

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2022

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 October 24, 2022, there were 24,413,796 shares of Class A common stock, par value \$0.01 per share, and 163 shares of Class B common stock, par value \$0.01 per share, outstanding.

## TABLE OF CONTENTS

|                                     | <u>Page</u>  |    |
|-------------------------------------|--|----|
| <b>PART I.</b>                      |  |    |
| <b><u>FINANCIAL INFORMATION</u></b> |  |    |
| <b><u>ITEM 1.</u></b>               | <b><u>FINANCIAL STATEMENTS</u></b>   | 4  |
|                                     | Unaudited Condensed Consolidated Financial Statements — September 30, 2022 and 2021:   |    |
|                                     | <u>Condensed Consolidated Statements of Financial Condition as of September 30, 2022 and December 31, 2021</u>                   | 4  |
|                                     | <u>Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2022 and 2021</u>           | 5  |
|                                     | <u>Condensed Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended September 30, 2022 and 2021</u> | 6  |
|                                     | <u>Condensed Consolidated Statements of Changes in Equity for the Three and Nine Months Ended September 30, 2022 and 2021</u>    | 7  |
|                                     | <u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2022 and 2021</u>                     | 9  |
|                                     | <u>Notes to Condensed Consolidated Financial Statements</u>  | 10 |
| <b><u>ITEM 2.</u></b>               | <b><u>MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u></b>                              | 24 |
| <b><u>ITEM 3.</u></b>               | <b><u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u></b>   | 33 |
| <b><u>ITEM 4.</u></b>               | <b><u>CONTROLS AND PROCEDURES</u></b>  | 33 |
| <b>PART II.</b>                     | <b><u>OTHER INFORMATION</u></b>  |    |
| <b><u>ITEM 1.</u></b>               | <b><u>LEGAL PROCEEDINGS</u></b>  | 34 |
| <b><u>ITEM 1A.</u></b>              | <b><u>RISK FACTORS</u></b>   | 34 |
| <b><u>ITEM 2.</u></b>               | <b><u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u></b>  | 34 |
| <b><u>ITEM 3.</u></b>               | <b><u>DEFAULTS UPON SENIOR SECURITIES</u></b>  | 35 |
| <b><u>ITEM 4.</u></b>               | <b><u>MINE SAFETY DISCLOSURES</u></b>  | 35 |
| <b><u>ITEM 5.</u></b>               | <b><u>OTHER INFORMATION</u></b>  | 35 |
| <b><u>ITEM 6.</u></b>               | <b><u>EXHIBITS</u></b>   | 36 |
| <b><u>SIGNATURES</u></b>            |  | 37 |

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

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

### **Forward-Looking Statements**

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

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations, and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict, many of which are outside our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not place undue reliance upon any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: (a) changes in governmental regulations and policies; (b) cyberattacks, security vulnerabilities, and internet disruptions, including breaches of data security and privacy leaks, data loss, and business interruptions; (c) 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; (d) the impact of catastrophic events, such as COVID-19 or other pandemics, 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 or other pandemics, 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, including as a result of inflation and rising interest rates.

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, 2021 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](http://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](http://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](http://ir.pjtpartners.com). Although we refer to our website in this report, the contents of our website are not included or incorporated by reference into this report. All references to our website in this report are intended to be inactive textual references only.

**PART I. FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS**

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

|   | September 30,<br>2022 | December 31,<br>2021 |
|---|-----------------------|----------------------|
| <b>Assets</b>   |                       |                      |
| Cash and Cash Equivalents   | \$ 189,829            | \$ 200,481           |
| Investments   | 99,864                | —                    |
| Accounts Receivable (net of allowance for credit losses of \$2,312 and \$1,853 at September 30, 2022 and December 31, 2021, respectively)   | 286,446               | 289,267              |
| Intangible Assets, Net  | 19,110                | 24,386               |
| Goodwill  | 172,725               | 172,725              |
| Furniture, Equipment and Leasehold Improvements, Net  | 31,272                | 37,147               |
| Operating Lease Right-of-Use Assets   | 118,230               | 137,916              |
| Other Assets  | 77,780                | 61,921               |
| Deferred Tax Asset, Net   | 71,304                | 63,782               |
| <b>Total Assets</b>   | <b>\$ 1,066,560</b>   | <b>\$ 987,625</b>    |
| <b>Liabilities and Equity</b>   |                       |                      |
| Accrued Compensation and Benefits   | \$ 150,452            | \$ 121,717           |
| Accounts Payable, Accrued Expenses and Other Liabilities  | 24,781                | 23,753               |
| Operating Lease Liabilities   | 135,002               | 157,013              |
| Amount Due Pursuant to Tax Receivable Agreement   | 31,827                | 31,131               |
| Taxes Payable   | 1,085                 | 3,492                |
| Deferred Revenue  | 12,935                | 12,947               |
| <b>Total Liabilities</b>  | <b>356,082</b>        | <b>350,053</b>       |
| <b>Commitments and Contingencies</b>  |                       |                      |
| <b>Equity</b>   |                       |                      |
| Class A Common Stock, par value \$0.01 per share (3,000,000,000 shares authorized; 30,893,826 and 29,248,457 issued at September 30, 2022 and December 31, 2021, respectively; 24,434,159 and 24,319,413 outstanding at September 30, 2022 and December 31, 2021, respectively) | 308                   | 292                  |
| Class B Common Stock, par value \$0.01 per share (1,000,000 shares authorized; 163 issued and outstanding at September 30, 2022; 159 issued and outstanding at December 31, 2021)   | —                     | —                    |
| Additional Paid-In Capital  | 476,462               | 391,242              |
| Retained Earnings (Deficit)   | 42,530                | (4,933)              |
| Accumulated Other Comprehensive Income (Loss)   | (3,847)               | 631                  |
| Treasury Stock at Cost (6,459,667 and 4,929,044 shares at September 30, 2022 and December 31, 2021, respectively)   | (367,197)             | (267,000)            |
| <b>Total PJT Partners Inc. Equity</b>   | <b>148,256</b>        | <b>120,232</b>       |
| <b>Non-Controlling Interests</b>  | <b>562,222</b>        | <b>517,340</b>       |
| <b>Total Equity</b>   | <b>710,478</b>        | <b>637,572</b>       |
| <b>Total Liabilities and Equity</b>   | <b>\$ 1,066,560</b>   | <b>\$ 987,625</b>    |

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<br>September 30, |                   | Nine Months Ended<br>September 30, |                   |
|--|-------------------------------------|-------------------|------------------------------------|-------------------|
|  | 2022                                | 2021              | 2022                               | 2021              |
| <b>Revenues</b>  |                                     |                   |                                    |                   |
| Advisory Fees  | \$ 224,405                          | \$ 179,900        | \$ 592,712                         | \$ 530,124        |
| Placement Fees   | 39,652                              | 46,891            | 149,485                            | 137,611           |
| Interest Income and Other  | 2,035                               | 4,507             | 3,355                              | 10,944            |
| <b>Total Revenues</b>  | <u>266,092</u>                      | <u>231,298</u>    | <u>745,552</u>                     | <u>678,679</u>    |
| <b>Expenses</b>  |                                     |                   |                                    |                   |
| Compensation and Benefits  | 179,080                             | 148,149           | 488,899                            | 434,866           |
| Occupancy and Related  | 8,231                               | 8,569             | 25,831                             | 25,788            |
| Travel and Related   | 6,336                               | 2,765             | 17,471                             | 4,979             |
| Professional Fees  | 7,375                               | 8,066             | 21,652                             | 24,016            |
| Communications and Information Services                                | 4,155                               | 4,341             | 12,819                             | 13,548            |
| Depreciation and Amortization  | 3,755                               | 3,892             | 12,156                             | 11,535            |
| Other Expenses   | 9,518                               | 7,241             | 25,246                             | 19,337            |
| <b>Total Expenses</b>  | <u>218,450</u>                      | <u>183,023</u>    | <u>604,074</u>                     | <u>534,069</u>    |
| <b>Income Before Provision for Taxes</b>                               | 47,642                              | 48,275            | 141,478                            | 144,610           |
| <b>Provision for Taxes</b>   | 8,601                               | 9,090             | 22,776                             | 18,773            |
| <b>Net Income</b>  | 39,041                              | 39,185            | 118,702                            | 125,837           |
| <b>Net Income Attributable to<br/>Non-Controlling Interests</b>        | 17,953                              | 17,740            | 52,742                             | 54,565            |
| <b>Net Income Attributable to PJT Partners Inc.</b>                    | <u>\$ 21,088</u>                    | <u>\$ 21,445</u>  | <u>\$ 65,960</u>                   | <u>\$ 71,272</u>  |
| <b>Net Income Per Share of Class A Common Stock</b>                    |                                     |                   |                                    |                   |
| Basic  | \$ 0.84                             | \$ 0.86           | \$ 2.63                            | \$ 2.85           |
| Diluted  | \$ 0.82                             | \$ 0.82           | \$ 2.56                            | \$ 2.72           |
| <b>Weighted-Average Shares of Class A Common<br/>Stock Outstanding</b> |                                     |                   |                                    |                   |
| Basic  | 24,966,527                          | 24,908,606        | 25,032,151                         | 24,979,925        |
| Diluted  | <u>26,519,173</u>                   | <u>42,010,543</u> | <u>26,497,177</u>                  | <u>42,414,461</u> |

See notes to condensed consolidated financial statements.

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

|   | Three Months Ended<br>September 30, |                  | Nine Months Ended<br>September 30, |                  |
|---|-------------------------------------|------------------|------------------------------------|------------------|
|   | 2022                                | 2021             | 2022                               | 2021             |
| Net Income  | \$ 39,041                           | \$ 39,185        | \$ 118,702                         | \$ 125,837       |
| Other Comprehensive Loss, Net of Tax —<br>Currency Translation Adjustment | (3,055)                             | (1,966)          | (8,150)                            | (1,457)          |
| Comprehensive Income  | 35,986                              | 37,219           | 110,552                            | 124,380          |
| Less:   |                                     |                  |                                    |                  |
| Comprehensive Income Attributable to Non-<br>Controlling Interests        | 16,578                              | 16,834           | 49,070                             | 53,897           |
| Comprehensive Income Attributable to PJT Partners Inc.                    | <u>\$ 19,408</u>                    | <u>\$ 20,385</u> | <u>\$ 61,482</u>                   | <u>\$ 70,483</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)**

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

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

|  | Three Months Ended September 30, 2021 |                            |                    |                            |                            |                                  |                                   |   |                     |                                  |                   |
|--|---------------------------------------|----------------------------|--------------------|----------------------------|----------------------------|----------------------------------|-----------------------------------|---|---------------------|----------------------------------|-------------------|
|  | Shares                                |                            |                    | Class A<br>Common<br>Stock | Class B<br>Common<br>Stock | Additional<br>Paid-In<br>Capital | Retained<br>Earnings<br>(Deficit) | Accumulated<br>Other<br>Comprehensive<br>Income | Treasury<br>Stock   | Non-<br>Controlling<br>Interests | Total             |
|  | Class A<br>Common<br>Stock            | Class B<br>Common<br>Stock | Treasury<br>Stock  |                            |                            |                                  |                                   |   |                     |                                  |                   |
| <b>Balance at June 30, 2021</b>                                  | 29,121,401                            | 168                        | (4,628,513)        | \$ 269                     | \$ —                       | \$ 370,875                       | \$ 14,200                         | \$ 1,685  | \$ (243,952)        | \$ 513,680                       | \$ 656,757        |
| Net Income   | —                                     | —                          | —                  | —                          | —                          | —                                | 21,445                            | —   | —                   | 17,740                           | 39,185            |
| Other Comprehensive Loss   | —                                     | —                          | —                  | —                          | —                          | —                                | —                                 | (1,060)   | —                   | (906)                            | (1,966)           |
| Dividends Declared (\$3.05 Per Share of<br>Class A Common Stock) | —                                     | —                          | —                  | —                          | —                          | —                                | (74,248)                          | —   | —                   | —                                | (74,248)          |
| Tax Distributions  | —                                     | —                          | —                  | —                          | —                          | —                                | —                                 | —   | —                   | (6,595)                          | (6,595)           |
| Equity-Based Compensation  | —                                     | —                          | —                  | —                          | —                          | 24,209                           | —                                 | —   | —                   | 1,903                            | 26,112            |
| Net Share Settlement   | —                                     | —                          | —                  | —                          | —                          | (180)                            | —                                 | —   | —                   | —                                | (180)             |
| Deliveries of Vested Shares of<br>Class A Common Stock           | 5,072                                 | —                          | —                  | 1                          | —                          | (1)                              | —                                 | —   | —                   | —                                | —                 |
| Change in Ownership Interest                                     | —                                     | (8)                        | —                  | —                          | —                          | (21,046)                         | —                                 | —   | —                   | (8,973)                          | (30,019)          |
| Treasury Stock Purchases   | —                                     | —                          | (187,754)          | —                          | —                          | —                                | —                                 | —   | (14,326)            | —                                | (14,326)          |
| <b>Balance at September 30, 2021</b>                             | <u>29,126,473</u>                     | <u>160</u>                 | <u>(4,816,267)</u> | <u>\$ 270</u>              | <u>\$ —</u>                | <u>\$ 373,857</u>                | <u>\$ (38,603)</u>                | <u>\$ 625</u>                                   | <u>\$ (258,278)</u> | <u>\$ 516,849</u>                | <u>\$ 594,720</u> |

|  | Nine Months Ended September 30, 2021 |                            |                    |                            |                            |                                  |                        |   |                     |                                  |                   |
|--|--------------------------------------|----------------------------|--------------------|----------------------------|----------------------------|----------------------------------|------------------------|---|---------------------|----------------------------------|-------------------|
|  | Shares                               |                            |                    | Class A<br>Common<br>Stock | Class B<br>Common<br>Stock | Additional<br>Paid-In<br>Capital | Accumulated<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Income | Treasury<br>Stock   | Non-<br>Controlling<br>Interests | Total             |
|  | Class A<br>Common<br>Stock           | Class B<br>Common<br>Stock | Treasury<br>Stock  |                            |                            |                                  |                        |   |                     |                                  |                   |
| <b>Balance at December 31, 2020</b>                              | 27,293,085                           | 194                        | (3,476,731)        | \$ 267                     | \$ —                       | \$ 349,363                       | \$ (33,127)            | \$ 1,414  | \$ (163,658)        | \$ 533,587                       | \$ 687,846        |
| Net Income   | —                                    | —                          | —                  | —                          | —                          | —                                | 71,272                 | —   | —                   | 54,565                           | 125,837           |
| Other Comprehensive Loss   | —                                    | —                          | —                  | —                          | —                          | —                                | —                      | (789)   | —                   | (668)                            | (1,457)           |
| Dividends Declared (\$3.15 Per Share of<br>Class A Common Stock) | —                                    | —                          | —                  | —                          | —                          | —                                | (76,748)               | —   | —                   | —                                | (76,748)          |
| Tax Distributions  | —                                    | —                          | —                  | —                          | —                          | —                                | —                      | —   | —                   | (14,900)                         | (14,900)          |
| Equity-Based Compensation  | —                                    | —                          | —                  | —                          | —                          | 77,577                           | —                      | —   | —                   | 5,773                            | 83,350            |
| Net Share Settlement   | —                                    | —                          | —                  | —                          | —                          | (20,595)                         | —                      | —   | —                   | —                                | (20,595)          |
| Deliveries of Vested Shares of<br>Class A Common Stock           | 1,833,388                            | —                          | —                  | 3                          | —                          | (1)                              | —                      | —   | —                   | —                                | 2                 |
| Change in Ownership Interest                                     | —                                    | (34)                       | —                  | —                          | —                          | (32,487)                         | —                      | —   | —                   | (61,508)                         | (93,995)          |
| Treasury Stock Purchases   | —                                    | —                          | (1,339,536)        | —                          | —                          | —                                | —                      | —   | (94,620)            | —                                | (94,620)          |
| <b>Balance at September 30, 2021</b>                             | <u>29,126,473</u>                    | <u>160</u>                 | <u>(4,816,267)</u> | <u>\$ 270</u>              | <u>\$ —</u>                | <u>\$ 373,857</u>                | <u>\$ (38,603)</u>     | <u>\$ 625</u>                                   | <u>\$ (258,278)</u> | <u>\$ 516,849</u>                | <u>\$ 594,720</u> |

See notes to condensed consolidated financial statements.

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

|  | Nine Months Ended September 30, |                   |
|--|---------------------------------|-------------------|
|  | 2022                            | 2021              |
| <b>Operating Activities</b>  |                                 |                   |
| Net Income   | \$ 118,702                      | \$ 125,837        |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities |                                 |                   |
| Equity-Based Compensation Expense  | 132,016                         | 83,350            |
| Depreciation and Amortization Expense  | 12,156                          | 11,535            |
| Amortization of Operating Lease Right-of-Use Assets                              | 15,256                          | 14,347            |
| Provision for Credit Losses  | 2,756                           | 1,356             |
| Other  | 4,471                           | (5,037)           |
| Cash Flows Due to Changes in Operating Assets and Liabilities                    |                                 |                   |
| Accounts Receivable  | (6,792)                         | (20,366)          |
| Other Assets   | (19,908)                        | 10,607            |
| Accrued Compensation and Benefits  | 36,505                          | (73,970)          |
| Accounts Payable, Accrued Expenses and Other Liabilities                         | 1,967                           | 1,172             |
| Operating Lease Liabilities  | (16,792)                        | (15,848)          |
| Taxes Payable  | (2,163)                         | 1,985             |
| Deferred Revenue   | 10                              | (1,360)           |
| Net Cash Provided by Operating Activities  | <u>278,184</u>                  | <u>133,608</u>    |
| <b>Investing Activities</b>  |                                 |                   |
| Purchases of Investments   | (143,929)                       | (97,638)          |
| Proceeds from Sales and Maturities of Investments                                | 44,270                          | 162,813           |
| Purchases of Furniture, Equipment and Leasehold Improvements                     | (2,508)                         | (4,752)           |
| Net Cash Provided by (Used in) Investing Activities                              | <u>(102,167)</u>                | <u>60,423</u>     |
| <b>Financing Activities</b>  |                                 |                   |
| Dividends  | (18,497)                        | (3,719)           |
| Tax Distributions  | (24,199)                        | (14,900)          |
| Proceeds from Revolving Credit Facility  | 42,000                          | 15,000            |
| Payments on Revolving Credit Facility  | (42,000)                        | (15,000)          |
| Employee Taxes Paid for Shares Withheld  | (16,685)                        | (20,595)          |
| Cash-Settled Exchanges of Partnership Units                                      | (12,392)                        | (95,870)          |
| Treasury Stock Purchases   | (100,197)                       | (94,620)          |
| Payments Pursuant to Tax Receivable Agreement                                    | (3,092)                         | (1,165)           |
| Net Cash Used in Financing Activities  | <u>(175,062)</u>                | <u>(230,869)</u>  |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents                     | (11,607)                        | (1,573)           |
| <b>Net Decrease in Cash and Cash Equivalents</b>                                 | <b>(10,652)</b>                 | <b>(38,411)</b>   |
| Cash and Cash Equivalents, Beginning of Period                                   | 200,481                         | 299,513           |
| Cash and Cash Equivalents, End of Period   | <u>\$ 189,829</u>               | <u>\$ 261,102</u> |
| <b>Supplemental Disclosure of Cash Flows Information</b>                         |                                 |                   |
| Payments for Income Taxes, Net of Refunds Received                               | \$ 18,856                       | \$ 9,375          |
| Payments for Interest  | \$ 133                          | \$ 10             |
| Non-Cash Receipt of Shares   | \$ 275                          | \$ 1,125          |
| Dividends Declared, but Not Yet Paid   | \$ —                            | \$ 73,029         |

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 private fund advisory and fundraising services for alternative investment strategies, including private equity, real estate, hedge funds and private credit.

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

PJT Partners Inc. is the sole general partner of PJT Partners Holdings LP. PJT Partners Inc. owns less than 100% of the economic interest in PJT Partners Holdings LP, but has 100% of the voting power and controls the management of PJT Partners Holdings LP. As of September 30, 2022, the non-controlling interest was 37.7%. As the sole general partner of PJT Partners Holdings LP, PJT Partners Inc. operates and controls all of the business and affairs and consolidates the financial results of PJT Partners Holdings LP and its operating subsidiaries. The Company operates through the following subsidiaries: PJT Partners LP, PJT Partners (UK) Limited, PJT Partners (HK) Limited, PJT Partners Park Hill (Spain) A.V., S.A.U., PJT Partners (Germany) GmbH and PJT Partners (France) SAS.

## **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, 2021.

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, 2021.

### *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, which totaled \$0.6 million and \$41.2 million as of September 30, 2022 and December 31, 2021, respectively.

**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)**

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 June 2022, the FASB issued updated guidance on the fair value measurement of equity securities subject to contractual sale restrictions. The guidance is effective for annual and interim periods beginning after December 15, 2023, 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 and nine months ended September 30, 2022 and 2021:

|   | Three Months Ended<br>September 30, |                   | Nine Months Ended<br>September 30, |                   |
|---|-------------------------------------|-------------------|------------------------------------|-------------------|
|   | 2022                                | 2021              | 2022                               | 2021              |
| Advisory Fees                                 | \$ 224,405                          | \$ 179,900        | \$ 592,712                         | \$ 530,124        |
| Placement Fees                                | 39,652                              | 46,891            | 149,485                            | 137,611           |
| Interest Income from Placement Fees and Other | 2,458                               | 1,759             | 6,615                              | 5,361             |
| Revenues from Contracts with Customers        | <u>\$ 266,515</u>                   | <u>\$ 228,550</u> | <u>\$ 748,812</u>                  | <u>\$ 673,096</u> |

*Remaining Performance Obligations and Revenue Recognized from Past Performance*

As of September 30, 2022, the aggregate amount of the transaction price allocated to performance obligations yet to be satisfied was \$9.6 million and the Company generally expects to recognize this revenue within the next twelve months. Such amounts relate to the Company's performance obligations of providing advisory and placement services.

The Company recognized revenue of \$4.0 million and \$50.2 million for the three and nine months ended September 30, 2022, respectively, and \$1.8 million and \$12.6 million for the three and nine months ended September 30, 2021, respectively, related to performance obligations that were fully satisfied in prior periods, primarily due to constraints on variable consideration in prior periods being resolved. Such amounts related primarily to the provision of corporate and fund placement services. The majority of Fee Revenue recognized by the Company during the three and nine months ended September 30, 2022 and 2021 was predominantly related to performance obligations that were partially satisfied in prior periods.

*Contract Balances*

There were no significant impairments related to contract balances during the three and nine months ended September 30, 2022 and 2021.

For the nine months ended September 30, 2022 and 2021, \$1.0 million and \$8.9 million, respectively, of revenue was recognized that was included in the beginning balance of Deferred Revenue, primarily related to the Company's performance obligation of standing ready to perform. In certain contracts, the Company receives customer expense advances, which are also considered to be contract liabilities. As of September 30, 2022 and December 31, 2021, the Company recorded \$1.5 million and \$1.2 million, respectively, in Accounts Payable, Accrued Expenses and Other Liabilities in the Condensed Consolidated Statements of Financial Condition primarily related to expense advances.

**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)**

**4. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES**

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

|                             | Nine Months Ended<br>September 30, |                 |
|-----------------------------|------------------------------------|-----------------|
|                             | 2022                               | 2021            |
| Beginning Balance           | \$ 1,853                           | \$ 1,330        |
| Provision for Credit Losses | 2,756                              | 1,356           |
| Write-offs                  | (2,297)                            | (949)           |
| Recoveries                  | —                                  | 397             |
| Ending Balance              | <u>\$ 2,312</u>                    | <u>\$ 2,134</u> |

Included in Accounts Receivable, Net is accrued interest of \$2.3 million and \$1.9 million as of September 30, 2022 and December 31, 2021, respectively, related to placement fees.

Included in Accounts Receivable, Net are long-term receivables of \$140.9 million and \$104.6 million as of September 30, 2022 and December 31, 2021, 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 \$6.8 million and \$3.4 million as of September 30, 2022 and December 31, 2021, respectively, which were outstanding more than 90 days. The Company's allowance for credit losses with respect to long-term receivables was \$1.0 million and \$0.8 million as of September 30, 2022 and December 31, 2021, respectively.

**5. INTANGIBLE ASSETS**

Intangible Assets, Net consists of the following:

|                                       | September 30,<br>2022 | December 31,<br>2021 |
|---------------------------------------|-----------------------|----------------------|
| <b>Finite-Lived Intangible Assets</b> |                       |                      |
| Customer Relationships                | \$ 61,276             | \$ 61,276            |
| Trade Name                            | 9,800                 | 9,800                |
| Total Intangible Assets               | 71,076                | 71,076               |
| <b>Accumulated Amortization</b>       |                       |                      |
| Customer Relationships                | (43,876)              | (39,797)             |
| Trade Name                            | (8,090)               | (6,893)              |
| Total Accumulated Amortization        | (51,966)              | (46,690)             |
| Intangible Assets, Net                | <u>\$ 19,110</u>      | <u>\$ 24,386</u>     |

Amortization expense was \$1.5 million and \$5.3 million for the three and nine months ended September 30, 2022 and \$1.9 million and \$5.9 million for the three and nine months ended September 30, 2021.

Amortization of Intangible Assets held at September 30, 2022 is expected to be \$1.2 million for the remainder of the year ending December 31, 2022; \$4.9 million for each of the years ending December 31, 2023 and 2024; \$4.8 million for the year ending December 31, 2025; and \$3.3 million for the year ending December 31, 2026.

**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)**

**6. FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

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

|   | September 30,<br>2022 | December 31,<br>2021 |
|---|-----------------------|----------------------|
| Leasehold Improvements                                | \$ 53,398             | \$ 56,230            |
| Furniture and Fixtures                                | 17,923                | 18,044               |
| Office Equipment                                      | 5,405                 | 4,423                |
| Total Furniture, Equipment and Leasehold Improvements | 76,726                | 78,697               |
| Accumulated Depreciation                              | (45,454)              | (41,550)             |
| Furniture, Equipment and Leasehold Improvements, Net  | <u>\$ 31,272</u>      | <u>\$ 37,147</u>     |

Depreciation expense was \$2.3 million and \$6.9 million for the three and nine months ended September 30, 2022, respectively, and \$2.0 million and \$5.7 million for the three and nine months ended September 30, 2021, respectively.

**7. FAIR VALUE MEASUREMENTS**

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

|                     | September 30, 2022 |            |           |            |
|---------------------|--------------------|------------|-----------|------------|
|                     | Level I            | Level II   | Level III | Total      |
| Treasury Securities | \$ —               | \$ 137,279 | \$ —      | \$ 137,279 |

  

|                     | December 31, 2021 |           |           |           |
|---------------------|-------------------|-----------|-----------|-----------|
|                     | Level I           | Level II  | Level III | Total     |
| Treasury Securities | \$ —              | \$ 40,000 | \$ —      | \$ 40,000 |

Investments in Treasury securities were included in both Cash and Cash Equivalents and Investments as of September 30, 2022 and in Cash and Cash Equivalents as of December 31, 2021 in the Condensed Consolidated Statements of Financial Condition.

**8. INCOME TAXES**

The following table summarizes the Company's tax position:

|                                   | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |            |
|-----------------------------------|-------------------------------------|-----------|------------------------------------|------------|
|                                   | 2022                                | 2021      | 2022                               | 2021       |
| Income Before Provision for Taxes | \$ 47,642                           | \$ 48,275 | \$ 141,478                         | \$ 144,610 |
| Provision for Taxes               | \$ 8,601                            | \$ 9,090  | \$ 22,776                          | \$ 18,773  |
| Effective Income Tax Rate         | 18.1 %                              | 18.8 %    | 16.1 %                             | 13.0 %     |

The Company's effective tax rate differed from the U.S. federal statutory tax rate for the three and nine months ended September 30, 2022 primarily due to partnership income not being subject to U.S. corporate income taxes and permanent differences related to compensation.

The Company had no unrecognized tax benefits as of September 30, 2022.

**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)**

**9. NET INCOME PER SHARE OF CLASS A COMMON STOCK**

Basic and diluted net income per share of Class A common stock for the three and nine months ended September 30, 2022 and 2021 is presented below:

|   | Three Months Ended<br>September 30, |                   | Nine Months Ended<br>September 30, |                   |
|---|-------------------------------------|-------------------|------------------------------------|-------------------|
|   | 2022                                | 2021              | 2022                               | 2021              |
| <i>Numerator:</i>   |                                     |                   |                                    |                   |
| Net Income Attributable to Shares of Class A<br>Common Stock — Basic                      | \$ 21,088                           | \$ 21,445         | \$ 65,960                          | \$ 71,272         |
| Incremental Net Income from Dilutive Securities   | 672                                 | 12,800            | 1,931                              | 44,172            |
| Net Income Attributable to Shares of Class A<br>Common Stock — Diluted                    | <u>\$ 21,760</u>                    | <u>\$ 34,245</u>  | <u>\$ 67,891</u>                   | <u>\$ 115,444</u> |
| <i>Denominator:</i>   |                                     |                   |                                    |                   |
| Weighted-Average Shares of Class A Common<br>Stock Outstanding — Basic                    | 24,966,527                          | 24,908,606        | 25,032,151                         | 24,979,925        |
| Weighted-Average Number of Incremental Shares from<br>Unvested RSUs and Partnership Units | <u>1,552,646</u>                    | <u>17,101,937</u> | <u>1,465,026</u>                   | <u>17,434,536</u> |
| Weighted-Average Shares of Class A Common<br>Stock Outstanding — Diluted                  | <u>26,519,173</u>                   | <u>42,010,543</u> | <u>26,497,177</u>                  | <u>42,414,461</u> |
| Net Income Per Share of Class A Common Stock  |                                     |                   |                                    |                   |
| Basic   | <u>\$ 0.84</u>                      | <u>\$ 0.86</u>    | <u>\$ 2.63</u>                     | <u>\$ 2.85</u>    |
| Diluted   | <u>\$ 0.82</u>                      | <u>\$ 0.82</u>    | <u>\$ 2.56</u>                     | <u>\$ 2.72</u>    |

The ownership interests of holders (other than PJT Partners Inc.) of the common units of partnership interest in PJT Partners Holdings LP (“Partnership Units”) may be exchanged for PJT Partners Inc. Class A common stock on a one-for-one basis, subject to applicable vesting and transfer restrictions. If all Partnership Units were exchanged for Class A common stock, weighted-average Class A common stock outstanding would be 39,985,576 and 40,147,172 for the three and nine months ended September 30, 2022, respectively, 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 and nine months ended September 30, 2022, there were 15,019,049 and 15,115,021 weighted-average Partnership Units, respectively, that were anti-dilutive. For the three and nine months ended September 30, 2021, there were no anti-dilutive securities.

**Share Repurchase Program**

On April 25, 2022, the Company’s Board of Directors authorized a \$200 million repurchase program of the Company’s Class A common stock, which is in addition to the previous Board authorizations. As of September 30, 2022, the Company’s remaining repurchase authorization was \$183.0 million. Under the repurchase program, shares of the Company’s Class A common stock may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual number of shares repurchased depend on a variety of factors, including legal requirements, price, and economic and market conditions. The repurchase program may be suspended or discontinued at any time and does not have a specified expiration date.

During the nine months ended September 30, 2022, the Company repurchased 1.5 million shares of the Company’s Class A common stock at an average price per share of \$65.43, or \$100.2 million in aggregate, pursuant to this share repurchase program.

**10. EQUITY-BASED AND OTHER DEFERRED COMPENSATION**

**Overview**

Further information regarding the Company’s equity-based compensation awards is described in Note 10. “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, 2021.

The following table represents equity-based compensation expense and related income tax benefit for the three and nine months ended September 30, 2022 and 2021, respectively:

|                                   | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |           |
|-----------------------------------|-------------------------------------|-----------|------------------------------------|-----------|
|                                   | 2022                                | 2021      | 2022                               | 2021      |
| Equity-Based Compensation Expense | \$ 36,646                           | \$ 26,112 | \$ 132,016                         | \$ 83,350 |
| Income Tax Benefit                | \$ 4,621                            | \$ 3,541  | \$ 17,238                          | \$ 11,242 |

**Restricted Stock Units**

The following table summarizes activity related to unvested RSUs for the nine months ended September 30, 2022:

|                              | Restricted Stock Units |  |
|------------------------------|------------------------|--|
|                              | Number of<br>Units     | Weighted-<br>Average<br>Grant Date<br>Fair Value<br>(in dollars) |
| Balance, December 31, 2021   | 4,098,671              | \$ 60.14   |
| Granted                      | 1,905,418              | 63.81  |
| Dividends Reinvested on RSUs | (22,845 )              | 25.03  |
| Forfeited                    | (78,448 )              | 64.48  |
| Vested                       | (1,575,257 )           | 51.28  |
| Balance, September 30, 2022  | <u>4,327,539</u>       | \$ 65.09   |

As of September 30, 2022, there was \$140.1 million of estimated unrecognized compensation expense related to unvested RSU awards. This cost is expected to be recognized over a weighted-average period of 1.5 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 nine months ended September 30, 2021 was \$73.27.



**RSU Awards with Both Service and Market Conditions**

The Company has granted RSU awards containing both service and market conditions. The service condition requirement for these awards is generally three to five years. The market condition will generally be satisfied upon the publicly traded shares of Class A common stock achieving certain volume weighted average share price targets over various trading periods during the life of the award.

Effective February 10, 2022, the Company granted RSU awards containing both service and market conditions. The effect of the service and market conditions is reflected in the grant date fair value of the award. Compensation cost is recognized over the requisite service period, provided that the service period is completed, irrespective of whether the market condition is satisfied. The service condition requirement with respect to such RSU awards is five years with 20% vesting per annum. The market condition requirement will be 50% satisfied upon the dividend-adjusted publicly traded shares of Class A common stock achieving a volume-weighted average share price over any consecutive 20-day trading period (“20-day VWAP”) of \$100 and the other 50% will be satisfied ratably upon the dividend-adjusted publicly traded shares of Class A common stock achieving a 20-day VWAP above \$100 with the market condition fully satisfied upon achieving a 20-day VWAP of \$130 prior to February 26, 2027. No portion of these awards will become vested until both the service and market conditions have been satisfied.

The following table summarizes activity related to unvested RSU awards with both a service and market condition for the nine months ended September 30, 2022:

|                              | <b>RSU Awards with<br/>Both Service and Market<br/>Conditions</b> |   |
|------------------------------|---|---|
|                              | <b>Number of<br/>Units</b>  | <b>Weighted-<br/>Average<br/>Grant Date<br/>Fair Value<br/>(in dollars)</b> |
| Balance, December 31, 2021   | 50,280  | \$ 36.53  |
| Granted                      | 1,514,748   | 41.97   |
| Dividends Reinvested on RSUs | 329   | 34.22   |
| Vested                       | (4,167)   | 13.52   |
| Balance, September 30, 2022  | <u>1,561,190</u>  | <u>\$ 41.87</u>   |

As of September 30, 2022, there was \$40.8 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 2.5 years. The Company assumes a forfeiture rate of 4.0% to 6.0% annually based on expected turnover and periodically reassesses this rate.

The Company estimated the fair value of RSU awards with both a service and market condition at grant using a Monte Carlo simulation. The following table presents the assumptions used for the nine months ended September 30, 2022:

|                          |        |
|--------------------------|--------|
| Risk-Free Interest Rate  | 2.0 %  |
| Volatility Factor        | 37.0 % |
| Expected Life (in years) | 5.0    |

**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 nine months ended September 30, 2022, no restricted share awards were granted. As of September 30, 2022, there were 2,592 restricted shares outstanding.

**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)**

**Partnership Units**

The following table summarizes activity related to unvested Partnership Units for the nine months ended September 30, 2022:

|                             | Partnership Units                 |  |
|-----------------------------|-----------------------------------|--|
|                             | Number of<br>Partnership<br>Units | Weighted-<br>Average<br>Grant Date<br>Fair Value<br>(in dollars) |
| Balance, December 31, 2021  | 248,595                           | \$ 53.42   |
| Granted                     | 67,588                            | 61.60  |
| Vested                      | (86,768)                          | 49.65  |
| Balance, September 30, 2022 | <u>229,415</u>                    | <u>\$ 57.26</u>  |

As of September 30, 2022, there was \$6.2 million of estimated unrecognized compensation expense related to unvested Partnership Units. This cost is expected to be recognized over a weighted-average period of 0.7 years. The Company assumes a forfeiture rate of 4.0% annually based on expected turnover and periodically reassesses this rate. The weighted-average grant date fair value with respect to Partnership Units granted for the nine months ended September 30, 2021 was \$68.70.

**Partnership Unit Awards with Both Service and Market Conditions**

Effective February 10, 2022, the Company granted Partnership Unit awards containing both service and market conditions. The effect of the service and market conditions is reflected in the grant date fair value of the award. Compensation cost is recognized over the requisite service period, provided that the service period is completed, irrespective of whether the market condition is satisfied. The service condition requirement with respect to such Partnership Unit awards is five years with 20% vesting per annum. The market condition requirement will be 50% satisfied upon the dividend-adjusted publicly traded shares of Class A common stock achieving a 20-day VWAP of \$100 and the other 50% will be satisfied ratably upon the dividend-adjusted publicly traded shares of Class A common stock achieving a 20-day VWAP above \$00 with the market condition fully satisfied upon achieving a 20-day VWAP of \$130 prior to February 26, 2027. No portion of these awards will become vested until both the service and market conditions have been satisfied.

The following table summarizes activity related to unvested Partnership Unit awards with both a service and market condition for the nine months ended September 30, 2022:

|                             | Partnership Unit Awards with<br>Both Service and Market<br>Conditions |  |
|-----------------------------|---|--|
|                             | Number of<br>Partnership<br>Units                                     | Weighted-<br>Average<br>Grant Date<br>Fair Value<br>(in dollars) |
| Balance, December 31, 2021  | —   | \$ —   |
| Granted                     | 1,107,768   | 39.10  |
| Balance, September 30, 2022 | <u>1,107,768</u>  | <u>\$ 39.10</u>  |

As of September 30, 2022, there was \$28.9 million of estimated unrecognized compensation expense related to Partnership Unit awards with both a service and market condition. This cost is expected to be recognized over a weighted-average period of 2.6 years. The Company assumes a forfeiture rate of 4.0% annually based on expected turnover and periodically reassesses this rate.

**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)**

The Company estimated the fair value of Partnership Unit awards with both a service and market condition at grant using a Monte Carlo simulation. The following table presents the assumptions used for the nine months ended September 30, 2022:

|                          |        |
|--------------------------|--------|
| Risk-Free Interest Rate  | 2.0 %  |
| Volatility Factor        | 37.0 % |
| Expected Life (in years) | 5.0    |

**Units Expected to Vest**

The following unvested units, after expected forfeitures, as of September 30, 2022, are expected to vest:

|                           | Units            | Weighted-Average Service Period in Years |
|---------------------------|------------------|--|
| Restricted Stock Units    | 5,477,575        | 1.8                                      |
| Partnership Units         | 1,229,911        | 2.3                                      |
| Restricted Share Awards   | 2,592            | 0.0                                      |
| Total Equity-Based Awards | <u>6,710,078</u> | <u>1.9</u>                               |

**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 \$7.0 million and \$21.7 million for the three and nine months ended September 30, 2022 respectively, and \$7.2 million and \$22.8 million for the three and nine months ended September 30, 2021, respectively. As of September 30, 2022, there was \$21.8 million of unrecognized compensation expense related to these awards. The weighted-average period over which this compensation cost is expected to be recognized is 2.3 years.

**11. LEASES**

The components of lease expense were as follows:

|                       | Three Months Ended<br>September 30, |                 | Nine Months Ended<br>September 30, |                  |
|-----------------------|-------------------------------------|-----------------|------------------------------------|------------------|
|                       | 2022                                | 2021            | 2022                               | 2021             |
| Operating Lease Cost  | \$ 6,751                            | \$ 6,801        | \$ 20,343                          | \$ 20,627        |
| Short-Term Lease Cost | —                                   | 56              | —                                  | 93               |
| Variable Lease Cost   | 534                                 | 587             | 2,621                              | 2,172            |
| Sublease Income       | —                                   | (210)           | (406)                              | (699)            |
| Total Lease Cost      | <u>\$ 7,285</u>                     | <u>\$ 7,234</u> | <u>\$ 22,558</u>                   | <u>\$ 22,193</u> |

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

|  | Nine Months Ended September 30, |           |
|--|---------------------------------|-----------|
|  | 2022                            | 2021      |
| Cash Paid for Amounts Included in Measurement of Lease Liabilities       |                                 |           |
| Operating Cash Flows from Operating Leases                               | \$ 16,792                       | \$ 15,848 |
| Right-of-Use Assets Obtained in Exchange for Operating Lease Liabilities | \$ 2,804                        | \$ 6,765  |

**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)**

|  | September 30,<br>2022 | December 31,<br>2021 |
|--|-----------------------|----------------------|
| Weighted-Average Remaining Lease Term (in years) | 7.1                   | 7.6                  |
| Weighted-Average Discount Rate                   | 4.6 %                 | 4.7 %                |

The following is a maturity analysis of the annual undiscounted cash flows of the Company’s operating lease liabilities as of September 30, 2022:

| Year Ending December 31,             | Operating  |
|--------------------------------------|------------|
| 2022 (October 1 through December 31) | \$ 7,201   |
| 2023                                 | 29,099     |
| 2024                                 | 27,596     |
| 2025                                 | 24,428     |
| 2026                                 | 18,613     |
| Thereafter                           | 51,950     |
| Total Lease Payments                 | 158,887    |
| Less: Imputed Interest               | 23,885     |
| Total                                | \$ 135,002 |

In September 2022, the Company entered into a lease agreement for office space. Such lease has not been included in Operating Lease Right-of-Use Assets and Operating Lease Liabilities as of September 30, 2022 on the Condensed Consolidated Statement of Financial Condition as the Company does not yet have the right to use the premises. Commencement of the lease is currently anticipated to occur prior to 2023 with a term that expires in 2024.

## 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.

**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)**

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Further information regarding the exchange agreement is described in Note 13. “Transactions with Related Parties—Exchange Agreement” in the “Notes to Consolidated Financial Statements” in “Part II. Item 8. Financial Statements and Supplementary Data” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021.

Certain Partnership Unitholders exchanged 0.2 million and 1.3 million Partnership Units, respectively, for cash in the amounts of \$12.4 million and \$95.9 million, respectively, for the nine months ended September 30, 2022 and 2021, respectively. Such amounts are recorded as a reduction of Non-Controlling Interests in the Condensed Consolidated Statements of Financial Condition. Additionally, 250 thousand Partnership Units were exchanged for shares of PJT Partners Inc. Class A common stock for the three and nine months ended September 30, 2022. There were no exchanges for shares of PJT Partners Inc. Class A common stock for the three and nine months ended September 30, 2021. Exchanges for shares are recorded as a reduction of Non-Controlling Interests and an increase in Additional Paid-In Capital in the Condensed Consolidated Statements of Financial Condition.

The Company intends to exchange 38 thousand Partnership Units for cash on November 1, 2022 for an aggregate payment of \$2.7 million. The price per Partnership Unit to be paid by the Company is \$71.26, which is equal to the volume-weighted average price per share of the Company’s Class A common stock on October 27, 2022.

#### **Registration Rights Agreement**

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

#### **Tax Receivable Agreement**

The Company has entered into a tax receivable agreement with the holders of Partnership Units (other than PJT Partners Inc.) that provides for the payment by PJT Partners Inc. to exchanging holders of Partnership Units of 85% of the benefits, if any, that PJT Partners Inc. is deemed to realize as a result of the increases in tax basis related to such exchanges of Partnership Units and of certain other tax benefits related to entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. As of September 30, 2022 and December 31, 2021, the Company had amounts due of \$31.8 million and \$31.1 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, their family members personal use of a Company-leased aircraft when it is not being used for business purposes, for which the partners pay the full incremental costs associated with such use. Such amount is not material to the condensed consolidated financial statements.

### **13. COMMITMENTS AND CONTINGENCIES**

#### **Commitments**

##### *Line of Credit*

On February 1, 2021, PJT Partners Holdings LP, as borrower (the “Borrower”), entered into a Renewal and Modification Agreement (the “Renewal Agreement”) and related documents with First Republic Bank, as lender

**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)**

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(the “Lender”), amending the terms of the Borrower’s revolving credit facility with the Lender under the Amended and Restated Loan Agreement dated October 1, 2018 (the “Amended and Restated Loan Agreement”). The Renewal Agreement provides for a revolving credit facility with aggregate commitments in an amount equal to \$60.0 million, which aggregate commitments may be increased, pursuant to the terms and conditions set forth in the Renewal Agreement, to up to \$80.0 million during the period beginning December 1 each year through March 1 of the following year. The revolving credit facility was scheduled to mature and the commitments thereunder were scheduled to terminate on October 1, 2022, subject to extension by agreement of the Borrower and Lender. On April 25, 2022, the Renewal Agreement was further amended to extend the maturity date to October 1, 2023.

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 September 30, 2022 and December 31, 2021, there were no borrowings outstanding 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 September 30, 2022 and December 31, 2021, the Company was in compliance with the debt covenants under the Renewal Agreement and the Amended and Restated Loan Agreement, respectively.

## **Contingencies**

### *Litigation*

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

### *Guarantee*

The Company provides a guarantee to a lending institution for certain loans held by employees for investment in funds of its former Parent, which are secured by the underlying investments in those funds. The amount guaranteed was \$3.6 million and \$4.1 million as of September 30, 2022 and December 31, 2021, 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 September 30, 2022 and December 31, 2021.

Pursuant to the Employee Matters Agreement, the Company has agreed to pay Blackstone the net realized cash benefit resulting from certain compensation-related tax deductions. Amounts are payable annually (for periods in which a cash benefit is realized) within nine months of the end of the relevant tax period. As of September 30, 2022 and December 31, 2021, the Company had accrued \$3.4 million and \$2.6 million, respectively, which the Company anticipates will be payable to Blackstone after the Company files its respective tax returns. The tax deduction and corresponding payable to Blackstone related to such deliveries will fluctuate primarily based on the price of Blackstone common stock at the time of delivery.

## **14. REGULATED ENTITIES**

Certain subsidiaries of the Company are subject to various regulatory requirements in the 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 advisory and placement 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 \$174.2 million and \$79.4 million as of September 30, 2022 and December 31, 2021, respectively, which exceeded the minimum net capital requirement by \$172.7 million and \$77.6 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 minimum capital of the greater of the permanent minimum requirement of £75 thousand or a fixed overhead requirement, defined as 25% of fixed overheads of the preceding year. One third of the fixed overhead requirement must be held in liquid assets. 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 authorized and regulated by Spain’s National Securities Market Commission and is required to maintain minimum capital of the greater of the permanent minimum requirement of €75 thousand or 25% of the fixed overheads of the preceding year. One third of the fixed overhead requirement must be held in liquid assets. As of September 30, 2022 and December 31, 2021, these entities were in compliance with local capital adequacy requirements.

## **15. BUSINESS INFORMATION**

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

**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)**

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<br>September 30, |                   | Nine Months Ended<br>September 30, |                   |
|-----------------|-------------------------------------|-------------------|------------------------------------|-------------------|
|                 | 2022                                | 2021              | 2022                               | 2021              |
| <b>Revenues</b> |                                     |                   |                                    |                   |
| Domestic        | \$ 243,330                          | \$ 211,875        | \$ 663,759                         | \$ 573,217        |
| International   | 22,762                              | 19,423            | 81,793                             | 105,462           |
| Total           | <u>\$ 266,092</u>                   | <u>\$ 231,298</u> | <u>\$ 745,552</u>                  | <u>\$ 678,679</u> |

|               | September 30,<br>2022 | December 31,<br>2021 |
|---------------|-----------------------|----------------------|
| <b>Assets</b> |                       |                      |
| Domestic      | \$ 919,361            | \$ 824,963           |
| International | 147,199               | 162,662              |
| Total         | <u>\$ 1,066,560</u>   | <u>\$ 987,625</u>    |

**16. SUBSEQUENT EVENTS**

The Board of Directors of PJT Partners Inc. has declared a quarterly dividend of \$0.25 per share of Class A common stock, which will be paid on December 21, 2022 to Class A common stockholders of record as of December 7, 2022.

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



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

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

### Our Business

PJT Partners is a premier global advisory-focused investment bank. 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 private fund advisory and fundraising services for alternative investment strategies, including private equity, real estate, hedge funds and private credit.

For further information regarding our business, refer to "Part I. Item 1. Business" in our Annual Report on Form 10-K for the year ended December 31, 2021.

### 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, 2021 for a discussion of some of the factors that can affect our performance.

M&A is a cyclical business that is impacted by macroeconomic conditions. There are several factors that weigh on global M&A activity in the intermediate-term, including geopolitical factors, mounting inflationary pressures, and monetary policy. Though worldwide M&A announced volumes during the first nine months of 2022 were down 34% compared with the first nine months of 2021, they remain at historically high levels, compared with average volumes over the past 25 years<sup>1</sup>. While the pace of activity has changed, we expect corporate boards and management teams to continue to use M&A as a strategic tool.

Continued global economic uncertainty, rising interest rates and inflation led to increasing global restructuring activity during the third quarter of 2022. Adverse macroeconomic conditions, particularly in the debt and equity markets drove an increase of in-court restructurings during the third quarter. In addition, out-of-court liability management transactions, primarily driven by financial sponsor activity continued to remain active. Restructuring opportunities remain across most sectors including healthcare, consumer-driven businesses and industrials.

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

### Key Financial Measures

#### Revenues

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

<sup>1</sup> Source: Refinitiv Global Mergers & Acquisitions Review for First Nine Months of 2022 as of September 30, 2022.

We provide 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 include providing solutions to investing clients seeking portfolio liquidity, unfunded commitment relief and investments in secondary markets. Our fund placement services primarily serve alternative investment strategies, including private equity, real estate, hedge funds and private credit. We advise on all aspects of the fundraising process including competitive positioning and market assessment, marketing materials and related documentation 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 recognize placement and underwriting fees based on the successful completion of the transaction.

The amount and timing of the fees paid vary by the type of engagement and are typically based on retainers, completion of a transaction or a capital raise. Fees earned for services provided to alternative asset managers are typically recognized upon acceptance by a fund of capital or capital commitments (referred to as a “closing”), in accordance with terms set forth in individual agreements. For commitment based fees, revenue is recognized over time as commitments are accepted. Fees for such closed-end fund arrangements are generally paid in installments over three or four years and interest is charged to the outstanding balance at an agreed upon rate, such as the 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.

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

*Interest Income and Other* – Interest Income and Other represents interest typically earned on Cash and Cash Equivalents, investments in Treasury securities and outstanding placement fees receivable; miscellaneous income; investment gains and losses; 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, other cash awards, benefits, employer taxes and equity-based compensation associated with the grants of equity-based awards to partners and employees. Changes in this expense are driven by fluctuations in the number of employees, 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. 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 and other general operating expenses.

*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 and nine months ended September 30, 2022 and 2021:

|   | Three Months Ended<br>September 30, |                  |              | Nine Months Ended<br>September 30, |                  |              | Change |
|---|-------------------------------------|------------------|--------------|------------------------------------|------------------|--------------|--------|
|   | 2022                                | 2021             | Change       | 2022                               | 2021             | Change       |        |
| (Dollars in Thousands)                                      |                                     |                  |              |                                    |                  |              |        |
| <b>Revenues</b>   |                                     |                  |              |                                    |                  |              |        |
| Advisory Fees   | \$ 224,405                          | \$ 179,900       | 25 %         | \$ 592,712                         | \$ 530,124       | 12 %         |        |
| Placement Fees  | 39,652                              | 46,891           | (15) %       | 149,485                            | 137,611          | 9 %          |        |
| Interest Income and Other                                   | 2,035                               | 4,507            | (55) %       | 3,355                              | 10,944           | (69) %       |        |
| <b>Total Revenues</b>                                       | <u>266,092</u>                      | <u>231,298</u>   | <u>15 %</u>  | <u>745,552</u>                     | <u>678,679</u>   | <u>10 %</u>  |        |
| <b>Expenses</b>   |                                     |                  |              |                                    |                  |              |        |
| Compensation and Benefits                                   | 179,080                             | 148,149          | 21 %         | 488,899                            | 434,866          | 12 %         |        |
| Occupancy and Related                                       | 8,231                               | 8,569            | (4) %        | 25,831                             | 25,788           | 0 %          |        |
| Travel and Related  | 6,336                               | 2,765            | 129 %        | 17,471                             | 4,979            | 251 %        |        |
| Professional Fees   | 7,375                               | 8,066            | (9) %        | 21,652                             | 24,016           | (10) %       |        |
| Communications and Information Services                     | 4,155                               | 4,341            | (4) %        | 12,819                             | 13,548           | (5) %        |        |
| Depreciation and Amortization                               | 3,755                               | 3,892            | (4) %        | 12,156                             | 11,535           | 5 %          |        |
| Other Expenses  | 9,518                               | 7,241            | 31 %         | 25,246                             | 19,337           | 31 %         |        |
| <b>Total Expenses</b>                                       | <u>218,450</u>                      | <u>183,023</u>   | <u>19 %</u>  | <u>604,074</u>                     | <u>534,069</u>   | <u>13 %</u>  |        |
| <b>Income Before Provision for Taxes</b>                    | 47,642                              | 48,275           | (1) %        | 141,478                            | 144,610          | (2) %        |        |
| <b>Provision for Taxes</b>                                  | 8,601                               | 9,090            | (5) %        | 22,776                             | 18,773           | 21 %         |        |
| <b>Net Income</b>   | 39,041                              | 39,185           | (0) %        | 118,702                            | 125,837          | (6) %        |        |
| <b>Net Income Attributable to Non-Controlling Interests</b> | 17,953                              | 17,740           | 1 %          | 52,742                             | 54,565           | (3) %        |        |
| <b>Net Income Attributable to PJT Partners Inc.</b>         | <u>\$ 21,088</u>                    | <u>\$ 21,445</u> | <u>(2) %</u> | <u>\$ 65,960</u>                   | <u>\$ 71,272</u> | <u>(7) %</u> |        |

### Revenues

The following table provides revenue statistics for the three and nine months ended September 30, 2022 and 2021:

|   | Three Months Ended<br>September 30, |      | Nine Months Ended<br>September 30, |      |
|---|-------------------------------------|------|------------------------------------|------|
|   | 2022                                | 2021 | 2022                               | 2021 |
| Total Number of Clients   | 229                                 | 229  | 301                                | 338  |
| Total Number of Fees of at least \$1 Million from Client Transactions | 45                                  | 49   | 95                                 | 146  |

Total Revenues were \$266.1 million for the three months ended September 30, 2022, an increase of \$34.8 million compared with \$231.3 million for the three months ended September 30, 2021. Advisory Fees were \$224.4 million for the three months ended September 30, 2022, an increase of \$44.5 million compared with \$179.9 million for the three months ended September 30, 2021. The increase in Advisory Fees was driven by increases in strategic advisory, restructuring and secondary advisory revenues. Placement Fees were \$39.7 million for the three months ended September 30, 2022, a decrease of \$7.2 million compared with \$46.9 million for the three months ended September 30, 2021. The decrease in Placement Fees was driven by a decrease in fund placement revenues, which was partially offset by an increase in corporate placement revenues. Interest Income and Other decreased \$2.5 million for the current quarter compared with the prior year quarter.

Total Revenues were \$745.6 million for the nine months ended September 30, 2022, an increase of \$66.9 million compared with \$678.7 million for the nine months ended September 30, 2021. Advisory Fees were \$592.7 million for the nine months ended September 30, 2022, an increase of \$62.6 million compared with \$530.1 million for the nine months ended September 30, 2021. The increase in Advisory Fees was driven by increases in strategic advisory, restructuring and secondary advisory revenues. Placement Fees were \$149.5 million for the nine months ended September 30, 2022, an increase of \$11.9 million compared with \$137.6 million for the nine months ended September 30, 2021. The increase in Placement Fees was driven by an increase in fund placement revenues, which was partially offset by a decline in corporate placement revenues. Interest Income and Other decreased \$7.6 million for the nine months compared with the same period a year ago. The decrease in Interest Income and Other was driven by a reduction in fair market value on certain equity securities received as part of transaction compensation.

#### *Expenses*

Expenses were \$218.5 million for the three months ended September 30, 2022, an increase of \$35.4 million compared with \$183.0 million for the three months ended September 30, 2021. The increase in expenses was primarily attributable to increases in Compensation and Benefits and Travel and Related of \$30.9 million and \$3.6 million, respectively. The increase in Compensation and Benefits was driven by a higher nine month accrual rate. Travel and Related increased due to increased levels of business travel.

Expenses were \$604.1 million for the nine months ended September 30, 2022, an increase of \$70.0 million compared with \$534.1 million for the nine months ended September 30, 2021. The increase in expenses was primarily attributable to increases in Compensation and Benefits and Travel and Related of \$54.0 million and \$12.5 million, respectively. The increase in Compensation and Benefits Expense reflects a higher compensation accrual rate for the nine months compared with the same period a year ago. Travel and Related increased due to increased levels of business travel.

#### *Provision for Taxes*

The Company's Provision for Taxes for the three months ended September 30, 2022 was \$8.6 million, which represents an effective tax rate of 18.1% on pretax income of \$47.6 million. The Company's Provision for Taxes for the three months ended September 30, 2021 was \$9.1 million, which represents an effective tax rate of 18.8% on pretax income of \$48.3 million.

The Company's Provision for Taxes for the nine months ended September 30, 2022 was \$22.8 million, which represents an effective tax rate of 16.1% on pretax income of \$141.5 million. The Company's Provision for Taxes for the nine months ended September 30, 2021 was \$18.8 million, which represents an effective tax rate of 13.0% on pretax income of \$144.6 million.

The change in tax rate between the three and nine months ended September 30, 2022 and three and nine months ended September 30, 2021 was primarily due to a lesser tax benefit received from the delivery of vested shares at values in excess of the original grant prices.

#### *Non-Controlling Interests*

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

## Liquidity and Capital Resources

### General

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

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

On February 1, 2021, PJT Partners Holdings LP, as borrower (the "Borrower"), entered into a Renewal and Modification Agreement (the "Renewal Agreement") and related documents with First Republic Bank, as lender (the "Lender"), amending the terms of the Borrower's revolving credit facility with the Lender under the Amended and Restated Loan Agreement dated October 1, 2018 (the "Amended and Restated Loan Agreement"). On April 25, 2022, the Renewal Agreement was further amended to extend the maturity date to October 1, 2023. Further information regarding the Renewal Agreement and Amended and Restated Loan Agreement can be found in Note 13. "Commitments and Contingencies—Commitments, Line of Credit" in the "Notes to Condensed Consolidated Financial Statements" in "—Item 1. Financial Statements" of this filing. As of September 30, 2022 and December 31, 2021, we were in compliance with the debt covenants under the Renewal Agreement and Amended and Restated Loan Agreement, respectively. As of September 30, 2022 and December 31, 2021, there were no borrowings outstanding under the revolving credit facility.

We evaluate our cash needs on a regular basis in light of current market conditions. As of September 30, 2022 and December 31, 2021, we had cash, cash equivalents and short-term investments of \$289.7 million and \$200.5 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 September 30, 2022 and December 31, 2021, total accounts receivable, net of allowance for credit losses, were \$286.4 million and \$289.3 million, respectively. As of September 30, 2022 and December 31, 2021, the allowance for credit losses was \$2.3 million and \$1.9 million, respectively. Included in Accounts Receivable, Net are long-term receivables of \$140.9 million and \$104.6 million as of September 30, 2022 and December 31, 2021, respectively, related to placement fees that are generally paid in installments over a period of three to four years.

### Sources and Uses of Liquidity

Our primary cash needs are for working capital, paying operating expenses, including cash compensation to our employees, exchanging of Partnership Units for cash, repurchasing shares of the Company's Class A common stock, paying income taxes, making distributions to our shareholders in accordance with our dividend policy, partnership tax distributions, capital expenditures, making payments pursuant to the tax receivable agreement, commitments and strategic investments. We expect to fund these liquidity requirements through cash flows from operations and borrowings under our revolving credit facility. Our ability to fund these needs 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 Unitholder.

Certain Partnership Unitholders exchanged 0.2 million and 1.3 million Partnership Units, respectively, for cash in the amounts of \$12.4 million and \$95.9 million, respectively, for the nine months ended September 30, 2022 and 2021, respectively. Additionally, 250 thousand Partnership Units were exchanged for shares of PJT Partners Inc. Class A common stock for the three and nine months ended September 30, 2022. There were no exchanges for shares of PJT Partners Inc. Class A common stock for the three and nine months ended September 30, 2021.

### ***Share Repurchase Program***

On April 25, 2022, the Company's Board of Directors authorized a \$200 million repurchase program of the Company's Class A common stock, which is in addition to the previous Board authorizations. As of September 30, 2022, the Company's remaining repurchase authorization was \$183.0 million. Under the repurchase program, shares of the Company's Class A common stock may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual number of shares repurchased depend on a variety of factors, including legal requirements, price, and economic and market conditions. The repurchase program may be suspended or discontinued at any time and does not have a specified expiration date.

During the nine months ended September 30, 2022, the Company repurchased 1.5 million shares of Class A common stock at an average price per share of \$65.43, or \$100.2 million in aggregate, pursuant to the share repurchase program.

## **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, 2021. There have not been any material changes to our contractual obligations since December 31, 2021.

## **Commitments and Contingencies**

### ***Litigation***

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

### ***Guarantee***

The Company provides a guarantee to a lending institution for certain loans held by employees for investment in funds of its former Parent, which are secured by the underlying investments in those funds. The amount guaranteed was \$3.6 million and \$4.1 million as of September 30, 2022 and December 31, 2021, 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 September 30, 2022 and December 31, 2021, the Company had amounts due of \$31.8 million and \$31.1 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, 2021.

### ***Other***

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



**Critical Accounting Estimates**

A discussion of critical accounting estimates is included in “Part II. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2021.

**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.

##### *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 and reasonable and supportable forecasts. We maintain an allowance for credit losses that, in our opinion, reflects current expected credit losses. As of September 30, 2022 and December 31, 2021, the allowance for credit losses was \$2.3 million and \$1.9 million, respectively.

##### *Exchange Rate Risk*

We are exposed to the risk that the exchange rate of the U.S. dollar relative to other currencies may have an adverse effect on the reported value of our non-U.S. dollar denominated or based assets and liabilities. In addition, the reported amounts of our revenues may be affected by movements in the rate of exchange between the 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 nine months ended September 30, 2022 and 2021, the impact of the fluctuation of foreign currencies in Other Comprehensive Loss, Net of Tax – Currency Translation Adjustment in the Condensed Consolidated Statements of Comprehensive Income was a loss of \$8.2 million and \$1.5 million, respectively, and in Interest Income and Other in the Condensed Consolidated Statements of Operations, a loss of \$1.1 million and \$1.4 million, respectively. We have not entered into any transaction to hedge our exposure to these foreign currency fluctuations through the use of derivative instruments or other methods at this time. Given the geopolitical situation and the ongoing economic impact, rising interest rates and heightened inflation, exchange rate fluctuations between the U.S. dollar and other currencies could unfavorably affect our condensed consolidated financial statements.

### ITEM 4. CONTROLS AND PROCEDURES

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

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

**PART II. OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

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

**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, 2021.

The risks described in our Annual Report on Form 10-K for the year ended December 31, 2021 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 Third Quarter of 2022**

|                             | <b>Total Number<br/>of Shares<br/>Repurchased</b> | <b>Average Price<br/>Paid Per Share</b> | <b>Total Number<br/>of Shares<br/>Purchased as<br/>Part of Publicly<br/>Announced Plans<br/>or Programs (a)</b> | <b>Approximate Dollar<br/>Value of Shares<br/>that May Yet Be<br/>Purchased Under<br/>the Plans or<br/>Programs (a)</b> |
|-----------------------------|---|---|---|---|
| July 1 to July 31           | 183,656   | \$ 67.86                                | 183,656   | \$ 186.8 million  |
| August 1 to August 31       | —   | —                                       | —   | 186.8 million   |
| September 1 to September 30 | 55,962  | 67.90                                   | 55,962  | 183.0 million   |
| Total                       | <u>239,618</u>                                    | \$ 67.87                                | <u>239,618</u>  | \$ 183.0 million  |

- (a) On April 25, 2022, the Company's Board of Directors authorized a \$200 million repurchase program of the Company's Class A common stock, which is in addition to the previous Board authorizations. As of September 30, 2022, the Company's remaining repurchase authorization was \$183.0 million. Under the repurchase program, shares of the Company's Class A common stock may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual number of shares repurchased depend on a variety of factors, including legal requirements, price, and economic and market conditions. The repurchase program may be suspended or discontinued at any time and does not have a specified expiration date.

**Unregistered Sales/Issuances**

In connection with the issuance during the third quarter of 2022 of LTIP Units in PJT Partners Holdings LP to certain personnel, PJT Partners Inc. issued two corresponding shares of its Class B common stock, par value \$0.01 per share, to these limited partners. The issuance of shares of Class B common stock was not registered under the Securities Act of 1933 because such shares were not issued in a transaction involving the offer or sale of securities.

**ITEM 3.        DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

**ITEM 4.        MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5.        OTHER INFORMATION**

Not applicable.

**ITEM 6. EXHIBITS**

| <b>Exhibit Number</b> | <b>Exhibit Description</b>  |
|-----------------------|---|
| 2.1                   | <a href="#"><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 filed with the Securities and Exchange Commission on October 5, 2015).</u></a> |
| 3.1                   | <a href="#"><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 filed with the Securities and Exchange Commission on October 5, 2015).</u></a>  |
| 3.2                   | <a href="#"><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 filed with the Securities and Exchange Commission on October 5, 2015).</u></a>   |
| 31.1                  | <a href="#"><u>Certification of the Chief Executive Officer pursuant to Rule 13a-14(a).</u></a>   |
| 31.2                  | <a href="#"><u>Certification of the Chief Financial Officer pursuant to Rule 13a-14(a).</u></a>   |
| 32.1                  | <a href="#"><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></a>  |
| 32.2                  | <a href="#"><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></a>  |
| 101.INS               | Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because iXBRL tags are embedded within the Inline XBRL document.   |
| 101.SCH               | Inline XBRL Taxonomy Extension Schema Document.   |
| 101.CAL               | Inline XBRL Taxonomy Extension Calculation Linkbase Document.   |
| 101.DEF               | Inline XBRL Taxonomy Extension Definition Linkbase Document.  |
| 101.LAB               | Inline XBRL Taxonomy Extension Label Linkbase Document.   |
| 101.PRE               | Inline XBRL Taxonomy Extension Presentation Linkbase Document.  |
| 104                   | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).   |

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

**SIGNATURES**

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

Date: October 28, 2022

**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 September 30, 2022 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: October 28, 2022

/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 September 30, 2022 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: October 28, 2022

/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 September 30, 2022, 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: October 28, 2022

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

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\* 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 September 30, 2022, 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: October 28, 2022

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

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\* 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.