

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

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2021

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
(State or other jurisdiction of
incorporation or organization)

36-4797143
(I.R.S. Employer
Identification No.)

280 Park Avenue
New York, New York 10017
(Address of principal executive offices)(Zip Code)
(212) 364-7800
(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	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

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 April 26, 2021, there were 24,605,063 shares of Class A common stock, par value \$0.01 per share, and 170 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 The Blackstone Group 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.” In October 2018, we acquired CamberView Partners Holdings, LLC (“CamberView” or “PJT Camberview”). 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) the possibility of cyberattacks, security vulnerabilities, and internet disruptions, including breaches of data security and privacy leaks, data loss, and business interruptions; (c) the possibility of failure of our computer systems or communication systems during a catastrophic event, including as a result of the increased use of remote work environments and virtual platforms during the outbreak of COVID-19 (coronavirus); (d) the impact of catastrophic events, such as COVID-19, on the U.S. and the global economy, including business disruptions, reductions in employment and an increase in business failures; (e) the impact of catastrophic events, such as COVID-19, on our employees and our ability to provide services to our clients and respond to their needs; (f) the failure of third-party service providers to perform their functions; and (g) volatility in the political and economic environment.

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, 2020 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/investor-relations. 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)

	March 31, 2021	December 31, 2020
Assets		
Cash and Cash Equivalents	\$ 99,604	\$ 299,513
Investments	72,680	137,889
Accounts Receivable (net of allowance for credit losses of \$1,201 and \$1,330 at March 31, 2021 and December 31, 2020, respectively)	271,639	233,166
Intangible Assets, Net	30,168	32,030
Goodwill	172,725	172,725
Furniture, Equipment and Leasehold Improvements, Net	37,046	38,777
Operating Lease Right-of-Use Assets	146,413	150,848
Other Assets	60,331	53,329
Deferred Tax Asset, Net	59,651	53,330
Total Assets	\$ 950,257	\$ 1,171,607
Liabilities and Equity		
Accrued Compensation and Benefits	\$ 76,209	\$ 253,456
Accounts Payable, Accrued Expenses and Other Liabilities	25,820	25,944
Operating Lease Liabilities	167,334	172,291
Amount Due Pursuant to Tax Receivable Agreement	23,782	19,573
Taxes Payable	1,625	2,735
Deferred Revenue	8,911	9,762
Total Liabilities	303,681	483,761
Commitments and Contingencies		
Equity		
Class A Common Stock, par value \$0.01 per share (3,000,000,000 shares authorized; 29,111,807 and 27,293,085 issued at March 31, 2021 and December 31, 2020, respectively; 24,977,169 and 23,816,354 outstanding at March 31, 2021 and December 31, 2020, respectively)	269	267
Class B Common Stock, par value \$0.01 per share (1,000,000 shares authorized; 170 issued and outstanding at March 31, 2021; 194 issued and outstanding at December 31, 2020)	—	—
Additional Paid-In Capital	377,825	349,363
Accumulated Deficit	(7,715)	(33,127)
Accumulated Other Comprehensive Income	1,481	1,414
Treasury Stock at Cost (4,134,638 and 3,476,731 shares at March 31, 2021 and December 31, 2020, respectively)	(209,554)	(163,658)
Total PJT Partners Inc. Equity	162,306	154,259
Non-Controlling Interests	484,270	533,587
Total Equity	646,576	687,846
Total Liabilities and Equity	\$ 950,257	\$ 1,171,607

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 March 31,	
	2021	2020
Revenues		
Advisory Fees	\$ 152,600	\$ 156,591
Placement Fees	50,383	38,992
Interest Income and Other	3,717	4,588
Total Revenues	206,700	200,171
Expenses		
Compensation and Benefits	132,793	134,024
Occupancy and Related	8,459	8,654
Travel and Related	517	5,296
Professional Fees	7,717	4,523
Communications and Information Services	4,174	3,546
Depreciation and Amortization	3,834	3,820
Other Expenses	5,317	6,749
Total Expenses	162,811	166,612
Income Before Provision for Taxes	43,889	33,559
Provision for Taxes	93	1,550
Net Income	43,796	32,009
Net Income Attributable to Non-Controlling Interests	17,114	13,149
Net Income Attributable to PJT Partners Inc.	\$ 26,682	\$ 18,860
Net Income Per Share of Class A Common Stock		
Basic	\$ 1.07	\$ 0.78
Diluted	\$ 1.03	\$ 0.72
Weighted-Average Shares of Class A Common Stock Outstanding		
Basic	24,969,388	24,097,715
Diluted	42,858,757	40,353,624

See notes to condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2021	2020
Net Income	\$ 43,796	\$ 32,009
Other Comprehensive Income (Loss), Net of Tax — Currency Translation Adjustment	124	(2,782)
Comprehensive Income	43,920	29,227
Less:		
Comprehensive Income Attributable to Non- Controlling Interests	17,171	11,847
Comprehensive Income Attributable to PJT Partners Inc.	<u>\$ 26,749</u>	<u>\$ 17,380</u>

See notes to condensed consolidated financial statements.

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

	Shares										
	Class A Common Stock	Class B Common Stock	Treasury Stock	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Non- Controlling Interests	Total
Balance at December 31, 2020	27,293,085	194	(3,476,731)	\$ 267	\$ —	\$ 349,363	\$ (33,127)	\$ 1,414	\$ (163,658)	\$ 533,587	\$ 687,846
Net Income	—	—	—	—	—	—	26,682	—	—	17,114	43,796
Other Comprehensive Income	—	—	—	—	—	—	—	67	—	57	124
Dividends Declared (\$0.05 Per Share of Class A Common Stock)	—	—	—	—	—	—	(1,270)	—	—	—	(1,270)
Equity-Based Compensation	—	—	—	—	—	27,938	—	—	—	2,010	29,948
Net Share Settlement	—	—	—	—	—	(20,415)	—	—	—	—	(20,415)
Deliveries of Vested Shares of Class A Common Stock	1,818,722	—	—	2	—	—	—	—	—	—	2
Change in Ownership Interest	—	(24)	—	—	—	20,939	—	—	—	(68,498)	(47,559)
Treasury Stock Purchases	—	—	(657,907)	—	—	—	—	—	(45,896)	—	(45,896)
Balance at March 31, 2021	<u>29,111,807</u>	<u>170</u>	<u>(4,134,638)</u>	<u>\$ 269</u>	<u>\$ —</u>	<u>\$ 377,825</u>	<u>\$ (7,715)</u>	<u>\$ 1,481</u>	<u>\$ (209,554)</u>	<u>\$ 484,270</u>	<u>\$ 646,576</u>

(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)

	Shares			Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Non- Controlling Interests	Total
	Class A Common Stock	Class B Common Stock	Treasury Stock								
Balance at December 31, 2019	25,621,451	204	(2,544,657)	\$ 251	\$ —	\$ 290,896	\$ (144,919)	\$ 146	\$ (114,984)	\$ 543,127	\$ 574,517
Adoption of Accounting Standard	—	—	—	—	—	—	(938)	—	—	—	(938)
Net Income	—	—	—	—	—	—	18,860	—	—	13,149	32,009
Other Comprehensive Loss	—	—	—	—	—	—	—	(1,480)	—	(1,302)	(2,782)
Dividends Declared (\$0.05 Per Share of Class A Common Stock)	—	—	—	—	—	—	(1,217)	—	—	—	(1,217)
Equity-Based Compensation	—	—	—	—	—	35,043	—	—	—	2,289	37,332
Forfeiture Liability for Equity Awards	—	—	—	—	—	1	—	—	—	—	1
Net Share Settlement	—	—	—	—	—	(12,124)	—	—	—	—	(12,124)
Deliveries of Vested Shares of Class A Common Stock	1,537,271	—	—	15	—	(15)	—	—	—	—	—
Change in Ownership Interest	—	6	—	—	—	36,131	—	—	—	(47,422)	(11,291)
Treasury Stock Purchases	—	—	(539,297)	—	—	—	—	—	(25,194)	—	(25,194)
Balance at March 31, 2020	<u>27,158,722</u>	<u>210</u>	<u>(3,083,954)</u>	<u>\$ 266</u>	<u>\$ —</u>	<u>\$ 349,932</u>	<u>\$ (128,214)</u>	<u>\$ (1,334)</u>	<u>\$ (140,178)</u>	<u>\$ 509,841</u>	<u>\$ 590,313</u>

See notes to condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2021	2020
Operating Activities		
Net Income	\$ 43,796	\$ 32,009
Adjustments to Reconcile Net Income to Net Cash Used in Operating Activities		
Equity-Based Compensation Expense	29,948	37,332
Depreciation and Amortization Expense	3,834	3,820
Amortization of Operating Lease Right-of-Use Assets	4,780	5,193
Provision for Credit Losses	(192)	997
Deferred Taxes	—	(92)
Other	(1,399)	279
Cash Flows Due to Changes in Operating Assets and Liabilities		
Accounts Receivable	(41,087)	(21,982)
Other Assets	(4,236)	(18,319)
Accrued Compensation and Benefits	(177,771)	(55,645)
Accounts Payable, Accrued Expenses and Other Liabilities	(102)	(5,957)
Operating Lease Liabilities	(5,351)	(4,118)
Taxes Payable	(1,109)	2,838
Deferred Revenue	(856)	(1,414)
Net Cash Used in Operating Activities	(149,745)	(25,059)
Investing Activities		
Purchases of Investments	(97,638)	(23,918)
Proceeds from Sales and Maturities of Investments	162,813	1,324
Purchases of Furniture, Equipment and Leasehold Improvements	(43)	(5,364)
Net Cash Provided by (Used in) Investing Activities	65,132	(27,958)
Financing Activities		
Dividends	(1,270)	(1,217)
Proceeds from Revolving Credit Facility	15,000	16,000
Payments on Revolving Credit Facility	(15,000)	(16,000)
Principal Payments on Term Loan	—	(21,500)
Employee Taxes Paid for Shares Withheld	(20,415)	(12,124)
Cash-Settled Exchanges of Partnership Units	(48,478)	(11,480)
Treasury Stock Purchases	(45,896)	(25,194)
Payments Pursuant to Tax Receivable Agreement	(1,165)	—
Principal Payments on Finance Leases	(15)	(39)
Net Cash Used in Financing Activities	(117,239)	(71,554)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,943	(3,035)
Net Decrease in Cash and Cash Equivalents	(199,909)	(127,606)
Cash and Cash Equivalents, Beginning of Period	299,513	215,950
Cash and Cash Equivalents, End of Period	\$ 99,604	\$ 88,344
Supplemental Disclosure of Cash Flows Information		
Payments for Income Taxes, Net of Refunds Received	\$ 4,458	\$ 2,407
Payments for Interest	\$ —	\$ 109
Non-Cash Receipt of Shares	\$ 1,125	\$ —

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. The Company’s team of senior professionals delivers a range of strategic advisory, capital markets advisory, restructuring and special situations and shareholder advisory services to corporations, financial sponsors, institutional investors and governments around the world. The Company also provides, through PJT Park Hill, private fund advisory and fundraising services for alternative investment managers, including private equity funds, real estate funds and hedge funds.

On October 1, 2015, The Blackstone Group 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 March 31, 2021, the non-controlling interest was 9.0%. 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 and PJT Partners Park Hill (Spain) A.V., S.A.U.

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 United States of America (“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, 2020.

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, 2020.

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 primarily held at four major financial institutions. Also included in Cash and Cash Equivalents are amounts held in bank accounts that are subject to advance notification to withdraw. Such amounts totaled \$0.7 million and \$47.8 million as of March 31, 2021 and December 31, 2020, respectively.

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

Recent Accounting Developments

In December 2019, the FASB issued guidance that modifies the accounting for income taxes. The guidance provides clarification on multiple topics, including hybrid tax regimes, the tax basis step-up in goodwill that is not classified as a business combination, separate financial statements of legal entities not subject to tax, intraperiod tax allocation, ownership changes in investments, interim period accounting for enacted changes in tax law and year-to-date loss limitations in interim period tax accounting. The guidance is effective for annual and interim periods beginning after December 15, 2020, with early adoption permitted. The Company adopted this guidance on January 1, 2021 with no material impact on its condensed consolidated financial statements.

In August 2020, the FASB issued updated guidance that simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts in an entity's own equity. The guidance is effective for annual and interim periods beginning after December 15, 2021, with early adoption permitted. The Company is currently assessing the impact that adoption will have on its condensed consolidated financial statements.

3. REVENUES FROM CONTRACTS WITH CUSTOMERS

The following table provides a disaggregation of revenues recognized from contracts with customers for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
	2021	2020
Advisory Fees	\$ 152,600	\$ 156,591
Placement Fees	50,383	38,992
Interest Income from Placement Fees and Other	1,780	3,345
Revenues from Contracts with Customers	<u>\$ 204,763</u>	<u>\$ 198,928</u>

Remaining Performance Obligations and Revenue Recognized from Past Performance

As of March 31, 2021, the aggregate amount of the transaction price allocated to performance obligations yet to be satisfied was \$3.1 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 capital advisory services and standing ready to perform.

The Company recognized revenue of \$7.2 million and \$5.8 million for the three months ended March 31, 2021 and 2020, 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 capital advisory services. The majority of Advisory Fees and Placement Fees recognized by the Company during the three months ended March 31, 2021 and 2020 was predominantly related to performance obligations that were partially satisfied in prior periods.

PJT Partners Inc.
Notes to Condensed Consolidated Financial Statements – Continued (Unaudited)
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

Contract Balances

There were no significant impairments related to contract balances during the three months ended March 31, 2021 and 2020.

For the three months ended March 31, 2021 and 2020, \$4.7 million and \$8.1 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 deposits, which are also considered to be contract liabilities. As of March 31, 2021 and December 31, 2020, the Company recorded \$2.0 million and \$2.4 million, respectively, of customer deposits in Accounts Payable, Accrued Expenses and Other Liabilities in the Condensed Consolidated Statements of Financial Condition.

4. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

The following table presents the aggregate change in the allowance for credit losses for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
	2021	2020
Beginning Balance	\$ 1,330	\$ —
Adoption of ASC 326	—	1,107
Provision for Credit Losses	(192)	997
Write-offs	—	(1,019)
Recoveries	63	325
Ending Balance	<u>\$ 1,201</u>	<u>\$ 1,410</u>

Included in Accounts Receivable, Net is accrued interest of \$2.0 million and \$2.5 million as of March 31, 2021 and December 31, 2020, respectively, related to placement fees.

Included in Accounts Receivable, Net are long-term receivables of \$81.6 million and \$83.5 million as of March 31, 2021 and December 31, 2020, 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 \$3.3 million and \$2.9 million as of March 31, 2021 and December 31, 2020, respectively, which were outstanding more than 90 days. The allowance for credit losses with respect to long-term receivables was \$0.5 million and \$0.6 million as of March 31, 2021 and December 31, 2020, respectively.

5. INTANGIBLE ASSETS

Intangible Assets, Net consists of the following:

	March 31, 2021	December 31, 2020
Finite-Lived Intangible Assets		
Customer Relationships	\$ 61,276	\$ 61,276
Trade Name	<u>9,800</u>	<u>9,800</u>
Total Intangible Assets	71,076	71,076
Accumulated Amortization		
Customer Relationships	(35,210)	(33,747)
Trade Name	<u>(5,698)</u>	<u>(5,299)</u>
Total Accumulated Amortization	(40,908)	(39,046)
Intangible Assets, Net	<u>\$ 30,168</u>	<u>\$ 32,030</u>

PJT Partners Inc.
Notes to Condensed Consolidated Financial Statements – Continued (Unaudited)
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Amortization expense was \$1.9 million for each of the three months ended March 31, 2021 and 2020, respectively.

Amortization of Intangible Assets held at March 31, 2021 is expected to be \$.8 million for the remainder of the year ending December 31, 2021; \$.5 million for the year ending December 31, 2022; \$.4 million for each of the years ending December 31, 2023 and 2024; and \$.4 million for the year ending December 31, 2025.

6. FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

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

	March 31, 2021	December 31, 2020
Leasehold Improvements	\$ 52,758	\$ 52,789
Furniture and Fixtures	17,624	17,773
Office Equipment	2,235	2,327
Total Furniture, Equipment and Leasehold Improvements	72,617	72,889
Accumulated Depreciation	(35,571)	(34,112)
Furniture, Equipment and Leasehold Improvements, Net	\$ 37,046	\$ 38,777

Depreciation expense was \$1.9 million for each of the three months ended March 31, 2021 and 2020, respectively.

7. FAIR VALUE MEASUREMENTS

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

March 31, 2021				
	Level I	Level II	Level III	Total
Treasury Instruments	\$ —	\$ 72,680	\$ —	\$ 72,680

December 31, 2020				
	Level I	Level II	Level III	Total
Treasury Instruments	\$ —	\$ 137,669	\$ —	\$ 137,669
Other	—	220	—	220
Total	\$ —	\$ 137,889	\$ —	\$ 137,889

Investments in Treasury securities were included in Investments as of March 31, 2021 and December 31, 2020 in the Condensed Consolidated Statements of Financial Condition.

8. INCOME TAXES

The following table summarizes the Company's tax position:

Three Months Ended March 31,			
	2021	2020	
Income Before Provision for Taxes	\$ 43,889	\$ 33,559	
Provision for Taxes	\$ 93	\$ 1,550	
Effective Income Tax Rate	0.2 %	4.6 %	

PJT Partners Inc.
Notes to Condensed Consolidated Financial Statements – Continued (Unaudited)
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The Company's effective tax rate differed from the U.S. federal statutory tax rate for the three months ended March 31, 2021 primarily due to partnership income not being subject to U.S. corporate income taxes and permanent differences related to compensation.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed into law, which includes several provisions for corporations regarding the tax treatment of net operating losses, interest deductions and payroll benefits. The Company has elected to carryback certain net operating losses, which resulted in a \$3.7 million decrease in the Company's Provision for Income Taxes for the three months ended March 31, 2020.

As of March 31, 2021, the Company had no unrecognized tax benefits.

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 months ended March 31, 2021 and 2020 is presented below:

	Three Months Ended March 31,	
	2021	2020
<i>Numerator:</i>		
Net Income Attributable to PJT Partners Inc.	\$ 26,682	\$ 18,860
Less:		
Dividends on Participating Securities	—	3
Net Income Attributable to Participating Securities	—	13
Net Income Attributable to Shares of Class A		
Common Stock — Basic	26,682	18,844
Incremental Net Income from Dilutive Securities	17,409	10,270
Net Income Attributable to Shares of Class A		
Common Stock — Diluted	\$ 44,091	\$ 29,114
<i>Denominator:</i>		
Weighted-Average Shares of Class A Common		
Stock Outstanding — Basic	24,969,388	24,097,715
Weighted-Average Number of Incremental Shares from		
Unvested RSUs and Partnership Units	17,889,369	16,255,909
Weighted-Average Shares of Class A Common		
Stock Outstanding — Diluted	42,858,757	40,353,624
Net Income Per Share of Class A Common Stock		
Basic	\$ 1.07	\$ 0.78
Diluted	\$ 1.03	\$ 0.72

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 41,204,725 for the three months ended March 31, 2021, excluding unvested restricted stock units ("RSUs") and participating 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 months ended March 31, 2021 and 2020, there were no anti-dilutive securities.

Share Repurchase Program

On February 1, 2021, the Company's Board of Directors authorized the repurchase of shares of the Company's Class A common stock in an amount up to \$150 million, which is in addition to the previous Board authorizations. 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.

During the three months ended March 31, 2021, the Company repurchased 657,907 shares of Class A common stock at an average price of \$69.73, or \$45.9 million in aggregate, pursuant to the share repurchase program. As of March 31, 2021, the available amount remaining for repurchase was \$140.6 million.

10. EQUITY-BASED AND OTHER DEFERRED COMPENSATION

Overview

Further information regarding the Company's equity-based compensation awards is described in Note 11. "Equity-Based and Other Deferred Compensation" 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, 2020.

The following table presents equity-based compensation expense and related income tax benefit for the three months ended March 31, 2021 and 2020, respectively:

	Three Months Ended March 31,	
	2021	2020
Equity-Based Compensation Expense	\$ 29,948	\$ 37,332
Income Tax Benefit	\$ 4,027	\$ 5,082

Restricted Stock Units

The following table summarizes activity related to unvested RSUs for the three months ended March 31, 2021:

	Restricted Stock Units	
	Number of Units	Weighted- Average Grant Date Fair Value (in dollars)
Balance, December 31, 2020	4,801,398	\$ 50.56
Granted	1,262,503	73.08
Dividends Reinvested on RSUs	(17,256)	45.59
Forfeited	(8,551)	59.78
Vested	(2,071,225)	47.35
Balance, March 31, 2021	3,966,869	\$ 59.41

As of March 31, 2021, there was \$176.5 million of estimated unrecognized compensation expense related to unvested RSU awards. This cost is expected to be recognized over a weighted-average period of 1.8 years. The Company assumes a forfeiture rate of 1.0% to 6.0% annually based on expected turnover and periodically reassesses this rate. The weighted-average grant date fair value with respect to RSUs granted for the three months ended March 31, 2020 was \$52.61.

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 three months ended March 31, 2021:

	RSU Awards with Both Service and Market Conditions	
	Number of Units	Weighted- Average Grant Date Fair Value (in dollars)
Balance, December 31, 2020	361,786	\$ 27.56
Dividends Reinvested on RSUs	253	27.46
Balance, March 31, 2021	<u>362,039</u>	<u>\$ 27.56</u>

As of March 31, 2021, there was \$4.3 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 1.5 years. The Company assumes a forfeiture rate of 4.0% to 6.0% annually based on expected turnover and periodically reassesses this rate.

Restricted Share Awards

In connection with the acquisition of CamberView Partners Holdings, LLC, certain individuals were issued restricted shares of the Company's Class A common stock. Based on the terms of the award, compensation expense will be recognized over four years. For the three months ended March 31, 2021, no restricted share awards were granted. For the three months ended March 31, 2020, no restricted share awards were granted. As of March 31, 2021, 3,506 restricted shares have vested, no restricted shares have been forfeited and there was \$0.1 million of estimated unrecognized compensation expense related to restricted share awards. This cost is expected to be recognized over a weighted-average period of 1.0 year.

Partnership Units

The following table summarizes activity related to unvested Partnership Units for the three months ended March 31, 2021:

	Partnership Units	
	Number of Partnership Units	Weighted- Average Grant Date Fair Value (in dollars)
Balance, December 31, 2020	356,290	\$ 45.16
Granted	63,171	68.10
Vested	(111,594)	41.64
Balance, March 31, 2021	<u>307,867</u>	<u>\$ 51.14</u>

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As of March 31, 2021, there was \$12.4 million of estimated unrecognized compensation expense related to unvested Partnership Units. This cost is expected to be recognized over a weighted-average period of 1.3 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 three months ended March 31, 2020 was \$44.85.

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 three months ended March 31, 2021:

	Partnership Unit Awards with Both Service and Market Conditions	
	Number of Partnership Units	Weighted- Average Grant Date Fair Value (in dollars)
Balance, December 31, 2020	1,210,826	\$ 5.72
Balance, March 31, 2021	1,210,826	\$ 5.72

As of March 31, 2021, there was no unrecognized compensation expense related to Partnership Unit awards with both a service and market condition.

Units Expected to Vest

The following unvested units, after expected forfeitures, as of March 31, 2021, are expected to vest:

	Units	Weighted- Average Service Period in Years
Restricted Stock Units	4,095,955	1.7
Partnership Units (a)	296,497	1.3
Restricted Share Awards	5,294	1.0
Total Equity-Based Awards	4,397,746	1.7

(a) Excludes 1.2 million outstanding Partnership Units subject to market conditions.

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 \$8.2 million and \$7.7 million for the three months ended March 31, 2021 and 2020, respectively. As of March 31, 2021, there was \$32.1 million of unrecognized compensation expense related to these awards. The weighted-average period over which this compensation cost is expected to be recognized is 1.4 years.

PJT Partners Inc.
Notes to Condensed Consolidated Financial Statements – Continued (Unaudited)
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11. LEASES

The components of lease expense were as follows:

	Three Months Ended March 31,	
	2021	2020
Operating Lease Cost	\$ 6,846	\$ 7,317
Finance Lease Cost		
Amortization of Right-of-Use Assets	15	38
Interest on Lease Liabilities	1	1
Total Finance Lease Cost	16	39
Variable Lease Cost	852	771
Sublease Income	(270)	(911)
Total Lease Cost	<u>\$ 7,444</u>	<u>\$ 7,216</u>

Supplemental information related to leases was as follows:

	Three Months Ended March 31,	
	2021	2020
Cash Paid for Amounts Included in Measurement of Lease Liabilities		
Operating Cash Flows from Operating Leases	\$ 5,351	\$ 4,118
Operating Cash Flows from Finance Leases	\$ 1	\$ 1
Financing Cash Flows from Finance Leases	\$ 15	\$ 39
	March 31, 2021	December 31, 2020
Weighted-Average Remaining Lease Term (in years)		
Operating Leases	8.3	8.4
Finance Leases	3.0	3.1
Weighted-Average Discount Rate		
Operating Leases	4.7 %	4.7 %
Finance Leases	3.7 %	3.7 %

The following is a maturity analysis of the annual undiscounted cash flows of the finance and operating lease liabilities as of March 31, 2021:

Year Ending December 31,	Finance	Operating
2021 (April 1 through December 31)	\$ 34	\$ 21,516
2022	38	28,759
2023	30	28,852
2024	17	27,306
2025	—	23,471
Thereafter	—	72,626
Total Lease Payments	<u>119</u>	<u>202,530</u>
Less: Imputed Interest	<u>6</u>	<u>35,196</u>
Total	<u>\$ 113</u>	<u>\$ 167,334</u>

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 14. "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, 2020.

Certain Partnership Unitholders exchanged 680,368 and 226,784 Partnership Units, respectively, for cash in the amounts of \$48.5 million and \$11.5 million, respectively, for the three months ended March 31, 2021 and 2020, respectively. Such amounts are recorded as a reduction of Non-Controlling Interests in the Condensed Consolidated Statements of Financial Condition.

During the first quarter of 2021, the Company was presented with 221,164 Partnership Units to be exchanged. The Company will settle the exchange of these Partnership Units on May 4, 2021 for cash for an aggregate payment of \$16.7 million. The price per Partnership Unit to be paid by the Company is \$75.64, which is equal to the volume-weighted average price of a share of the Company's Class A common stock on April 29, 2021.

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 March 31, 2021 and December 31, 2020, the Company had amounts due of \$23.8 million and \$19.6 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 payments.

Aircraft Lease

The Company makes available to its partners, and on occasion, family members of these individuals, personal use of a company leased business aircraft when the aircraft 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, 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, on the terms and subject to the 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 October 1, 2022, subject to extension by agreement of the Borrower and Lender.

Outstanding borrowings under the revolving credit facility bear interest equal to the greater of a per annum rate of (a) 2.75%, or (b) the prime rate minus 1.0%. During an event of default, overdue principal under the revolving credit facility bears interest at a rate 2.0% in excess of the otherwise applicable rate of interest. In connection with the closing of the Renewal Agreement, the Borrower paid the Lender certain closing costs and fees. In addition, on and after the closing date, the Borrower will also pay a commitment fee on the undrawn portion of the revolving credit facility of 0.125% per annum, payable quarterly in arrears.

As of March 31, 2021 and December 31, 2020, there were no borrowings under the revolving credit facility.

The Renewal Agreement requires the Borrower to maintain certain minimum financial covenants and limits or restricts the ability of the Borrower (subject to certain qualifications and exceptions) to incur additional indebtedness in excess of \$20.0 million. Outstanding borrowings under the Renewal Agreement are secured by the accounts receivable of PJT Partners LP.

As of March 31, 2021 and December 31, 2020, the Company was in compliance with the debt covenants under the Renewal Agreement and the Amended Restated Loan Agreement, respectively.

Contingencies

Litigation

From time to time, the Company is 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 \$5.5 million and \$6.0 million as of March 31, 2021 and December 31, 2020, 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 March 31, 2021 and December 31, 2020.

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. The amount payable to Blackstone arising from the tax deductions has been recorded in Other Expenses in the Condensed Consolidated Statements of Operations and is payable annually (for periods in which a cash benefit is realized) within nine months of the end of the relevant tax period. As of March 31, 2021 and December 31, 2020, the Company had accrued \$2.4 million, 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 United States, 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 strategic advisory, capital markets advisory, restructuring and special situations, shareholder advisory, private fund advisory and fundraising services are conducted in the United States 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 computes net capital based upon the aggregate indebtedness standard, which requires the maintenance of minimum net capital, as defined, which shall be the greater of \$100 thousand or 6 2/3% of aggregate indebtedness, as defined, and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. PJT Partners LP had net capital of \$114.2 million and \$243.2 million as of March 31, 2021 and December 31, 2020, respectively, which exceeded the minimum net capital requirement by \$112.9 million and \$241.2 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).

PJT Partners (UK) Limited is authorized and regulated by the United Kingdom's Financial Conduct Authority and is required to maintain regulatory net capital of €50 thousand. PJT Partners (HK) Limited is licensed with the Hong Kong Securities and Futures Commission and is subject to a minimum liquid capital requirement of HK\$3 million. PJT Partners Park Hill (Spain) A.V., S.A.U. is an investment firm regulated by Spain's National

Securities Market Commission and is required to maintain minimum capital of €60 thousand. As of March 31, 2021 and December 31, 2020, these entities were in compliance with local capital adequacy requirements.

15. BUSINESS INFORMATION

The Company's activities providing strategic advisory, capital markets advisory, restructuring and special situations, shareholder advisory, private fund advisory and fundraising 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 March 31,	
	2021	2020
Revenues		
Domestic	\$ 164,280	\$ 185,809
International	42,420	14,362
Total	<u>\$ 206,700</u>	<u>\$ 200,171</u>
	March 31,	December 31,
	2021	2020
Assets		
Domestic	\$ 821,422	\$ 975,762
International	128,835	195,845
Total	<u>\$ 950,257</u>	<u>\$ 1,171,607</u>

The Company was not subject to any material concentrations with respect to its revenues for the three months ended March 31, 2021. The Company had one client that represented 13.5% of total revenues for the three months ended March 31, 2020. The Company was not subject to any material concentrations of credit risk with respect to its accounts receivable as of March 31, 2021 and December 31, 2020.

16. SUBSEQUENT EVENTS

The Board of Directors of PJT Partners Inc. has declared a quarterly dividend of \$0.05 per share of Class A common stock, which will be paid on June 16, 2021 to Class A common stockholders of record on June 2, 2021.

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 the exchange of Partnership Units 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. We offer a unique portfolio of advisory services designed to help our clients achieve their strategic objectives. Our team of senior professionals delivers a range of strategic advisory, capital markets advisory, restructuring and special situations and shareholder advisory services to corporations, financial sponsors, institutional investors and governments around the world. We also provide, through PJT Park Hill, private fund advisory and fundraising services for alternative investment managers, including private equity funds, real estate funds and hedge funds.

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

- Our Strategic Advisory business offers a broad range of financial advisory and transaction execution capabilities, including advising clients on mergers and acquisitions ("M&A"), joint ventures, minority investments, asset swaps, divestitures and activism defense. Our capital markets advisory team specializes in advice and execution on public and private capital raises in the debt and equity capital markets. We provide in-depth advice on capital structure, acquisition finance, debt execution, SPACs, Pre-IPO and IPO, private capital raising and structured products. Through PJT Camberview, our industry leading shareholder advisory business, we provide investor-led advice to public company boards and management teams around the globe on shareholder engagement, strategic investor relations, activism and contested situations, ESG and sustainability and other complex corporate governance matters.
- Our Restructuring and Special Situations business is one of the world's leading advisors in restructurings and recapitalizations, both in and out of court, around the globe. With expertise in highly complex capital structure challenges, we advise companies, creditors and financial sponsors on liability management and related capital raise transactions including exchanges, recapitalizations, reorganizations, debt repurchases and distressed mergers and acquisitions.
- 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, real estate and secondary advisory groups. PJT Park Hill's Secondary Advisory business is a leading advisor to global alternative asset managers and provides clients with a breadth of expertise in the secondary markets, including GP liquidity solutions, GP tender offers, GP recapitalizations, LP portfolio solutions, asset strip sales, single asset SPVs 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, 2020 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. Worldwide M&A announced volumes during the first quarter of 2021 were up significantly compared with the first quarter of 2020. While the pace of activity may not remain at these levels, we expect corporate boards and management teams to continue to use M&A as a strategic tool.

Global restructuring activity slowed from elevated 2020 levels during the first quarter of 2021, mainly driven by fiscal and monetary stimulus that continues to drive strong capital markets activities. While some companies have addressed near-term issues, it is likely many will emerge from the COVID-19 pandemic with significantly more leverage and will need to address their balance sheets in the future. While the current demand for liability

management services has lessened, we continue to believe that the medium- to long-term demand for such advisory services will be robust.

The global fundraising market has been and could continue to be affected by the COVID-19 pandemic with the uncertain environment presenting challenges for both primary and secondary transaction execution. We are experiencing an increased focus on existing relationships between fund managers and institutional investors, making the bar for new relationships in the near term extremely high. Highly successful and tenured firms continue to drive new investor demand as the flight to quality is even more prevalent. There are certain strategies and themes that remain extremely topical among the broader institutional investor base throughout private equity, hedge funds, credit and real estate.

The United Kingdom (“U.K.”) formally left the European Union (“E.U.”) on December 31, 2020. Our U.K. entity, PJT Partners (UK) Limited, previously serviced U.K. as well as European-domiciled clients. The U.K.’s exit from the E.U. caused PJT Partners (UK) Limited to lose its E.U. financial services passporting rights, which allowed it to operate, on a cross-border and off-shore basis, in all E.U. countries. On October 1, 2020, PJT Partners Park Hill (Spain) A.V., S.A.U., the Company’s European licensed investment firm, became fully operational, following its successful registration with Spain’s National Securities Market Commission. This registration allows us to continue conducting certain regulated activities throughout the E.U.

On December 24, 2020, the U.K. and E.U. finalized the Trade and Cooperation Agreement that governs their future trading and security relationship from January 1, 2021. There remains uncertainty in the region as businesses, governments and regulatory authorities interpret and implement the provisions of the agreement.

Key Financial Measures

Revenues

Substantially all of our revenues are derived from Advisory Fees and Placement Fees. 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.

Advisory Fees – The Company provides a range of strategic advisory, capital markets advisory, restructuring and special situations and shareholder advisory 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 secondary advisory services provided by PJT Park Hill include providing solutions to investing clients seeking portfolio liquidity, unfunded commitment relief and investments in secondary markets. Advisory Fees typically consist of retainer and transaction-based fee arrangements. The amount and timing of the fees paid vary by the type of engagement. The majority of our recognized Advisory Fees are dependent on the successful completion of a transaction.

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.

Placement Fees – Our fund placement services primarily serve private equity, real estate and hedge funds. Our team advises on all aspects of the fundraising process including competitive positioning and market assessment, marketing materials and related documentation and partnership terms and conditions most prevalent in the current environment. We also provide public and private placement fundraising services to our corporate clients and earn placement and underwriting fees based on the successful completion of the transaction.

Fund placement 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 London Interbank Offered 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 48 month 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.

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; miscellaneous income; 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, cash bonuses, 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, business performance, compensation adjustments in relation to market movements, changes in rates for employer taxes and other cost increases affecting benefit plans. In addition, this expense is affected by the composition of our work force. 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 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. In our advisory businesses, these hires generally do not begin to generate significant revenue in the year they are hired.

Our remaining expenses are the other costs typical to operating our business, which generally consist of:

- *Occupancy and Related* – consisting primarily of costs related to leased property, including rent, maintenance, real estate taxes, utilities and other related costs. Our company headquarters are located in New York, New York, and we maintain additional offices in the U.S. and throughout the world;
- *Travel and Related* – consisting of costs for our partners and employees to render services where our clients are located;
- *Professional Fees* – consisting primarily of consulting, audit and tax, recruiting and legal and other professional services;
- *Communications and Information Services* – consisting primarily of costs for our technology infrastructure and telecommunications costs;

- *Depreciation and Amortization* – consisting of depreciation and amortization on our furniture, equipment, leasehold improvements and intangible assets; and
- *Other Expenses* – consisting primarily of provision for credit losses, regulatory fees, insurance, fees paid for access to external market data, advertising, other general operating expenses and transaction-related payable to The Blackstone Group Inc. (“Blackstone” or our “former Parent”).

Income Taxes – PJT Partners Inc. is a corporation subject to U.S. federal, state and local income taxes in jurisdictions where it does business. The Company’s 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 non-U.S. jurisdictions, as applicable. These taxes have been reflected in the Company’s 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 months ended March 31, 2021 and 2020:

	Three Months Ended March 31,		Change
	2021	2020	
	(Dollars in Thousands)		
Revenues			
Advisory Fees	\$ 152,600	\$ 156,591	(3)%
Placement Fees	50,383	38,992	29 %
Interest Income and Other	3,717	4,588	(19)%
Total Revenues	206,700	200,171	3 %
Expenses			
Compensation and Benefits	132,793	134,024	(1)%
Occupancy and Related	8,459	8,654	(2)%
Travel and Related	517	5,296	(90)%
Professional Fees	7,717	4,523	71 %
Communications and Information Services	4,174	3,546	18 %
Depreciation and Amortization	3,834	3,820	0 %
Other Expenses	5,317	6,749	(21)%
Total Expenses	162,811	166,612	(2)%
Income Before Provision for Taxes	43,889	33,559	31 %
Provision for Taxes	93	1,550	(94)%
Net Income	43,796	32,009	37 %
Net Income Attributable to Non-Controlling Interests	17,114	13,149	30 %
Net Income Attributable to PJT Partners Inc.	\$ 26,682	\$ 18,860	41 %

Revenues

The following table provides revenue statistics for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
	2021	2020
Advisory Fees		
Number of Clients	167	170
Number of Fee-Paying Clients with \$1 Million or More	28	22
Number of Fee-Paying Clients Representing Greater than 10% of Advisory Fees	—	3
Percentage of Such Clients' Fees of Total Advisory Fees	—	42.6 %
Placement Fees		
Number of Clients	46	37
Number of Fee-Paying Clients with \$1 Million or More	16	11
Number of Fee-Paying Clients Representing Greater than 10% of Placement Fees	2	3
Percentage of Such Clients' Fees of Total Placement Fees	36.5 %	49.8 %

Total Revenues were \$206.7 million for the three months ended March 31, 2021, an increase of \$6.5 million compared with \$200.2 million for the three months ended March 31, 2020. Advisory Fees were \$152.6 million for the three months ended March 31, 2021, a decrease of \$4.0 million compared with \$156.6 million for the three months ended March 31, 2020. The decrease was driven by a significant reduction in restructuring revenues, which was largely offset by an increase in strategic advisory revenues. Placement Fees were \$50.4 million for the three months ended March 31, 2021, an increase of \$11.4 million compared with \$39.0 million for the three months ended March 31, 2020. The increase in Placement Fees reflected a strong increase in fund placement activity.

Expenses

Expenses were \$162.8 million for the three months ended March 31, 2021, a decrease of \$3.8 million compared with \$166.6 million for the three months ended March 31, 2020. The decrease in expenses was primarily attributable to a decrease in Travel and Related of \$4.8 million, which was partially offset by an increase in Professional Fees of \$3.2 million. Travel and Related decreased due to reduced travel and entertainment activity. Professional Fees increased primarily due to higher consulting payments relating to the firm's business activities and increased recruiting costs.

Provision for Taxes

The Company's Provision for Taxes for the three months ended March 31, 2021 was \$93 thousand, which represents an effective tax rate of 0.2% on pretax income of \$43.9 million. The Company's Provision for Taxes for the three months ended March 31, 2020 was \$1.6 million, which represents an effective tax rate of 4.6% on pretax income of \$33.6 million.

The change in tax rate between the three months ended March 31, 2021 and 2020 was primarily due to an increased tax benefit related to the deliveries of vested shares at values in excess of their amortized cost.

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 historically comprised of cash and cash equivalents, investments, receivables arising from strategic advisory and placement engagements and operating lease right-of-use assets. Our liabilities primarily 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 or 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 year-end or during the first quarter of each year after incentive compensation is paid to our employees. We then expect cash to gradually 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, 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”). Further information regarding the Renewal Agreement and Amended and Restated Loan 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, 2020. As of March 31, 2021 and December 31, 2020, we were in compliance with the debt covenants under the Renewal Agreement and Amended and Restated Loan Agreement, respectively.

We evaluate our cash needs on a regular basis in light of current market conditions. As of March 31, 2021 and December 31, 2020, we had cash, cash equivalents and investments of \$172.3 million and \$437.4 million, respectively.

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 March 31, 2021 and December 31, 2020, total accounts receivable were \$271.6 million and \$233.2 million, respectively. As of March 31, 2021 and December 31, 2020, the allowance for credit losses was \$1.2 million and \$1.3 million, respectively. Included in Accounts Receivable, Net are long-term receivables of \$81.6 million and \$83.5 million as of March 31, 2021 and December 31, 2020, 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, funding the cash redemption of Partnership Units, repurchasing shares of the Company’s Class A common stock, paying income taxes, making distributions to our shareholders in accordance with our dividend policy, 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 through cash flows from operations will depend, in part, on our ability to generate or raise cash in the future. This 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 incur debt, issue additional equity or borrow from our revolving credit facility. Although we believe that the arrangements we have in place 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) our credit ratings or absence of a credit rating, (b) the liquidity of the overall capital markets, and (c) the current state of the economy. 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 short-term and long-term 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 Partnership Unit holder.

Certain Partnership Unit holders exchanged 680,368 and 226,784 Partnership Units, respectively, for cash in the amounts of \$48.5 million and \$11.5 million, respectively, for the three months ended March 31, 2021 and 2020, respectively.

Share Repurchase Program

On February 1, 2021, the Company's Board of Directors authorized the repurchase of shares of the Company's Class A common stock in an amount up to \$150 million, which is in addition to the previous Board authorizations. 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.

During the three months ended March 31, 2021, the Company repurchased 657,907 shares of Class A common stock at an average price of \$69.73, or \$45.9 million in aggregate, pursuant to the share repurchase program. As of March 31, 2021, the available amount remaining for repurchase was \$140.6 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, 2020. There have not been any material changes to our contractual obligations since December 31, 2020.

Commitments and Contingencies

Litigation

From time to time, the Company is 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, we believe 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. 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.

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 \$5.5 million and \$6.0 million as of March 31, 2021 and December 31, 2020, respectively. In connection with this guarantee, the Company currently expects 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 March 31, 2021 and December 31, 2020, the Company had amounts due of \$23.8 million and \$19.6 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 payments.

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, 2020.

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 Policies

A discussion of critical accounting policies 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, 2020.

Off-Balance Sheet Arrangements

The Company is not involved with any off-balance sheet arrangements that are not elsewhere reflected in our condensed consolidated financial statements.

Recent Accounting Developments

Information regarding recent accounting developments and their impact on our financial statements can be found in Note 2. “Summary of Significant Accounting Policies” in the “Notes to Condensed Consolidated Financial Statements” in “—Item 1. Financial Statements” of this filing.

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 COVID-19 pandemic and its impact on the U.S. and global economies 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 primarily held at four major 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 investments are not subject to any material interest rate risk, equity price risk, credit risk or other market risk based on 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, including as a result of market dislocations caused by COVID-19, and reasonable and supportable forecasts. We maintain an allowance for credit losses that, in our opinion, reflects current expected credit losses. As of March 31, 2021 and December 31, 2020, the allowance for credit losses was \$1.2 million and \$1.3 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 currency in which an invoice is issued and paid 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 Japanese yen and the Hong Kong dollar. For the three months ended March 31, 2021 and 2020, the impact of the fluctuation of foreign currencies in Other Comprehensive Income (Loss), Net of Tax – Currency Translation Adjustment in the Condensed Consolidated Statements of Comprehensive Income was a gain of \$0.1 million and loss of \$2.8 million, respectively, and in Interest Income and Other in the Condensed Consolidated Statements of Operations, a loss of \$1.4 million and a gain of \$11 thousand, 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 uncertainty of the COVID-19 pandemic and the ongoing economic impact, 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 conduct 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.

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, 2020.

The risks described in our Annual Report on Form 10-K for the year ended December 31, 2020 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 AND USE OF PROCEEDS**Issuer Purchases of Equity Securities in the First Quarter of 2021**

	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)
January 1 to January 31	—	\$ —	—	\$ 36.4 million
February 1 to February 28	197,276	70.87	197,276	172.5 million
March 1 to March 31	460,631	69.25	460,631	140.6 million
Total	<u>657,907</u>	<u>\$ 69.73</u>	<u>657,907</u>	<u>\$ 140.6 million</u>

- (a) On February 1, 2021, the Company's Board of Directors authorized the repurchase of shares of the Company's Class A common stock in an amount up to \$150 million, which is in addition to the previous Board authorizations. 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

In connection with the issuance during the first quarter of 2021 of LTIP Units in PJT Partners Holdings LP to certain personnel, PJT Partners Inc. issued eleven 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.

Dividend Policy

The Company declared a dividend of \$0.05 per share of Class A common stock in the first quarter of 2021, to be paid on June 16, 2021, and plans to regularly pay quarterly dividends.

Refer to “Part II. Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities” in our Annual Report on Form 10-K for the year ended December 31, 2020 for further disclosure of the Company’s dividend policy.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
+2.1	<u>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 (File No. 001-36869) filed with the Securities and Exchange Commission on October 5, 2015).</u>
3.1	<u>Amended and Restated Certificate of Incorporation of PJT Partners Inc. (incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-36869) filed with the Securities and Exchange Commission on October 5, 2015).</u>
3.2	<u>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 (File No. 001-36869) filed with the Securities and Exchange Commission on October 5, 2015).</u>
10.1	<u>Renewal and Modification Agreement, by and between PJT Partners Holdings LP and First Republic Bank, dated as of February 1, 2021 (incorporated herein by reference to Exhibit 10.5 to the Registrant's Annual Report on Form 10-K (File No. 001-36869) filed with the Securities and Exchange Commission on February 26, 2021).</u>
31.1	<u>Certification of the Chief Executive Officer pursuant to Rule 13a-14(a).</u>
31.2	<u>Certification of the Chief Financial Officer pursuant to Rule 13a-14(a).</u>
32.1	<u>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).</u>
32.2	<u>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).</u>
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).
+	Certain schedules and exhibits to this agreement have been omitted in accordance with Item 601(a)(5) of Regulation S-K. The descriptions of the omitted schedules and exhibits are contained within the relevant agreement. A copy of any omitted schedule and/or exhibit will be furnished supplementally to the Securities and Exchange Commission upon request.

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: April 30, 2021

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)

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 March 31, 2021 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: April 30, 2021

/s/ Paul J. Taubman

Paul J. Taubman

Chief Executive Officer

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 March 31, 2021 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: April 30, 2021

/s/ Helen T. Meates

Helen T. Meates

Chief Financial Officer

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 March 31, 2021, 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: April 30, 2021

/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.

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 March 31, 2021, 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: April 30, 2021

/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.