6 million of sublease income for the three and nine months ended September 30, 2023, respectively. Such amounts are recorded in Interest Income and Other in the Condensed Consolidated Statements of Operations.

Aircraft Lease

The Company makes available to its partners and, on occasion, their family members personal use of a company leased aircraft when it is not being used for business purposes, for which the partners pay the full incremental costs associated with such use. Such amount is not material to the condensed consolidated financial statements.

13. COMMITMENTS AND CONTINGENCIES

Commitments

Line of Credit

On February 1, 2021, PJT Partners Holdings LP, as borrower (the "Borrower"), entered into a Renewal and Modification Agreement (the "Renewal Agreement") and related documents with First Republic Bank (now part of JPMorgan Chase), as lender (the "Lender"), amending the terms of the Borrower's revolving credit facility with the Lender under the Amended and Restated Loan Agreement dated October 1, 2018 (the "Amended and Restated Loan Agreement"). The Renewal Agreement provides for a revolving credit facility with aggregate commitments in an amount equal to $60.0 million, which aggregate commitments may be increased, pursuant to the terms and conditions set forth in the Renewal Agreement, to up to $80.0 million during the period beginning December 1 each year through March 1 of the following year. The revolving credit facility will mature and the commitments thereunder will terminate on the maturity date, subject to extension by agreement of the Borrower and Lender. On February 7, 2023, the Renewal Agreement was further amended with the same terms to extend the maturity date to October 1, 2024.

As of September 30, 2023 and December 31, 2022, there were no borrowings outstanding under the revolving credit facility.

As of September 30, 2023 and December 31, 2022, the Company was in compliance with the debt covenants under the Renewal Agreement and the Amended and Restated Loan Agreement.

Contingencies

Litigation

From time to time, the Company may be named as a defendant in legal actions relating to transactions conducted in the ordinary course of business. Some of these matters may involve claims of substantial amounts. Although there can be no assurance of the outcome of such legal actions, in the opinion of management, after consultation with external counsel, the Company believes it is not probable and/or reasonably possible that any current legal proceedings or claims would individually or in the aggregate have a material adverse effect on the condensed consolidated financial statements of the Company. The Company is not currently able to estimate the possible loss or range of loss until developments in such matters have provided sufficient information to support such an assessment, including quantification of a damage demand from plaintiffs, discovery from other parties and investigation of factual allegations, rulings by courts on motions or appeals, analysis by experts or the status of any settlement negotiations.

Guarantee

The Company provides a guarantee to a lending institution for certain loans held by employees for investment in funds of its former Parent, which are secured by the underlying investments in those funds. The amount guaranteed was $2.5 million and $3.3 million as of September 30, 2023 and December 31, 2022, respectively. In connection with this guarantee, the Company currently expects any associated risk of loss to be insignificant.

Indemnifications

The Company has entered and may continue to enter into contracts that contain a variety of indemnification obligations. The Company’s maximum exposure under these arrangements is not known; however, the Company currently expects any associated risk of loss to be insignificant. In connection with these matters, the Company has incurred and may continue to incur legal expenses, which are expensed as incurred.

Transactions and Agreements with Blackstone

Employee Matters Agreement

The Company is required to reimburse Blackstone for the value of forfeited unvested equity awards granted to former Blackstone employees that transitioned to PJT Partners in connection with the spin-off. Such reimbursement is recorded in Accounts Payable, Accrued Expenses and Other Liabilities with an offset to Equity in the Condensed Consolidated Statements of Financial Condition. The accrual for these forfeitures was $0.9 million as of each of September 30, 2023 and December 31, 2022.

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Pursuant to the Employee Matters Agreement, the Company has agreed to pay Blackstone the net realized cash benefit resulting from certain compensation-related tax deductions. Amounts are payable annually (for periods in which a cash benefit is realized) within nine months of the end of the relevant tax period. As of September 30, 2023 and December 31, 2022, the Company had accrued $1.2 million and $3.4 million, respectively, which the Company anticipates will be payable to Blackstone after the Company files its respective tax returns. The tax deduction and corresponding payable to Blackstone related to such deliveries will fluctuate primarily based on the price of Blackstone common stock at the time of delivery.

14. REGULATED ENTITIES

Certain subsidiaries of the Company are subject to various regulatory requirements in the U.S., United Kingdom, Hong Kong and Spain, which specify, among other requirements, minimum net capital requirements for registered broker-dealers.

PJT Partners LP is a registered broker-dealer through which advisory and placement services are conducted in the U.S. and is subject to the net capital requirements of Rule 15c3-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). PJT Partners LP had net capital of $220.4 million and $125.9 million as of September 30, 2023 and December 31, 2022, respectively, which exceeded the minimum net capital requirement by $219.2 million and $124.1 million, respectively. PJT Partners LP does not carry customer accounts and does not otherwise hold funds or securities for, or owe money or securities to, customers and, accordingly, has no obligations under the SEC Customer Protection Rule (Rule 15c3-3).

As of September 30, 2023 and December 31, 2022, PJT Partners (UK) Limited, PJT Partners (HK) Limited and PJT Partners Park Hill (Spain) A.V., S.A.U. were in compliance with local capital adequacy requirements.

15. BUSINESS INFORMATION

The Company's activities providing advisory and placement services constitute a single reportable segment. An operating segment is a component of an entity that conducts business and incurs revenues and expenses for which discrete financial information is available that is reviewed by the chief operating decision maker in assessing performance and making resource allocation decisions. The Company has a single operating segment and therefore a single reportable segment.

The Company is organized as one operating segment in order to maximize the value of advice to clients by drawing upon the diversified expertise and broad relationships of senior professionals across the Company. The chief operating decision maker assesses performance and allocates resources based on broad considerations, including the market opportunity, available expertise across the Company and the strength and efficacy of professionals' collaboration, and not based upon profit or loss measures for the Company's separate product lines.

Since the financial markets are global in nature, the Company generally manages its business based on the operating results of the Company taken as a whole, not by geographic region. The following tables set forth the geographical distribution of revenues and assets based on the location of the office that generates the revenues or holds the assets and therefore may not be reflective of the geography in which the Company's clients are located.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues				
Domestic	$ 232,990	$ 243,330	$ 679,433	$ 663,759
International	45,373	22,762	145,195	81,793
Total	$ 278,363	$ 266,092	$ 824,628	$ 745,552

(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

	September 30, 2023	December 31, 2022
Assets		
Domestic	$ 975,764	$ 921,274
International	219,155	129,378
Total	$ 1,194,919	$ 1,050,652

16. SUBSEQUENT EVENTS

The Board has declared a quarterly dividend of $0.25 per share of Class A common stock, which will be paid on December 20, 2023 to Class A common stockholders of record as of December 6, 2023.

The Company has evaluated the impact of subsequent events through the date these financial statements were issued, and determined there were no subsequent events requiring adjustment or further disclosure to the financial statements besides those described in Note 12. "Transactions with Related Parties—Exchange Agreement."

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with PJT Partners Inc.'s Condensed Consolidated Financial Statements and the related notes included in this Quarterly Report on Form 10-Q.

Our Business

PJT Partners is a premier, global, advisory-focused investment bank that was built from the ground up to be different. Our highly experienced, collaborative teams provide independent advice coupled with old-world, high-touch client service. This ethos has allowed us to attract some of the very best talent in the markets in which we operate. We deliver leading advice to many of the world's most consequential companies, effect some of the most transformative transactions and restructurings and raise billions of dollars of capital around the globe to support startups and more established companies.

We have world-class franchises in each of the areas in which we compete:

Strategic Advisory

Our team of leading professionals delivers strategic advice and innovative solutions to various opportunities and often highly complex challenges. We advise clients on transactions including mergers and acquisitions ("M&A"), spin-offs, activism defense, contested M&A, joint ventures, minority investments and divestitures. Additionally, we advise private and public company boards and management teams on strategies for building productive investor relationships with a focus on shareholder engagement; complex investor matters; environmental, social and governance transition solutions; and other critical strategic, governance and shareholder matters. Our capital markets advisory team advises and executes public and private capital raises in the debt and equity capital markets, including debt financings, acquisition financings, structured product offerings, public equity raises including IPO and SPAC offerings, private capital raises for early and later stage companies as well as other capital structure related matters. Our geopolitical and policy advisory practice assists boards and managements team navigate changing geopolitical relationships against the backdrop of evolving political landscapes.

Restructuring and Special Situations

Our Restructuring and Special Situations business is one of the world's leading advisors in financial debt restructurings, liability management, distressed M&A and Chapter 11 matters, around the globe. We have been named IFR Restructuring Advisor of the Year for three years running beginning in 2020 and are consistently ranked among the top three financial advisors in announced global restructuring volume. With expertise in highly complex capital structure challenges, we advise management teams, corporate boards, sponsors and creditors in situations where a company is experiencing financial distress.

PJT Park Hill

PJT Park Hill, our leading global alternative asset advisory and fundraising business, provides private fund advisory and fundraising services for a diverse range of investment strategies. Moreover, PJT Park Hill is the only group among its peers with top-tier dedicated private equity, hedge fund, private credit, real estate, directs and private capital solutions groups. PJT Park Hill's private capital solutions business is a leading advisor to GPs and LPs on liquidity and other structured solutions.

Business Environment

Economic and global financial conditions can materially affect our operational and financial performance. See "Part I. Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 for a discussion of some of the factors that can affect our performance.

M&A is a cyclical business that is impacted by macroeconomic conditions. There are several factors weighing on global M&A activity in the intermediate-term, including monetary policy, greater economic and geopolitical uncertainty and slowing global growth. Worldwide M&A announced volumes during the first nine months of 2023 were down 27% compared with the first nine months of 2022[1] as these factors adversely impacted the strength of strategic activity. While the pace of activity has changed, we expect corporate boards and management teams to continue to use M&A as a strategic tool.

Global restructuring and liability management activity remained strong in the third quarter of 2023 as challenging macroeconomic conditions and higher interest rates continued to drive an increase in balance sheet restructurings. Year-to-date activity continues to be driven by both out-of-court liability management and in-court Chapter 11 mandates as both companies and financial sponsors focus on comprehensive capital structure solutions. Both liability management and more traditional restructuring transactions remain dispersed across a broad cross section of industries and geographies.

Given the global macroeconomic environment and supply of alternative investment opportunities in the market seeking capital, the fundraising environment remains challenging as limited partners have become more discerning in their deployment of capital for both existing and new fund manager relationships. Investors continue to focus on existing relationships and, as a result, the bar for fund managers to attract new investors remains high as a flight to quality persists. As it relates to secondary and other private capital solutions activity, market volatility has increased resulting from rising inflation, supply chain disruption and geopolitical events. As a result, market sentiment has shifted away from highly concentrated portfolio structures in favor of diversification.

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[1]Source: Refinitiv Global Mergers & Acquisitions Review for Third Quarter of 2023 as of September 30, 2023

Key Financial Measures

Revenues

Substantially all of our revenues are derived from contracts with clients to provide advisory and placement services. This revenue is primarily a function of the number of active engagements we have, the size of each of those engagements and the fees we charge for our services.

We provide a range of strategic advisory, shareholder advisory, capital markets advisory, and restructuring and special situations services to corporations, financial sponsors, institutional investors and governments around the world. In conjunction with providing restructuring advice, we may also assist with raising various forms of financing, including debt and equity. Our private capital solutions services include providing GP solutions and investing solutions to clients seeking portfolio liquidity, unfunded commitment relief and investments in secondary markets. Our fund placement services primarily serve alternative investment strategies, including private equity, real estate, hedge funds and private credit. We advise on all aspects of the fundraising process including competitive positioning and market assessment, marketing materials and related documentation including partnership terms and conditions most prevalent in the current environment. We also provide public and private placement fundraising services to our corporate clients and recognize placement and underwriting fees based on the successful completion of the transaction.

The amount and timing of the fees paid vary by the type of engagement and are typically based on retainers, completion of a transaction or a capital raise. Fees earned for services provided to alternative asset managers are typically recognized upon acceptance by a fund of capital or capital commitments (referred to as a "closing"), in accordance with terms set forth in individual agreements. For commitment based fees, revenue is recognized over time as commitments are accepted. Fees for such closed-end fund arrangements are generally paid in installments over three or four years and interest is charged to the outstanding balance at an agreed upon rate, such as the Secured Overnight Financing Rate or an alternate reference rate, plus a market-based margin. For funds with multiple closings, the constraint on variable consideration is lifted upon each closing. For open-end fund structures, placement fees are typically calculated as a percentage of a placed investor's month-end net asset value. Typically, we earn fees for such open-end fund structures over a four year period. For these arrangements, revenue is recognized over time as the constraint over variable consideration is lifted. We may receive non-refundable up-front fees in our contracts with customers, which are recorded as revenues in the period over which services are estimated to be provided.

A transaction can fail to be completed for many reasons, including global and/or regional economic conditions, failure of parties to agree upon final terms, to secure necessary board or shareholder approvals, to secure necessary financing or to achieve necessary regulatory approvals. In the case of bankruptcy engagements, fees are subject to approval of the court.

Interest Income and Other – Interest Income and Other represents interest typically earned on Cash and Cash Equivalents, investments in Treasury securities and outstanding placement fees receivable; foreign exchange gains and losses arising from transactions denominated in currencies other than U.S. dollars; sublease income; and the amount of expense reimbursement invoiced to clients related to out-of-pocket expenses. Interest on placement fees receivable is earned from the time revenue is recognized and is calculated as mutually agreed upon with the receivable counterparty. Interest receivable is included in Accounts Receivable, Net in the Condensed Consolidated Statements of Financial Condition.

Expenses

Compensation and Benefits – Compensation and Benefits expense includes salaries, restricted and unrestricted cash awards, benefits, employer taxes and equity-based compensation associated with the grants of equity-based awards to partners and employees. Changes in this expense are driven by fluctuations in the number of employees, composition of our workforce, business performance, compensation adjustments in relation to market movements, changes in rates for employer taxes and other cost increases affecting benefit plans. The expense associated with our bonus and equity plans can also have a significant impact on this expense category and may vary from year to year.

We maintain compensation programs, including salaries, annual incentive compensation (that may include components of unrestricted cash, restricted cash and/or equity-based awards) and benefits programs. We manage compensation to estimates of competitive levels based on market conditions and performance. Our level of compensation reflects our plan to maintain competitive compensation levels to retain key personnel and it reflects the impact of newly-hired senior professionals, including related grants of equity awards that are generally valued at their grant date fair value.

Increasing the number of high-caliber, experienced senior level employees is critical to our growth efforts. These hires generally do not begin to generate significant revenue in the year they are hired.

Non-Compensation Expense – Non-Compensation expenses are the other costs typical to operating our business, which generally consist of Occupancy and Related, Travel and Related, Professional Fees, Communications and Information Services, Depreciation and Amortization and Other Expenses. Further information regarding these expenses can be found in “Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2022.

Income Taxes – PJT Partners Inc. is a corporation subject to U.S. federal, state and local income taxes in jurisdictions where it does business. Our businesses generally operate as partnerships for U.S. federal and state purposes and as corporate entities in non-U.S. jurisdictions. In the U.S. federal and state jurisdictions, taxes related to income earned by these entities generally represent obligations of the individual members and partners.

The operating entities have generally been subject to New York City Unincorporated Business Tax and to entity-level income taxes imposed by state and local as well as non-U.S. jurisdictions, as applicable. These taxes have been reflected in our condensed consolidated financial statements.

PJT Partners Inc. is subject to U.S. corporate federal, state and local income tax on its allocable share of results of operations from the operating partnership (PJT Partners Holdings LP).

Non-Controlling Interests

PJT Partners Inc. is a holding company and its only material asset is its controlling equity interest in PJT Partners Holdings LP, and certain cash and cash equivalents it may hold from time to time. As the sole general partner of PJT Partners Holdings LP, PJT Partners Inc. operates and controls all of the business and affairs and consolidates the financial results of PJT Partners Holdings LP and its operating subsidiaries. The portion of net income attributable to the non-controlling interests is presented separately in the Condensed Consolidated Statements of Operations.

Condensed Consolidated Results of Operations

The following table sets forth our condensed consolidated results of operations for the three and nine months ended September 30, 2023 and 2022:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Change	2023	2022	Change
	(Dollars in Thousands)					
Revenues						
Advisory Fees	$ 244,129	$ 224,405	9%	$ 736,013	$ 592,712	24%
Placement Fees	26,660	39,652	(33)%	74,273	149,485	(50)%
Interest Income and Other	7,574	2,035	272%	14,342	3,355	327%
Total Revenues	278,363	266,092	5%	824,628	745,552	11%
Expenses						
Compensation and Benefits	193,457	179,080	8%	573,114	488,899	17%
Occupancy and Related	9,768	8,231	19%	29,699	25,831	15%
Travel and Related(1)	7,177	7,893	(9)%	22,463	20,923	7%
Professional Fees	10,344	7,375	40%	28,725	21,652	33%
Communications and Information Services	4,479	4,155	8%	12,317	12,819	(4)%
Depreciation and Amortization	3,547	3,755	(6)%	10,587	12,156	(13)%
Other Expenses(1)	7,037	7,961	(12)%	21,807	21,794	0%
Total Expenses	235,809	218,450	8%	698,712	604,074	16%
Income Before Provision for Taxes	42,554	47,642	(11)%	125,916	141,478	(11)%
Provision for Taxes	11,401	8,601	33%	25,725	22,776	13%
Net Income	31,153	39,041	(20)%	100,191	118,702	(16)%
Net Income Attributable to Non-Controlling Interests	13,743	17,953	(23)%	43,304	52,742	(18)%
Net Income Attributable to PJT Partners Inc.	$ 17,410	$ 21,088	(17)%	$ 56,887	$ 65,960	(14)%

(1) Certain balances on the Condensed Consolidated Statements of Operations in the prior period have been reclassified to conform to their current presentation. For the three and nine months ended September 30, 2022, this resulted in a reclassification of $1.6 million and $3.5 million, respectively, from Other Expenses to Travel and Related. This reclassification had no impact on net income or stockholders' equity.

Revenues

The following table provides revenue statistics for the three and nine months ended September 30, 2023 and 2022:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Total Number of Clients	230	229	342	301
Total Number of Fees of at least $1 Million from Client Transactions	56	45	157	95

Total Revenues were $278.4 million for the three months ended September 30, 2023, an increase of $12.3 million compared with $266.1 million for the three months ended September 30, 2022. Advisory Fees were $244.1 million for the three months ended September 30, 2023, an increase of $19.7 million compared with $224.4 million for the three months ended September 30, 2022. The increase in Advisory Fees was due to an increase in restructuring revenues, which was partially offset by decreases in strategic advisory and private capital solutions revenues. Placement Fees were $26.7 million for the three months ended September 30, 2023, a decrease of $13.0 million compared with $39.7 million for the three months ended September 30, 2022. The decrease in Placement Fees was principally due to a decrease in fund placement revenues. Interest Income and Other revenues were $7.6 million, an increase from $2.0 million in the prior year, principally due to higher interest income.

Total Revenues were $824.6 million for the nine months ended September 30, 2023, an increase of $79.1 million compared with $745.6 million for the nine months ended September 30, 2022. Advisory Fees were $736.0 million for the nine months ended September 30, 2023, an increase of $143.3 million compared with $592.7 million for the nine months ended September 30, 2022. The increase in Advisory Fees was due to an increase in restructuring revenues, which was partially offset by decreases in strategic advisory and private capital solutions revenues. Placement Fees were $74.3 million for the nine months ended September 30, 2023, a decrease of $75.2 million compared with $149.5 million for the nine months ended September 30, 2022. The decrease in Placement Fees was principally due to a decrease in fund placement revenues. Interest Income and Other revenues were $14.3 million, an increase from $3.4 million in the prior year, principally due to higher interest income.

Expenses

Expenses were $235.8 million for the three months ended September 30, 2023, an increase of $17.4 million compared with $218.5 million for the three months ended September 30, 2022. The increase in expenses was principally attributable to increases in Compensation and Benefits, Professional Fees, and Occupancy and Related expenses. The increase in Compensation and Benefits was both the result of higher revenues and a higher accrual rate. Professional Fees increased principally due to higher consulting and legal expenses relating to the firm's business activities. Occupancy and Related increased principally due to the further expansion of our New York headquarters, which commenced in the fourth quarter of 2022.

Expenses were $698.7 million for the nine months ended September 30, 2023, an increase of $94.6 million compared with $604.1 million for the nine months ended September 30, 2022. The increase in expenses was principally attributable to increases in Compensation and Benefits, Professional Fees, Occupancy and Related, and Travel and Related expenses. The increase in Compensation and Benefits was both the result of higher revenues and a higher accrual rate. Professional Fees increased principally due to higher consulting and legal expenses relating to the firm's business activities. Occupancy and Related increased principally due to the further expansion of our New York headquarters, which commenced in the fourth quarter of 2022. Travel and Related increased due to increased levels of business travel.

Provision for Taxes

The Company’s Provision for Taxes for the three months ended September 30, 2023 was $11.4 million, which represents an effective tax rate of 26.8% on pretax income of $42.6 million. The Company’s Provision for Taxes for the three months ended September 30, 2022 was $8.6 million, which represents an effective tax rate of 18.1% on pretax income of $47.6 million.

The Company's Provision for Taxes for the nine months ended September 30, 2023 was $25.7 million, which represents an effective tax rate of 20.4% on pretax income of $125.9 million. The Company's Provision for Taxes for the nine months ended September 30, 2022 was $22.8 million, which represents an effective tax rate of 16.1% on pretax income of $141.5 million.

Non-Controlling Interests

Net Income Attributable to Non-Controlling Interests is derived from the Income Before Provision for Taxes and the percentage allocation of the income between the holders of common units of partnership interest in PJT Partners Holdings LP ("Partnership Units") and holders of Class A common stock of PJT Partners Inc. after considering any contractual arrangements that govern the allocation of income.

Liquidity and Capital Resources

General

We regularly monitor our liquidity position, including cash and cash equivalents, investments, working capital assets and liabilities, any commitments and other liquidity requirements.

Our assets have been historically comprised of cash and cash equivalents, investments, receivables arising from advisory and placement engagements and operating lease right-of-use assets. Our liabilities generally include accrued compensation and benefits, accounts payable and accrued expenses, taxes payable and operating lease liabilities. We expect to pay a significant amount of incentive compensation toward the end of each year and during the beginning of the next calendar year with respect to the prior year's results. A portion of annual compensation may be awarded with equity-based compensation and thus requires less cash. We expect levels of cash to decline at the end of the year and during the first quarter of each year after incentive compensation is paid to our employees. We then expect cash to build throughout the remainder of the year.

On February 1, 2021, PJT Partners Holdings LP, as borrower (the "Borrower"), entered into a Renewal and Modification Agreement (the "Renewal Agreement") and related documents with First Republic Bank (now part of JPMorgan Chase), as lender (the "Lender"), amending the terms of the Borrower's revolving credit facility with the Lender under the Amended and Restated Loan Agreement dated October 1, 2018 (the "Amended and Restated Loan Agreement"). On February 7, 2023, the Renewal Agreement was further amended to extend the maturity date to October 1, 2024. Further information regarding the Renewal Agreement and Amended and Restated Loan Agreement can be found in Note 13. "Commitments and Contingencies—Commitments, Line of Credit" in the "Notes to Condensed Consolidated Financial Statements" in "—Item 1. Financial Statements" of this filing. As of September 30, 2023 and December 31, 2022, we were in compliance with the debt covenants under the Renewal Agreement and Amended and Restated Loan Agreement, respectively. Additionally, as of September 30, 2023 and December 31, 2022, there were no borrowings outstanding under the revolving credit facility.

We evaluate our cash needs on a regular basis. As of September 30, 2023 and December 31, 2022, we had cash, cash equivalents and short-term investments of $355.1 million and $223.5 million, respectively. The vast majority of these balances are either held in institutions labeled by the Financial Stability Board as global systemically important banks, fully insured cash sweep accounts or Treasury securities. Although we maintain multiple banking relationships with both global and regional banks and actively monitor the financial stability of such institutions, a failure at any institution where we maintain a banking relationship could impact our liquidity.

Our liquidity is highly dependent upon cash receipts from clients, which are generally dependent upon the successful completion of transactions as well as the timing of receivable collections. As of September 30, 2023 and December 31, 2022, total accounts receivable, net of allowance for credit losses, were $324.1 million and $317.8 million, respectively. As of September 30, 2023 and December 31, 2022, the allowance for credit losses was $3.2 million and $1.9 million, respectively. Included in Accounts Receivable, Net are long-term receivables of $117.6 million and $133.3 million as of September 30, 2023 and December 31, 2022, respectively, related to placement fees that are generally paid in installments over a period of three to four years.

Sources and Uses of Liquidity

Our primary cash needs are for working capital, paying operating expenses including cash compensation to our employees, exchanging of Partnership Units for cash, repurchasing shares of the Company's Class A common stock, paying income taxes, making distributions to our shareholders in accordance with our dividend policy, partnership tax distributions, capital expenditures, making payments pursuant to the tax receivable agreement, commitments and strategic investments. We expect to fund these liquidity requirements through cash flows from operations and borrowings under our revolving credit facility. Our ability to fund these needs will depend, in part, on our ability to generate or raise cash in the future which depends on our future financial results, which are subject to general economic, financial, competitive, legislative and regulatory factors.

Additionally, our ability to generate positive cash flow from operations will be impacted by global economic conditions. If our cash flows from operations are significantly reduced, we may need to borrow from our revolving credit facility, incur debt, or issue additional equity. Although we believe that the arrangement we have in place, and our ability to renew that arrangement, will permit us to finance our operations on acceptable terms and conditions for the foreseeable future, our access to, and the availability of, financing on acceptable terms and conditions in the future will be impacted by many factors, including: (a) business performance, (b) our credit ratings or absence of a credit rating, (c) the liquidity of the overall capital markets, (d) the current state of the economy, and (e) stability of our lending institution. We cannot provide any assurance that such financing will be available to us on acceptable terms or that such financing will be available at all. We believe that our future cash from operations and availability under our revolving credit facility, together with our access to funds on hand, will provide adequate resources to fund our liquidity and capital needs.

Regulatory Capital

We actively monitor our regulatory capital base. We are subject to regulatory requirements in the U.S. and certain international jurisdictions to ensure general financial soundness and liquidity. This requires, among other things, that we comply with certain minimum capital requirements, recordkeeping, reporting procedures, experience and training requirements for employees and certain other requirements and procedures. These regulatory requirements may restrict the flow of funds to and from affiliates. See Note 14. "Regulated Entities" in the "Notes to Condensed Consolidated Financial Statements" in "—Item 1. Financial Statements" of this filing for further information. The licenses under which we operate are meant to be appropriate to conduct our business. We believe that we provide each of these entities with sufficient capital and liquidity, consistent with their business and regulatory requirements.

Our activities may also be subject to regulation, including regulatory capital requirements, by various other foreign jurisdictions and self-regulatory organizations.

We do not anticipate that compliance with any and all such requirements will materially adversely impact the availability of funds for domestic and parent-level purposes.

Exchange Agreement

Subject to the terms and conditions of the exchange agreement between us and certain of the holders of Partnership Units (other than PJT Partners Inc.), Partnership Units are exchangeable at the option of the holder for cash or, at our election, for shares of our Class A common stock on a one-for-one basis. Depending on our liquidity and capital resources, market conditions, the timing and concentration of exchange requests and other considerations, we may choose to fund exchanges of Partnership Units with available cash, borrowings or new issuances of Class A common stock or to settle exchanges by issuing Class A common stock to the exchanging holder of Partnership Units.

Certain holders of Partnership Units exchanged 0.3 million and 0.2 million Partnership Units, respectively, for cash in the amounts of $19.6 million and $12.4 million, respectively, for the nine months ended September 30, 2023 and 2022, respectively. Additionally, 250 thousand Partnership Units were exchanged for shares of PJT Partners Inc. Class A common stock for each of the three and nine months ended September 30, 2022. There were no exchanges for shares of PJT Partners Inc. Class A common stock for the three and nine months ended September 30, 2023.

Share Repurchase Program

On April 25, 2022, the Company's Board of Directors (the "Board") authorized a $200 million repurchase program of the Company's Class A common stock, which is in addition to the previous Board authorizations. During the nine months ended September 30, 2023, the Company repurchased 1.5 million shares of the Company's Class A common stock at an average price per share of $71.82, or $105.9 million in aggregate, pursuant to the share repurchase program. As of September 30, 2023, the Company's remaining repurchase authorization was $67.8 million.

Contractual Obligations

For a discussion of our contractual obligations, refer to "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations" in our Annual Report on Form 10-K for the year ended December 31, 2022. There have not been any material changes to our contractual obligations since December 31, 2022.

Commitments and Contingencies

Litigation

With respect to our litigation matters, including any litigation discussed under the caption "Legal Proceedings" elsewhere in this report, we are not currently able to estimate the possible loss or range of loss until developments in such matters have provided sufficient information to support such an assessment, including quantification of a damage demand from plaintiffs, discovery from other parties and investigation of factual allegations, rulings by courts on motions or appeals, analysis by experts or the status of any settlement negotiations. While the ultimate outcome and the costs associated with litigation are inherently uncertain and difficult to predict, we believe, based on current knowledge and after consultation with counsel, that we are not currently party to any material pending proceedings, individually or in the aggregate, the resolution of which would have a material effect on the Company.

Guarantee

The Company provides a guarantee to a lending institution for certain loans held by employees for investment in funds of its former Parent, which are secured by the underlying investments in those funds. The amount guaranteed was $2.5 million and $3.3 million as of September 30, 2023 and December 31, 2022, respectively. In connection with this guarantee, we currently expect any associated risk of loss to be insignificant.

Indemnifications

We have entered and may continue to enter into contracts that contain a variety of indemnification obligations. Our maximum exposure under these arrangements is not known; however, we currently expect any associated risk of loss to be insignificant. In connection with these matters, we have incurred and may continue to incur legal expenses, which are expensed as incurred.

Tax Receivable Agreement

We have entered into a tax receivable agreement with the holders of Partnership Units (other than PJT Partners Inc.) that provides for the payment by PJT Partners Inc. to exchanging holders of Partnership Units of 85% of the benefits, if any, that PJT Partners Inc. is deemed to realize as a result of the increases in tax basis related to such exchanges of Partnership Units and of certain other tax benefits related to entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. As of September 30, 2023 and December 31, 2022, the Company had amounts due of $32.1 million and $30.3 million, respectively, pursuant to the tax receivable agreement, which represent management's best estimate of the amounts currently expected to be owed in connection with the tax receivable agreement. Actual payments may differ significantly from estimated amounts due.

Further information regarding the tax receivable agreement can be found in “Part II. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2022.

Other

See Notes 8, 10, 11 and 13 in the “Notes to Condensed Consolidated Financial Statements” in “—Item 1. Financial Statements” of this filing for further information in connection with income taxes, equity-based and other deferred compensation plans, leasing arrangements and commitments, respectively.

Critical Accounting Estimates

A discussion of critical accounting estimates is included in “Part II. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2022.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk and Credit Risk

Our business is not capital-intensive and we do not invest in derivative instruments or, generally, borrow. As a result, we are not subject to significant market risk (including interest rate risk, foreign currency exchange rate risk and commodity price risk) or credit risk. Notwithstanding the foregoing, current economic and geopolitical uncertainty and slowing global growth could have a material adverse effect on the Company's condensed consolidated financial statements.

Risks Related to Cash, Cash Equivalents and Investments

Our cash and cash equivalents include short-term highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less from the date of purchase. Cash and cash equivalents are maintained in U.S. and non-U.S. bank accounts and are held at seven financial institutions. In addition to cash and cash equivalents, we hold investments in Treasury securities, certain of which are classified as Investments in our Condensed Consolidated Statements of Financial Condition. We believe our cash, cash equivalents and short-term investments are not subject to any material interest rate risk, equity price risk, credit risk or other market risk based on our diversified use of global and regional financial institutions and the short-term nature of the securities.

Credit Risk

We estimate our allowance for credit losses using relevant available information from internal and external sources relating to past events, current conditions and reasonable and supportable forecasts. We maintain an allowance for credit losses that, in our opinion, reflects current expected credit losses. As of September 30, 2023 and December 31, 2022, the allowance for credit losses was $3.2 million and $1.9 million, respectively.

Exchange Rate Risk

We are exposed to the risk that the exchange rate of the U.S. dollar relative to other currencies may have an adverse effect on the reported value of our non-U.S. dollar denominated or based assets and liabilities. In addition, the reported amounts of our revenues may be affected by movements in the rate of exchange between the transaction currency and the U.S. dollar, the currency in which our financial statements are denominated. The principal non-U.S. dollar currencies include the pound sterling, the euro, the Hong Kong dollar and the Japanese yen. For the nine months ended September 30, 2023 and 2022, the impact of the fluctuation of foreign currencies in Other Comprehensive Loss, Net of Tax – Currency Translation Adjustment in the Condensed Consolidated Statements of Comprehensive Income was a loss of $0.5 million and $8.2 million, respectively, and in Interest Income and Other in the Condensed Consolidated Statements of Operations, a loss of $3.4 million and $1.1 million, respectively. We have not entered into any transaction to hedge our exposure to these foreign currency fluctuations through the use of derivative instruments or other methods at this time. Given the geopolitical uncertainty and the ongoing economic impact, rising interest rates and heightened inflation, exchange rate fluctuations between the U.S. dollar and other currencies could unfavorably affect our condensed consolidated financial statements.

ITEM 4. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) occurred during our most recent quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, the Company and its affiliates may be subject to legal proceedings and claims in the ordinary course of business. In addition, government agencies and self-regulatory organizations in countries in which we conduct business undertake periodic examinations and may initiate administrative proceedings regarding the Company's and its affiliates' business, including, among other matters, accounting and operational matters, that can result in censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer, or its directors, officers or employees. It is our policy to cooperate fully with such governmental requests, examinations and administrative proceedings. In view of the inherent difficulty of determining whether any loss in connection with any such matters is probable and whether the amount of such loss can be reasonably estimated, particularly in cases where claimants seek substantial or indeterminate damages or where investigations and proceedings are in the early stages, we cannot estimate the amount of such loss or range of loss, if any, related to such matters, how or if such matters will be resolved, when they will ultimately be resolved, or what the eventual settlement, fine, penalty or other relief, if any, might be. Subject to the foregoing, we believe, based on current knowledge and after consultation with counsel, that we are not currently party to any material pending proceedings, individually or in the aggregate, the resolution of which would have a material effect on the Company.

There were no material developments to the legal proceedings previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022, as updated in our subsequently filed Quarterly Reports on Form 10-Q.

ITEM 1A. RISK FACTORS

There were no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022.

The risks described in our Annual Report on Form 10-K for the year ended December 31, 2022 and in our subsequently filed Quarterly Reports on Form 10-Q are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Issuer Purchases of Equity Securities in the Third Quarter of 2023

	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (a)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (a)
July 1 to July 31	26,815	$ 69.21	26,815	$ 67.8 Million
August 1 to August 31	—	—	—	67.8 Million
September 1 to September 30	—	—	—	67.8 Million
Total	26,815	$ —	26,815	$ 67.8 Million

(a) On April 25, 2022, the Company's Board of Directors (the "Board") authorized a $200 million repurchase program of the Company's Class A common stock, which is in addition to the previous Board authorizations. As of September 30, 2023, the Company's remaining repurchase authorization was $67.8 million. Under the repurchase program, shares of the Company's Class A common stock may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual number of shares repurchased depend on a variety of factors, including legal requirements, price and economic and market conditions. The repurchase program may be suspended or discontinued at any time and does not have a specified expiration date.

Unregistered Sales/Issuances of Equity Securities and Use of Proceeds

In connection with the issuance during the third quarter of 2023 of LTIP Units in PJT Partners Holdings LP to certain personnel and the transfer of Partnership Units in PJT Partners Holdings LP, PJT Partners Inc. issued two corresponding shares of its Class B common stock, par value $0.01 per share, to these limited partners. The issuance of shares of Class B common stock was not registered under the Securities Act of 1933 because such shares were not issued in a transaction involving the offer or sale of securities.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended September 30, 2023, none of the Company’s directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted, terminated, or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933, as amended).

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
2.1	Separation and Distribution Agreement by and among The Blackstone Group L.P., Blackstone Holdings I L.P., New Advisory GP L.L.C., PJT Partners Inc. and PJT Partners Holdings LP, dated as of October 1, 2015 (incorporated herein by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 5, 2015).
3.1	Restated Certificate of Incorporation of PJT Partners Inc. (incorporated herein by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on July 28, 2023).
3.2	Amended and Restated By-Laws of PJT Partners Inc. (incorporated herein by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 5, 2015).
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a).
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a).
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because iXBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

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.

Date: November 3, 2023

PJT Partners Inc.

By: /s/ Paul J. Taubman
Name: Paul J. Taubman
Title: Chief Executive Officer

By: /s/ Helen T. Meates
Name: Helen T. Meates
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Paul J. Taubman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 of PJT Partners 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 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 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.

Date: November 3, 2023

/s/ Paul J. Taubman

Paul J. Taubman

Chief Executive Officer

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Helen T. Meates, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 of PJT Partners 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 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 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.

Date: November 3, 2023

/s/ Helen T. Meates
Helen T. Meates
Chief Financial Officer

Exhibit 32.1

**Certification of the Chief 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 PJT Partners Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul J. Taubman, 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 15(d) of the Securities Exchange Act of 1934; and

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

Date: November 3, 2023

/s/ Paul J. Taubman
Paul J. Taubman
Chief Executive Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

Certification of the Chief 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 PJT Partners Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Helen T. Meates, 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 15(d) of the Securities Exchange Act of 1934; and

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

Date: November 3, 2023

/s/ Helen T. Meates
Helen T. Meates
Chief Financial Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.