

NICHOLAS FINANCIAL INC
Form DEF 14A
July 06, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 14a-12

NICHOLAS FINANCIAL, INC.

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

NICHOLAS FINANCIAL, INC.

Building C

2454 McMullen Booth Road

Clearwater, FL 33759-1343

(727) 726-0763

NOTICE OF ANNUAL GENERAL MEETING

To the Shareholders of Nicholas Financial, Inc:

NOTICE IS HEREBY GIVEN that the 2015 Annual General Meeting of Shareholders (the Meeting) of Nicholas Financial, Inc. (hereinafter called the Company) will be held at the Company s corporate headquarters, located at 2454 McMullen Booth Road, Building C, Clearwater, Florida, on Thursday, August 13, 2015, at the hour of 10:00 AM (Clearwater, Florida time) for the following purposes:

1. to receive the Report of the Directors;
2. to receive the consolidated financial statements of the Company for its fiscal year ended March 31, 2015 and the report of Dixon Hughes Goodman LLP, the Company s Independent Auditors, thereon;
3. to elect two directors to hold office until the 2018 Annual General Meeting of Shareholders or until their respective successors are duly elected and qualified;
4. to ratify the appointment of Dixon Hughes Goodman LLP as the Company s Independent Auditors for the fiscal year ending March 31, 2016;
5. to approve the Company s 2015 Omnibus Incentive Plan;
6. to provide an advisory vote on the compensation for our named executive officers; and
7. to transact such other business as may properly come before the Meeting.

Accompanying this Notice are a Proxy Statement and Information Circular and Form of Proxy.

Shareholders of record as of the close of business on June 18, 2015 will be entitled to attend and vote at the Meeting, or any adjournment or postponement thereof. A shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy holder to attend and vote in his stead.

Your vote is important. If you are unable to attend the Meeting (or any adjournment or postponement thereof) in person, please read the Notes accompanying the Form of Proxy enclosed herewith and then complete and return the Proxy within the time set out in the Notes.

The enclosed Form of Proxy is solicited by the Board of Directors of the Company but, as set out in the Notes accompanying the Form of Proxy, you may amend it if you so desire by inserting in the space provided the name of the person you wish to represent you at the Meeting.

Important Notice Regarding the Availability of Proxy Materials for the Annual

General Meeting of Shareholders to be Held on August 13, 2015

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Pursuant to rules of the U.S. Securities and Exchange Commission, we have elected to provide access to our proxy materials both by sending you this full set of proxy materials, including a proxy card, and by notifying you of the availability of our proxy materials on the Internet. This Proxy Statement and Information Circular and our Annual Report on Form 10-K for the fiscal year ended March 31, 2015, are available at <http://www.materials.proxyvote.com/65373J>.

DATED at Clearwater, Florida, July 7, 2015.

BY ORDER OF THE BOARD OF DIRECTORS

Katie L. MacGillivray

Corporate Secretary

NICHOLAS FINANCIAL, INC

Building C

2454 McMullen Booth Road

Clearwater, FL 33759-1343

(727) 726-0763

PROXY STATEMENT AND INFORMATION CIRCULAR

AS AT AND DATED JULY 7, 2015

This Proxy Statement and Information Circular accompanies the Notice of the 2015 Annual General Meeting of Shareholders (the Meeting) of Nicholas Financial, Inc. (hereinafter called the Company) to be held on Thursday, August 13, 2015, at 10:00 a.m. (Clearwater, Florida time), at the Company's corporate headquarters, located at 2454 McMullen Booth Road, Building C, Clearwater, Florida, and is being furnished in connection with the solicitation of proxies on behalf of the Board of Directors of the Company for use at that Meeting and at any adjournment thereof.

The Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2015 (the Annual Report), together with this Proxy Statement and Information Circular and the accompanying proxy form (Proxy), are first being mailed on or about July 7, 2015 to shareholders entitled to vote at the Meeting. **Additional copies will be provided without charge upon written request to Katie L. MacGillivray, Corporate Secretary, Nicholas Financial, Inc., 2454 McMullen Booth Road, Building C, Clearwater, Florida 33759-1340. Exhibits filed with our Annual Report on Form 10-K will be provided upon written request, in the same manner noted above.**

REVOCABILITY OF PROXY

If the accompanying Proxy is completed, signed and returned, the shares represented thereby will be voted at the Meeting. The giving of the Proxy does not affect the right to vote in person should the shareholder be able to attend the Meeting. The shareholder may revoke the Proxy at any time prior to the voting thereof. If you would like to obtain directions to attend the Meeting, please contact Katie L. MacGillivray at (727) 726-0763.

In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the shareholder or his attorney authorized in writing, or if the shareholder is a corporation, by a duly authorized officer or attorney thereof, and deposited either at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or, as to any matter in respect of which a vote shall not already have been cast pursuant to such proxy, with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits the proxy is revoked. If you file a notice of revocation, you may then vote (or abstain from voting) your shares in person at the Meeting.

If you are a shareholder of record, you also may revoke your proxy at any time before your shares are voted by submitting a duly executed proxy bearing a later date. If you submit a later dated proxy, then your shares will be voted in accordance with that later dated proxy.

PERSONS MAKING THE SOLICITATION

THE ENCLOSED PROXY IS BEING SOLICITED BY

THE BOARD OF DIRECTORS OF THE COMPANY

Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The Company may reimburse shareholders, nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining from their principals authorization to execute forms of proxy. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation of proxies on behalf of the Board of Directors will be borne by the Company.

VOTING SHARES AND OWNERSHIP

OF MANAGEMENT AND PRINCIPAL HOLDERS

As of the date of this Proxy Statement and Information Circular, the Company is authorized to issue 50,000,000 Common Shares without par value and 5,000,000 Preference Shares without par value. As of the close of business on June 18, 2015, the record date for determining shareholders entitled to notice of and to vote at the Meeting, there were issued and outstanding 12,422,085 Common Shares and no Preference Shares. Of the 12,422,085 outstanding Common Shares, 7,708,281 Common Shares are entitled to vote at the Meeting (hereinafter sometimes referred to as the Voting Common Shares) and the remaining 4,713,804 Common Shares are held by an indirect subsidiary of the Company and, pursuant to applicable law, are not entitled to vote. At a General Meeting of the Company, on a show of hands, every shareholder present in person and entitled to vote shall have one vote, and on a poll, every shareholder present in person or represented by proxy and entitled to vote shall have one vote for each share of which such shareholder is the registered holder. Shares represented by proxy will only be voted on a poll.

The following table sets forth certain information regarding the beneficial ownership of the Voting Common Shares as of June 18, 2015 regarding (i) each of the Company's directors (including the nominees for election or re-election as directors), (ii) each of the Company's executive officers, (iii) all directors and officers as a group, and (iv) each person known by the Company to beneficially own, directly or indirectly, more than 5% of the outstanding Voting Common Shares. Except as otherwise indicated, each of the persons listed below has sole voting and investment power over the shares beneficially owned.

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NAME	NUMBER OF SHARES	PERCENTAGE OWNED
Ralph T. Finkenbrink (1) (2)	141,900	1.8%
Kevin D. Bates (3) (4)	56,700	*
Katie L. MacGillivray (5) (6)	24,000	*
Peter L. Vosotas (7) (8)	119,369	1.5%
Stephen Bragin (9) (10)	118,495	1.5%
Scott Fink (11) (12)	11,100	*
Alton R. Neal (13) (14)	7,988	*
Robin J. Hastings (15)	--	*
Mahan Family II, LLC (16)	332,838	4.3%
Renaissance Technologies LLC (17)	388,229	5.0%
Leslie Wayne Peters (18)	387,607	5.0%
Westlake Services, LLC (19)	500,000	6.5%
All directors and officers as a group (8 persons) (20)	479,552	6.1%

* Less than 1%

- (1) Mr. Finkenbrink's business address is c/o Nicholas Financial, Inc., 2454 McMullen Booth Road, Building C, Clearwater, Florida 33759.
- (2) Includes 20,000 shares of restricted stock which will vest on March 31, 2017 and 65,700 shares issuable upon the exercise of outstanding stock options exercisable within 60 days.
- (3) Mr. Bates' business address is c/o Nicholas Financial, Inc., 2454 McMullen Booth Road, Building C, Clearwater, Florida 33759.
- (4) Includes 10,000 shares of restricted stock which will vest on March 13, 2016, 12,000 shares of restricted stock which will vest on March 31, 2017, and 32,000 shares issuable upon the exercise of outstanding stock options exercisable within 60 days.
- (5) Ms. MacGillivray's business address is c/o Nicholas Financial, Inc., 2454 McMullen Booth Road, Building C, Clearwater, Florida 33759.
- (6) Includes 8,000 shares of restricted stock which will vest on March 31, 2017 and 11,000 shares issuable upon the exercise of outstanding stock options exercisable within 60 days.
- (7) Mr. Vosotas' address is P.O. Box 16057, Clearwater, Florida 33766. Mr. Vosotas retired as President and Chief Executive Officer of the Company effective May 31, 2014, and resigned as Chair of the Board and a director of the Company on June 25, 2014.
- (8) As reported in a Schedule 13G/A filed on May 29, 2015, of the 119,369 shares reported as being held: (i) 53,595 shares are held by the Peter L. Vosotas Trust, over which Mr. Vosotas has sole voting power and sole dispositive power; (ii) 62,356 shares are held by the Paula J. Vosotas Trust, over which Mr. Vosotas has shared voting and dispositive power; and (iii) 3,418 shares are held by the Peter L. Vosotas IRA, over which Mr. Vosotas has shared voting and dispositive power.

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- (9) Mr. Bragin's business address is c/o Nicholas Financial, Inc., 2454 McMullen Booth Road, Building C, Clearwater, Florida 33759.
- (10) Includes 1,666 shares issuable upon the exercise of outstanding stock options exercisable within 60 days.
- (11) Mr. Fink's business address is 3936 U.S. Highway 19, New Port Richey, Florida 34652.
- (12) Includes 5,000 shares issuable upon the exercise of outstanding stock options exercisable within 60 days.
- (13) Mr. Neal's business address is c/o Nicholas Financial, Inc., 2454 McMullen Booth Road, Building C, Clearwater, Florida 33759.
- (14) Includes 5,000 shares issuable upon the exercise of outstanding stock options exercisable within 60 days.
- (15) Mr. Hastings' address is 2114 Laindale Place, Valrico, Florida 33576.
- (16) Mahan Family II, LLC, together with Roger Mahan, Gary Mahan, Nancy Ernst, Kristine Mahan, Brett Mahan, Cory Ernst, Kyle Ernst, Mahan Children II, LLC, and Basking Ridge Country Club, Inc., filed a joint Schedule 13D/A on April 24, 2015. As reported in such Schedule 13D/A, Roger Mahan, Nancy Ernst and Gary Mahan are siblings, and Kristine Mahan, Brett Mahan, and Cory and Kyle Ernst are adult children of Roger Mahan, Gary Mahan and Nancy Ernst, respectively. Basking Ridge Country Club, Inc. is a New Jersey corporation wholly owned by Roger Mahan. The principal address of Basking Ridge Country Club, Inc. is 185 Madisonville Road, Basking Ridge, New Jersey 07920. Mahan Family II, LLC is a Florida limited liability company of which Roger Mahan, Nancy Ernst and Gary Mahan are equity holders and the sole managers. The principal address of Mahan Family II, LLC is 219 7th Street, Tierra Verde, Florida 33715. Mahan Children II, LLC is a Florida limited liability company of which Roger Mahan, Nancy Ernst and Gary Mahan are the sole equity holders and managers. The principal business address of Mahan Children II, LLC is 219 7th Street, Tierra Verde, Florida 33715. In addition to the 332,838 shares owned by Mahan Family II, LLC, (i) Mahan Children II, LLC owns 87,399 shares, (ii) Roger Mahan owns 9,117 shares, (iii) Kristine Mahan owns 108 shares, (iv) Cory Ernst owns 1,155 shares, (v) Brett Mahan owns 483 shares, (vi) Kyle Ernst owns 495 shares, and (vii) Basking Ridge Country Club, Inc. owns 52,000 shares. These shares collectively constitute approximately 6.3% of the Company's outstanding Voting Common Shares as of the Record Date.
- (17) The business address of Renaissance Technologies LLC, a Delaware limited liability company, is 800 Third Avenue, New York, NY 10022. As reported in a Form 13F-HR (quarterly report filed by institutional managers) filed on May 13, 2015 for the quarterly period ended March 31, 2015, Renaissance Technologies LLC holds 388,229 shares over which it has sole voting and investment power. According to such report, Renaissance Technologies LLC holds an additional 79,595 over which it has sole investment power but no voting authority.
- (18) The principal business address of Leslie Wayne Peters is 101 Grafton Street, Suite 1801A, Bondi Junction, Australia 2022. As reported in a Schedule 13G filed on March 27, 2015, Leslie Wayne Peters has direct control over 37,000 shares and, in his capacity as Director and Chief Investment Officer of Peters MacGregor Capital Management Limited, has shared voting power over 350,607 shares which are held under investment agreements on behalf of clients of Peters MacGregor Capital Management Limited.
- (19) As reported in a Schedule 13G filed on May 8, 2015, the principal business address of Westlake Services, LLC is 4751 Wilshire Boulevard #100, Los Angeles, CA 90010.
- (20) Includes an aggregate of 120,366 shares issuable upon the exercise of outstanding stock options exercisable within 60 days. Also includes 119,369 shares beneficially owned by Mr. Vosotas, who is no longer a director or executive officer of the Company. See Note

(7) above.

The Board of Directors has determined that all holders of record of Voting Common Shares as of the close of business on June 18, 2015 (the Record Date) will be entitled to receive notice of and to vote at the Meeting. Those shareholders so desiring may be represented by proxy at the Meeting. The Proxy, and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, must be deposited either at the office of the Registrar and Transfer Agent of the Company, Computershare Investor Services, Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or at the Corporate Headquarters of the Company at Building C, 2454 McMullen Booth Road, Clearwater, Florida 33759-1343 not less than 48 hours, Saturdays and holidays excepted, prior to the time of the holding of the Meeting or any adjournment thereof.

Votes cast by proxy or in person at the Meeting will be tabulated by the inspector of elections appointed for the Meeting, who will also determine whether a quorum is present for the transaction of business. The Company's Articles provide that a quorum is present if two or more shareholders of the Company are present in person (or represented by proxy) holding an aggregate of at least 33-1/3% of the total issued and outstanding Voting Common Shares of the Company as of the Record Date for the Meeting. Abstentions will be counted as shares that are present and entitled to vote for purposes of determining whether a quorum is present. Shares held by nominees for beneficial owners will also be counted for purposes of determining whether a quorum is present if the nominee has the discretion to vote on at least one of the matters presented, even though the nominee may not exercise discretionary voting power with respect to other matters and even though voting instructions have not been received from the beneficial owner (a broker non-vote). Neither abstentions nor broker non-votes are counted in determining whether a proposal has been approved. The vote required for each proposal set forth herein, including the election of directors, is set forth under the discussion herein of such proposal.

Shareholders are urged to indicate their votes in the spaces provided on the Proxy. Proxies solicited by the Board of Directors of the Company will be voted in accordance with the directions given therein. Except as indicated below in connection with the election of directors, where no instructions are indicated signed Proxies will be voted FOR each proposal listed in the Notice of the Meeting as set forth more completely herein. Returning your completed Proxy will not prevent you from voting in person at the Meeting should you be present and wish to do so.

If your shares are registered directly in your name with our transfer agent, Computershare Investor Services, Inc., then you are a shareholder of record. This Proxy Statement and Information Circular and related materials have been provided directly to you by the Company. You may vote by ballot at the meeting or vote by proxy. To vote by proxy, sign, date and return the enclosed proxy card or follow the instructions on the proxy card for voting by Internet.

If your shares are held for you in a brokerage, bank or other institutional account (that is, held in street name), then you are not a shareholder of record. Rather, the institution is the shareholder of record and you are the beneficial owner of the shares. The Proxy Statement and Information Circular and accompanying materials have been forwarded to you by that institution. If you complete and properly sign the accompanying Proxy and return it in the enclosed envelope, or follow the instructions on the Proxy for voting by Internet, the institution will cause your shares to be voted in accordance with your instructions. If you are a beneficial owner of shares and wish to vote in person at the Meeting, then you must obtain a proxy, executed in your favor, from the holder of record (the institution).

If you are a shareholder of record and attend the Meeting, you may vote in person by ballot at the Meeting. To vote by ballot, you must register and confirm your shareholder status at the meeting. If the shareholder of record is a corporation, partnership, limited liability company or other entity of which you are an officer or other authorized person, then you should bring evidence of your authority to vote the shares on behalf of the entity. If your shares are held for you in a brokerage, bank or other institutional account (that is, in street name), you must obtain a proxy, executed in your favor, from that institution (the holder of record) to vote your beneficially-owned shares by ballot at the Meeting. If you are a shareholder of record, then you may opt to deliver your completed Proxy in person at the Meeting.

You will receive separate Proxies when you own shares in different ways. For example, you may own shares individually, as a joint tenant, in an individual retirement account, in trust or in one or more brokerage accounts. You should complete, sign and return each Proxy you receive or follow the Internet instructions on each card. The instructions on each Proxy may differ. Be sure to follow the instructions on each card.

PROPOSAL 1: ELECTION OF DIRECTORS

The Board of Directors recommends each of the nominees set forth below for election as a Director and urges each shareholder to vote FOR each of the nominees. Proxies in the accompanying form will be voted at the Meeting, unless authority to do so is withheld, in favor of the election as a Director of each of the nominees named below. Brokers or other nominees who hold shares for a Non-Registered Holder no longer have the discretionary authority to vote uninstructed shares in the election of directors.

The Company's Board of Directors currently consists of five members divided into three classes, with the members of each class serving three-year terms expiring at the third Annual General Meeting of Shareholders after their election. The Company's Board of Directors, upon the recommendation of the Nominating/Corporate Governance Committee, has nominated: (i) Scott Fink to stand for re-election as a Director at the Meeting, to hold office for a term of three years expiring at the 2018 Annual General Meeting of Shareholders, and until his successor has been duly elected and qualified; and (ii) Robin J. Hastings to stand for election as a Director of the Meeting, to hold office for a term of three years expiring at the 2018 Annual General Meeting of Shareholders, and until his successor has been duly elected and qualified. No other person has been nominated by the Board to stand for election as a director at the Meeting. Assuming a quorum is present, the election of each of Messrs. Fink and Hastings as a Director requires that a plurality of the total votes cast with respect to Common Shares present, or represented, and entitled to vote at the Meeting vote in favor of his election. (Please note that brokers or other nominees who hold shares for you no longer have the discretionary authority to vote your uninstructed shares in the election of directors.) In the event Mr. Fink or Mr. Hastings is unable to serve, the persons designated as proxies will cast votes for such other person in their discretion as a substitute nominee. The Board of Directors has no reason to believe that either of the foregoing nominees will be unavailable, or if elected, will decline to serve. Messrs. Fink and Hastings are residents of the United States. Certain information is set forth below for each of the nominees for Director, as well as for each Director whose term of office will continue after the Meeting.

NOMINEES FOR DIRECTOR TERM TO EXPIRE 2018

Name	Age	Principal Occupation And Other Information
Scott Fink	54	<p>Mr. Fink has served as a Director of the Company since August 11, 2004. In 2001, Mr. Fink was awarded the Hyundai of New Port Richey, Florida dealership, where he is currently President and Owner. He has since opened four additional automobile franchises in the Tampa Bay area Hyundai, Mazda and Chevrolet of Wesley Chapel and Volkswagen of New Port Richey. In 1998, Mr. Fink formed S&T Collision Centers, which currently operates out of locations in Clearwater and Brandon, Florida. Prior to 1998, Mr. Fink owned and operated a Toyota and a Mitsubishi Dealership in Clearwater, Florida. Mr. Fink also previously worked for Ford Motor Company in various management positions. Mr. Fink received his Bachelor of Science degree in Accounting from Wagner College, Staten Island, New York.</p>

Given his extensive business experience Mr. Fink brings a unique combination of leadership, financial and business analytical skills and acute business judgment to the Board. This led to the conclusion that he should continue to serve as a Director of our Company.

Robin J. Hastings	61	<p>Mr. Hastings is the Chief Operating Officer of United Ocean Services (UOS), a subsidiary of International Shipholding Corporation, a New York Stock Exchange-listed company. UOS is a U.S. flag shipping company with primary operations in the Gulf of Mexico. He has worked in various capacities for his present company, under different ownership, for 27 years. During his tenure, Mr. Hastings has worked for National Gypsum Company, American Shipbuilding Company and TECO Transport & Trade. Mr. Hastings began his career in the financial arena of TECO Transport & Trade in 1987. He was promoted to Assistant Controller of TECO Transport & Trade before it was purchased by investors and renamed United Maritime Group (UMG) in 2008. Mr. Hastings held the positions of Controller, Vice President of Commercial Operations and Logistics, and ultimately Chief Operating Officer of United Ocean Services and remained as COO when International Shipholding purchased UOS in 2012. Mr. Hasting received both his Bachelors degree in Accounting and Finance and his Masters degree in Business Administration from the University of South Florida (USF) in Tampa, Florida.</p>
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Mr. Hastings brings considerable financial, accounting and operating skills and experience to the Board. This led to the conclusion that he should serve as a Director of our Company.

DIRECTORS CONTINUING IN OFFICE TERM TO EXPIRE 2016

Name	Age	Principal Occupation And Other Information
Ralph T. Finkenbrink	54	<p>Mr. Finkenbrink has served as President and Chief Executive Office of the Company since May 31, 2014, and as Chairman of the Board since July 1, 2014. He has served as a Director of the Company since 2002. Mr. Finkenbrink previously served as Senior Vice President, Chief Financial Officer and Secretary of the Company from 1997 through May 2014 and Vice President Finance of the Company from 1992 to July 1997. He joined the Company in 1988 and served as Controller of Nicholas Financial and NDS until 1992. Prior to joining the Company, Mr. Finkenbrink was a staff accountant for MBI, Inc. from January 1984 to March 1985 and Inventory Control Manager for the Dress Barn, Inc. from March 1985 to December 1987. Mr. Finkenbrink received his Bachelor of Science Degree in Accounting from Mount St. Mary's University in Emmitsburg, Maryland.</p>

Mr. Finkenbrink has been with the Company for 27 years, serving in various senior executive capacities for 23 years. Given his lengthy tenure with the Company, Mr. Finkenbrink brings the continuity of mission and values on which the Company was established. He also brings valuable operational and financial analytical skills and experience, as well as industry knowledge, to the Board. This led to the conclusion that he should serve as a Director of our Company.

Kevin D. Bates	45	<p>Mr. Bates was elected as a Director of the Company on July 1, 2014 and has served as Senior Vice President Branch Operations of the Company since May 31, 2014. He has been employed by the Company in various capacities since April 1, 1997, most recently as Vice President of Marketing from June 2011 through May 2014 and Regional Vice President from April 2009 through May 2014. During his more than 17-year tenure with the Company, Mr. Bates also previously served as Branch Manager and Regional Director of the Company. Mr. Bates received his B.S. degree in Business Management from St. Bonaventure University in 1993.</p>
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Given his lengthy tenure with the Company, Mr. Bates provides the Board with information gained from hands-on management of Company operations, helping to identify near-term and long-term goals, challenges and opportunities. This led to the conclusion that he should serve as a Director of our Company.

DIRECTOR CONTINUING IN OFFICE TERM TO EXPIRE 2017

Name	Age	Principal Occupation And Other Information
Stephen Bragin	85	Mr. Bragin has served as a Director of the Company since February 10, 1999. Mr. Bragin is currently the Vice President, Treasurer and a member of the Board of Directors of Curlew Hills Memory Gardens. He is the retired Regional Development Director at the University of South Florida. Mr. Bragin is also a former principal and Vice President (retired) of David Bilgore & Company and a former member of the Board of Directors of Interest Bank. He served in the U.S. Army and is a Korean War veteran. Mr. Bragin received his Bachelor of Science degree from the University of Pennsylvania (Wharton School).

Mr. Bragin has served on the Company's Board for over 15 years, supporting institutional continuity with Company and industry knowledge accumulated through all phases of industry and economic cycles, and through the Company's expansion over that period. Mr. Bragin's diverse and considerable experience allows him to bring to the Board significant leadership skills, as well as a diversity of viewpoint in judgment. This led to the conclusion that he should serve as a Director of our Company.

PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

The Board of Directors and Audit Committee recommend the ratification of the appointment of Dixon Hughes Goodman LLP as Independent Auditors of the Company for the fiscal year ending March 31, 2016, and urge each shareholder to vote FOR such proposal. Executed and unmarked proxies in the accompanying form will be voted at the Meeting in favor of such proposal.

During the fiscal year ended March 31, 2015, the Company engaged Dixon Hughes Goodman LLP to provide certain audit services, including the audit of the Company's annual consolidated financial statements and internal control over financial reporting, quarterly reviews of the condensed consolidated financial statements included in the Company's Forms 10-Q, services performed in connection with filing this Proxy Statement and Information Circular and the Annual Report on Form 10-K by the Company with the U. S. Securities and Exchange Commission (SEC), attendance at meetings with the Audit Committee and consultation on matters relating to accounting, tax and financial reporting. Dixon Hughes Goodman LLP has acted as the independent registered public accounting firm for the Company since December 31, 2003.

The Audit Committee has appointed Dixon Hughes Goodman LLP as Independent Auditors of the Company for the fiscal year ending March 31, 2016, and the Board of Directors and Audit Committee propose the ratification of such appointment. If our shareholders do not ratify the appointment of Dixon Hughes Goodman LLP at the Meeting, then the Audit Committee will reconsider its selection of Dixon Hughes Goodman LLP. No representative of Dixon Hughes Goodman LLP will be present at the Company's Annual General Meeting or available at the Meeting to answer any questions or make any statements with respect to the Company.

Vote Required

Assuming a quorum is present, approval of the ratification of the appointment of Dixon Hughes Goodman LLP as Independent Auditors of the Company for the fiscal year ending March 31, 2016 requires that a majority of the total votes cast with respect to Common Shares present, or represented, and entitled to vote at the Meeting vote in favor of such proposal.

Fees for Audit and Non-Audit Related Matters

The fees charged by Dixon Hughes Goodman LLP for professional services rendered to the Company in connection with all audit and non-audit related matters were as follows:

	Fiscal Year Ended March 31,	
	2015	2014
Audit Fees (1)	\$393,000	\$373,000
Audit Related Fees (2)	\$ 31,020	\$ 49,957
Tax Fees (3)	\$ 48,775	\$ 43,750
All Other Fees	None	None

- (1) Audit fees consist of fees for the integrated audit of the Company's annual consolidated financial statements and internal control over financial reporting and reviews of the Company's condensed consolidated financial statements included in the Company's quarterly reports on Form 10-Q.
- (2) Audit related fees for the fiscal year ended March 31, 2014 consisted primarily of fees for the audit of the Company's retirement plan and also included (a) fees for workpaper access provided in connection with third-party due diligence relating to a proposed acquisition of the Company and (b) professional services rendered in connection with related filings with the SEC and consents to incorporate audit reports in such SEC filings. Audit related fees for the fiscal year ended March 31, 2015 consisted primarily of fees for the audit of the Company's retirement plan and also professional services rendered in connection with filings with the SEC related to the recently completed modified Dutch auction tender offer.
- (3) Fees incurred were for income tax return preparation and other compliance services.

The Audit Committee has concluded that Dixon Hughes Goodman LLP's provision of the services described above is compatible with maintaining Dixon Hughes Goodman LLP's independence. The Audit Committee pre-approved all of such services. The Audit Committee has established pre-approval policies and procedures with respect to audit and permitted non-audit services to be provided by the Company's independent auditors.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by the Company's independent auditors in order to assure that the provision of such services does not impair the auditor's independence. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. Management is required to periodically report to the Audit Committee regarding the extent of services provided by the independent auditors in accordance with this pre-approval, and the fees for the services performed to date. During each of the fiscal years ended March 31, 2015 and 2014, respectively, all services were pre-approved by the Audit Committee in accordance with this policy.

PROPOSAL 3: APPROVAL OF THE NICHOLAS FINANCIAL, INC.

2015 OMNIBUS INCENTIVE PLAN

The Board of Directors recommends a vote FOR the approval of the Nicholas Financial Inc. 2015 Omnibus Incentive Plan. Abstentions and broker non-votes will not be counted for purposes of determining whether a majority of votes has been cast in favor of this proposal. Proxies solicited by the Board will be voted FOR approval of the Nicholas Financial, Inc. 2015 Omnibus Incentive Plan, unless a shareholder specifies otherwise.

Our Board of Directors has adopted the Nicholas Financial, Inc. 2015 Omnibus Incentive Plan (the Omnibus Incentive Plan or Plan), subject to approval by the holders of our Voting Common Shares at the Meeting. If approved by our shareholders, the Plan will allow for the granting of equity and cash incentive awards to eligible individuals, including the issuance of up to 750,000 Common Shares pursuant to awards under the Plan. Awards under the Plan are intended to support the creation of long-term value and business returns for our shareholders. We believe the Plan strikes an appropriate balance between rewarding performance and limiting shareholder dilution, while providing our company with the flexibility to meet changing compensation needs.

Authorized Shares and Stock Price

Our Articles authorize the issuance of 50,000,000 Common Shares. There were 7,708,281 Voting Common Shares issued and outstanding as of the Record Date, and the market value of a Common Share as of that date was \$12.96.

To determine the number of Common Shares to be authorized under the Plan, our Board of Directors considered the needs of our Company for shares, based on the current and expected future equity grant mix, and the potential dilution that awarding the requested shares may cause to existing shareholders. Our Board of Directors also considered the need for shareholder approval of the performance goals in the Plan to maintain our ability to grant awards that qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986 (the Code). Such performance-based compensation is not included in the limit of \$1,000,000 per year per covered executive on compensation that is deductible by us. Our existing equity incentive plan, the Nicholas Financial, Inc. Equity Incentive Plan (the Equity Plan), has only 8,615 Common Shares remaining available thereunder for future awards.

Our Board of Directors determined that 750,000 Common Shares should be authorized under the Plan. Our Board of Directors is seeking shareholder approval for the Plan and the pool of shares available under the Plan. Because this proposal to approve the Plan does not contemplate the amount or timing of specific equity awards in the future, it is not possible to calculate with certainty the number of years of awards that will be available and the amount of subsequent dilution that may ultimately result from such awards.

Summary of the Terms of the Plan

The following is a summary of the material provisions of the Plan, a copy of which is attached hereto as [Appendix A](#) and incorporated by reference herein. This summary is qualified in its entirety by reference to the full and complete text of the Plan. Any inconsistencies between this summary and the text of the Plan will be governed by the text of the Plan.

Purpose and Effective Date

The purpose of the Plan is to promote the best interests of our Company and our shareholders by providing our and our affiliates' key employees and non-employee directors with an opportunity to acquire a proprietary interest in our Company or receive other incentive compensation on the potentially favorable terms that the Plan provides. We intend that the Plan will promote continuity of management and increased incentive and personal interest in the welfare of our Company and its affiliates by those key employees and directors who are primarily responsible for shaping and carrying out the long-range plans of our Company and securing its continued growth and financial success, all of which benefits our shareholders. The Plan became effective when it was approved by our Board of Directors, subject as to any awards granted prior to approval by our shareholders at the Meeting to such approval.

Administration and Eligibility

The Compensation Committee of our Board of Directors, or any successor committee with similar authority that the Board may appoint, which in either case consists of not less than two members of the Board who meet the 'outside director' requirements of Section 162(m) of the Code and the 'non-employee director' requirements of Rule 16b-3(b)(3) under the Securities Exchange Act of 1934 (the 'Exchange Act') (either referred to as the 'Committee') will administer the Plan as to participants other than non-employee directors. Our Board of Directors will administer the Plan as to non-employee directors. We refer herein to the Committee or the Board, as applicable, as the 'Administrator'. The Plan authorizes the Administrator to interpret the provisions of the Plan; prescribe, amend and rescind rules and regulations relating to the Plan; correct any defect, supply any omission, or reconcile any inconsistency in the Plan, any award or any agreement covering an award; and make all other determinations necessary or advisable for the administration of the Plan, in each case in its sole discretion.

To the extent applicable law permits, the Board may delegate to another committee of the Board, or the Compensation Committee may delegate to one or more of our officers, any or all of their respective authority and responsibility as an administrator of the Plan. However, no such delegation is permitted with respect to stock-based awards made to any participant who is subject to the reporting requirements of Section 16(a) of the Exchange Act or the liability provisions of Section 16(b) of the Exchange Act at the time any such delegated authority or responsibility is exercised unless the delegation is to another committee of the Board consisting entirely of non-employee directors.

The Administrator may designate any of the following as a participant from time to time, to the extent of the Administrator's authority: any officer or other employee of our Company or

its affiliates; any individual who we or one of our affiliates has engaged to become an officer or employee; any consultant or advisor who provides services to the Company or its affiliates; or any director, including a non-employee director. Currently the persons eligible to participate in the Plan consist of approximately 335 employees and three non-employee directors.

Types of Awards

The Plan permits the grant of stock options (including incentive stock options), stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, annual cash incentives, long-term cash incentives, dividend equivalent units and other types of stock-based awards. These award types are described in further detail below.

Stock Subject to the Plan

The Plan provides that 750,000 Common Shares are reserved for issuance under the Plan. The Plan also provides that we may issue an aggregate of 750,000 Common Shares upon the exercise of incentive stock options.

The number of shares reserved under the Plan will be depleted on the date of grant of an award by the maximum number of shares, if any, with respect to which the award is granted. In general, if an award granted under the Plan lapses, expires, terminates or is cancelled without the issuance of shares under, or the payment of other compensation with respect to the shares covered by, the award, if it is determined during or at the conclusion of the term of an award that all or some portion of the shares under the award will not be issuable on the basis that the conditions for such issuance will not be satisfied, if shares are forfeited under an award or if shares are issued under any award and we reacquire them pursuant to rights reserved upon the issuance of the shares, then such shares will again be available for issuance under the Plan, except that shares reacquired pursuant to reserved rights may not be issued pursuant to incentive stock options. Shares purchased by the Company using proceeds from option exercises, shares tendered or withheld in payment of the exercise price of an option or as a result of the net settlement of an outstanding stock appreciation right, or shares tendered or withheld to satisfy federal, state or local tax withholding obligations, may not be re-credited to the reserve.

If any of our Common Shares subject to awards granted under the Equity Plan would again become available for new grants under the terms of such plan if such plan were still in effect after the effective date of the Plan (taking into account the Equity Plan's provisions concerning termination or expiration, if any), then those Common Shares will be available for the purpose of granting awards under the Plan, thereby increasing the number of Common Shares available for issuance under the Plan.

Options

The Administrator will generally determine all terms and conditions of each option. However, the grant date may not be any day prior to the date that the Administrator approves the grant, the exercise price may not be less than the fair market value of the shares subject to the option as determined on the date of grant (except that, to the extent permitted by and consistent

with the requirements of Code Section 409A, the exercise price may vary during the term of the option if the Administrator determines that there should be adjustments to the exercise price relating to achievement of performance goals and/or to changes in an index or indices that the Administrator determines is appropriate (but in no event may the exercise price per share be less than the fair market value of a share as determined on the date of grant)), and the option must terminate no later than ten years after the date of grant. To the extent permitted by the Administrator, and subject to such procedures as the Administrator may specify, the payment of the exercise price of options may be made: (1) by delivery of cash or other of our shares or other securities having a then fair market value equal to the purchase price of such shares; (2) by delivery to us or our designated agent of an executed irrevocable option exercise form together with irrevocable instructions to a broker-dealer to sell or margin a sufficient portion of the shares and deliver the sale or margin loan proceeds directly to us to pay for the exercise price; (3) by surrendering the right to receive shares otherwise deliverable to the participant upon exercise of the award having a fair market value at the time of exercise equal to the total exercise price; or (4) by any combination of (1), (2) and/or (3). Except to the extent otherwise set forth in an award agreement or as required by applicable law, a participant will have no rights as a holder of our Common Shares as a result of the grant of an option until the option is exercised, the exercise price and applicable withholding taxes are paid and the shares subject to the option are issued thereunder.

Stock Appreciation Rights

The Administrator will generally determine all terms and conditions of each stock appreciation right. A stock appreciation right is the right of a participant to receive cash in an amount, and/or Common Shares with a fair market value, equal to the appreciation of the fair market value of a Common Share during a specified period of time. However, the grant date may not be any day prior to the date that the Administrator approves the grant, the grant price may not be less than the fair market value of the shares subject to the stock appreciation right as determined on the date of grant and the stock appreciation right must terminate no later than ten years after the date of grant.

Performance and Stock Awards

The Administrator will generally determine all terms and conditions of each award of shares, restricted stock, restricted stock units, performance shares or performance units. Restricted stock means Common Shares that are subject to a risk of forfeiture, restrictions on transfer or both a risk of forfeiture and restrictions on transfer. Restricted stock unit means the right to receive a payment equal to the fair market value of one Common Share. Performance share means the right to receive Common Shares, including restricted stock, to the extent performance goals are achieved. Performance unit means the right to receive a payment valued in relation to a unit that has a designated dollar value or the value of which is equal to the fair market value of one or more Common Shares, to the extent performance goals are achieved. The terms and conditions that the Administrator will determine include the length of the vesting and/or performance period, but any period of vesting applicable to restricted stock or restricted stock units that are not subject to a performance goal and that are granted to a participant other

than a non-employee director may not lapse more quickly than ratably over three years from the date of grant, subject to the Plan's provisions on accelerated vesting in specified circumstances.

Incentive Awards

The Administrator has the authority to grant annual and long-term incentive awards. An incentive award is the right to receive a cash payment to the extent performance goals are achieved. The Administrator will determine all of the terms and conditions of each incentive award, including the performance goals, the performance period, the potential amount payable and the timing of payment, provided that the Administrator must require that payment of all or any portion of the amount subject to the award is contingent on the achievement of one or more performance goals during the period the Administrator specifies, although the Administrator may specify that all or a portion of the goals are deemed achieved upon a participant's death, disability or (for awards not intended to qualify as performance-based compensation within the meaning of Code Section 162(m)) retirement, or such other circumstances as the Administrator may specify. For long-term incentive awards, the performance period must relate to a period of more than one fiscal year.

The Administrator has the authority to grant dividend equivalent units in connection with awards other than options, stock appreciation rights or other stock rights within the meaning of Code Section 409A. A dividend equivalent unit is the right to receive a payment, in cash or Common Shares, equal to the cash dividends or other distributions that we pay with respect to a Common Share. No dividend equivalent unit granted in tandem with another award may include vesting provisions more favorable to the participant than the vesting provisions, if any, to which the tandem award is subject, and no dividend equivalent unit may provide for payment of performance shares or performance units prior to their vesting.

Other Stock-Based Awards

The Administrator may grant to participants other types of awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, Common Shares, either alone or in addition to or in conjunction with other awards, and payable in shares or cash. Subject to the limits of the Plan, an award may include the issuance of unrestricted Common Shares, which may be awarded in payment of director fees, in lieu of cash compensation, in exchange for cancellation of a compensation right, as a bonus, or upon the attainment of performance goals or otherwise, or rights to acquire Common Shares. The Administrator will generally determine all terms and conditions of the award, except that any award that provides for purchase rights must be priced at 100% of fair market value on the date of the award.

Minimum Vesting and Performance Periods

Despite any provision of the Plan that requires a minimum vesting and/or performance period for an award, the Administrator, at the time an award is granted or any later date, may subject an award to a shorter vesting or performance period to take into account a participant's hire or promotion, or may accelerate or shorten the vesting or deem an award to be earned, in

whole or in part, in the event of a participant's death, disability, retirement, termination by the Company or an affiliate without cause or a change of control. However, once established, the Administrator shall have no discretion to increase the amount of compensation payable under an award that is intended to be performance-based compensation under Code Section 162(m), although the Administrator may decrease the amount of compensation participant may earn under such an award.

Performance Goals

For purposes of the Plan, performance goals means one or any combination of the following (in all cases after excluding items the Administrator determines will be excluded in fixing the performance goals):

Return on equity for the performance period for the Company on a consolidated basis; return on net assets for the performance period for the Company on a consolidated basis, for any one or more affiliates or divisions of the Company and/or for any other business unit or units of the Company as defined by the Administrator at the time of selection;

Earnings from operations for the performance period for the Company on a consolidated basis, for any one or more affiliates or divisions of the Company and/or for any other business unit or units of the Company as defined by the Administrator at the time of selection;

Pre-tax profits for the performance period for the Company on a consolidated basis, for any one or more affiliates or divisions of the Company and/or for any other business unit or units of the Company as defined by the Administrator at the time of selection;

Net earnings for the performance period for the Company on a consolidated basis, for any one or more affiliates or divisions of the Company and/or for any other business unit or units of the Company as defined by the Administrator at the time of selection.

Net earnings per share for the performance period for the Company on a consolidated basis.

Net cash provided by operating activities for the performance period for the Company on a consolidated basis, for any one or more affiliates or divisions of the Company and/or for any other business unit or units of the Company as defined by the Administrator at the time of selection.

Market price per Common Share for the performance period.

Total shareholder return for the performance period for the Company on a consolidated basis.

Number of branch openings for the performance period for the Company on a consolidated basis, for any one or more affiliates or divisions of the Company and/or for any other business unit or units of the

Company as defined by the Administrator at the time of selection.

Minimum charge-off (i.e., bad debt write-offs) for the performance period for the Company on a consolidated basis, for any one or more affiliates or divisions of the Company and/or for any other business unit or units of the Company as defined by the Administrator at the time of selection.

Gross accounts receivable for the performance period for the Company on a consolidated basis, for any one or more affiliates or divisions of the Company and/or for any other

business unit or units of the Company as defined by the Administrator at the time of selection.

With respect to awards not intended to qualify as performance-based compensation within the meaning of Code Section 162(m), such other goals as the Administrator may specify.

To qualify eligible awards under the Plan as performance-based compensation under Section 162(m) of the Code, we are required to establish limits on the number of awards that we may grant to a particular participant. The award limits in the Plan were established in order to provide us with maximum flexibility, and are not necessarily indicative of the size of award that we expect to make to any particular participant. Under the Plan, no participant may be granted awards that could result in such participant:

receiving options for, or stock appreciation rights with respect to, more than 50,000 Common Shares (15,000 Common Shares for non-employee director participants) during any fiscal year;

receiving awards of restricted stock and/or restricted stock units relating to more than 25,000 Common Shares (7,500 Common Shares for non-employee director participants) during any fiscal year;

receiving awards of performance shares and/or awards of performance units, the value of which is based on the fair market value of our Common Shares, for more than 50,000 Common Shares in respect of any period of two consecutive fiscal years, or more than 75,000 Common Shares in respect of any period of three consecutive fiscal years;

receiving annual incentive award(s) in respect of any single fiscal year that could result in a payment of more than \$750,000;

receiving long-term incentive award(s) and/or award(s) of performance units the value of which is not based on the fair market value of a Common Share in respect of any period of two fiscal years that could result in a payment of more than \$1,250,000, or in respect of any three fiscal years that could result in the payment of \$1,500,000; or

receiving other stock-based awards or dividend equivalent awards relating to more than 25,000 Common Shares (7,500 Common Shares for non-employee director participants) during any fiscal year.

Each of these limitations is subject to adjustment as described below.

Effect of Termination of Employment or Service on Awards

The Administrator will have the discretion to determine, at the time an award is made to a participant or any time thereafter, the effect of the participant's termination of employment or service with us or our affiliates on the award.

Transferability of Awards

Awards are not transferable other than by will or the laws of descent and distribution, unless and to the extent the Administrator allows a participant to: (a) designate in writing a beneficiary to exercise the award or receive payment under the award after the participant's death; (b) transfer an award to the former spouse of the participant as required by a domestic relations order incident to a divorce; or (c) transfer an award without consideration.

Adjustments

Under the terms of the Plan, if any of the following occurs:

We are involved in a merger, arrangement or other transaction in which our Common Shares are changed or exchanged;

We subdivide or combine our Common Shares or declare a dividend payable in our Common Shares, other securities or other property;

We effect a cash dividend, the amount of which, on a per share basis, exceeds 10% of the fair market value of a Common Share at the time the dividend is declared, or we effect any other dividend or other distribution on our Common Shares in the form of cash, or a repurchase of Common Shares, that our Board of Directors determines is special or extraordinary in nature or that is in connection with a transaction that we characterize publicly as a recapitalization or reorganization involving our Common Shares; or

Any other event occurs, which, in the judgment of our Board of Directors or Compensation Committee necessitates an adjustment to prevent an increase or decrease in the benefits or potential benefits intended to be made available under the Plan;

then the Administrator will, in a manner it deems equitable to prevent an increase or decrease in the benefits or potential benefits intended to be made available under the Plan and subject to certain provisions of the Code, adjust the number and type of Common Shares subject to the Plan and which may, after the event, be made the subject of awards; the number and type of shares of our Common Shares subject to outstanding awards; the grant, purchase or exercise price with respect to any award; and performance goals of an award.

In any such case, the Administrator may also provide for a cash payment to the holder of an outstanding award in exchange for the cancellation of all or a portion of the award (without the consent of the holder) in an amount and at a time determined by the Administrator. No such adjustments may be authorized in the case of incentive stock options to the extent that such authority would cause the Plan to violate Code Section 422(b).

Without limitation, if there is a reorganization, merger, arrangement, consolidation, combination or other similar corporate transaction or event, whether or not constituting a change of control (other than any such transaction in which we are the continuing corporation and in which the outstanding shares are not being converted into or exchanged for different securities, cash or other property, or any combination thereof), the Administrator may substitute for each share then subject to an award and the shares subject to the Plan the number and kind of shares of stock, other securities, cash or other property to which holders of our Common Shares will be entitled in respect of each share pursuant to the transaction.

In the case of a stock dividend (other than a stock dividend declared in lieu of an ordinary cash dividend) or subdivision or combination of the shares (including a reverse stock split), if no action is taken by the Administrator, the adjustments described above will automatically be made.

In connection with any merger, arrangement, consolidation, acquisition of property or stock, or reorganization, the Administrator may authorize the issuance or assumption of awards under the Plan.

Change of Control

Upon a change of control, except to the extent otherwise provided by the Administrator, the successor or purchaser in the change of control transaction may assume an award or provide a substitute award with similar terms and conditions and preserving the same benefits as the award it is replacing. If the participant's employment or service as a board member is terminated by the Company (or the successor employer in the change of control transaction) without cause within one year after the date of the change of control, then the award will fully vest and become earned as of the date of such termination of employment or service.

If the Company or its successor does not assume the awards or grant substitute awards, then:

At least 15 days prior to the change of control transaction, all options held by employees of the Company or its affiliates will become fully vested, and the Company will provide a notice to all holders of options of their right to exercise their options up to the date of the change of control. On the change of control date, all options will be cancelled. If it is not feasible to give 15 days' notice of cancellation of the options, then the Compensation Committee may determine prior to the change of control date that all options held by employees of the Company or its affiliates will become vested on the date of the change of control, and all holders of options will receive a cash payment, in exchange for cancellation of the options, equal to the value of the option as determined by the Compensation Committee.

All shares of restricted stock will vest in full immediately prior to the date of a change of control.

Performance share awards will be deemed earned immediately prior to the date of the change of control in an amount equal to the amount that would be earned had the target performance goal for the performance period been met, and then prorated based on the number of days in the performance period that have elapsed to the date of the change of control.

For purposes of the Plan, a change of control generally includes any of the following events:

A person or group of persons becomes the beneficial owner of 25% or more of the outstanding Common Shares of the Company or the voting power of any of the Company's securities, not counting acquisitions approved in advance by the Board of Directors;

The members of the Board of Directors on July 1, 2015 (and any new member appointed or elected to the Board whose appointment, nomination or election was approved by two-thirds of the Board, unless the election is in connection with an election contest) cease to constitute a majority of the Board;

The consummation or the sale or other disposition of all, or substantially all, of the Company's assets;

The consummation of a complete liquidation or dissolution of the Company; or

The consummation of a reorganization, merger, amalgamation, arrangement, consolidation or other business combination after which the Company's shareholders immediately prior to the event will own less than 50% of the outstanding common shares or voting control of the surviving company.

If an award is considered deferred compensation subject to the provisions of Code Section 409A, then the Administrator may amend the definition of change of control as necessary to comply with Code Section 409A.

The Plan does not provide for a gross-up for any excise taxes imposed on golden parachute payments under Code Section 4999. Rather, except to the extent the participant has in effect an employment or similar agreement with us or any affiliate or is subject to a policy that provides for a more favorable result to the participant, if any payments or benefits paid by us pursuant to the Plan would cause some or all of such payments or benefits in conjunction with any other payments or benefits in connection with a change of control to be subject to the tax imposed by Code Section 4999, then these payments will either be cut back to a level below the amount triggering the tax or be delivered in full, whichever will provide the greater after-tax benefit to the participant.

Termination and Amendment

The Plan's term is indefinite, in that it terminates when all shares reserved for issuance under the Plan have been issued, subject to the Board's right to terminate the Plan at any time. In addition, the Board or the Administrator may amend the Plan at any time, except:

Our Board of Directors must approve any amendment to the Plan if we determine such approval is required by prior action of the Board, applicable corporate law or any other applicable law;

Shareholders must approve any amendment to the Plan if we determine that such approval is required by Section 16 of the Exchange Act, the listing requirements of any principal securities exchange or market on which our Common Shares are then traded, or any other applicable law; and

Shareholders must approve any amendment to the Plan that materially increases the number of Common Shares reserved under the Plan, the incentive stock option award limits or the per participant award limitations set forth in the Plan, that shortens the minimum vesting requirements under the Plan or that diminishes the provisions prohibiting repricing or backdating stock options and stock appreciation rights.

The Administrator generally may modify, amend or cancel any award or waive any restrictions or conditions applicable to any award or the exercise of the award. Any modification or amendment that materially diminishes the rights of the participant or any other person who may have an interest in the award, or that cancels any award, will be effective only if agreed to by that participant or other person. The Administrator does not need to obtain participant or other interested party consent, however, for the adjustment or cancellation of an award pursuant to the adjustment provisions of the Plan or the modification of an award to the extent deemed necessary to comply with any applicable law or the listing requirements of any principal securities exchange or market on which our Common Shares are then traded, to the extent the Administrator deems necessary to preserve favorable accounting or tax treatment of any award for us, or to the extent the Administrator determines that the action does not materially and adversely affect the value of an award or that such action is in the best interest of the affected participant or any other person(s) with an interest in the award.

The authority of the Administrator to terminate or modify the Plan or awards will extend beyond the termination date of the Plan. In addition, termination of the Plan will not affect the rights of participants with respect to awards previously granted to them, and all unexpired awards will continue in force after termination of the Plan except as they may lapse or be terminated by their own terms and conditions.

Cancellation, Disgorgement and Recoupment of Awards

The Compensation Committee may cancel an award or require a participant to return to us any compensation received under an award in certain circumstances, such as if the participant is terminated for cause or breaches any restrictive covenants, such as a non-compete, with us. In addition, all awards will be subject to any recoupment or clawback policy that we adopt from time to time.

Repricing Prohibited

Neither the Administrator nor any other person may: (1) amend the terms of outstanding stock options or stock appreciation rights to reduce the exercise price of such outstanding stock options or stock appreciation rights; (2) cancel outstanding stock options or stock appreciation rights in exchange for stock options or stock appreciation rights with an exercise price that is less than the exercise price of the original stock options or stock appreciation rights; or (3) cancel outstanding stock options or stock appreciation rights with an exercise price above the current share price in exchange for cash or other securities.

Backdating Prohibited

The Administrator may not grant a stock option or stock appreciation right with a grant date that is effective prior to the date the Administrator takes action to approve such award.

Foreign Participation

To assure the viability of awards granted to participants employed or residing in foreign countries, the Administrator may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy, accounting or custom. Moreover, the Administrator may approve such supplements to, or amendments, restatements or alternative versions of, the Plan as it determines is necessary or appropriate for such purposes. Any such amendment, restatement or alternative versions that the Administrator approves for purposes of using the Plan in a foreign country will not affect the terms of the Plan for any other country.

Tax Withholding

In the event the Company or one of its affiliates is required to withhold any federal, state or local taxes or other amounts in respect of any income recognized by a participant as a result of the grant, vesting, payment or settlement of an award or disposition of any of our Common Shares acquired under an award, the Company or its affiliate may deduct (or require an affiliate to deduct) from any cash payments of any kind otherwise due the participant cash, or with the consent of the Administrator, Common Shares otherwise deliverable or vesting under an award, to satisfy such tax or other obligations. Alternatively, the Company or its affiliate may require such participant to pay to the Company or its affiliate, in cash, promptly on demand, or make

other arrangements satisfactory to the Company or its affiliate regarding the payment to the Company or its affiliate of the aggregate amount of any such taxes and other amounts.

No Guarantee of Tax Treatment

The Company does not guarantee to any participant or any other person with an interest in an award that any award intended to be exempt from Code Section 409A will be exempt, any award intended to comply with Code Section 409A or Code Section 422 will comply, or any award will otherwise receive a specific tax treatment under any other applicable tax law, nor in any case will the Company or any affiliate be required to indemnify, defend or hold harmless any individual with respect to the tax consequences of any award.

Certain Federal Income Tax Consequences

The following summarizes certain United States federal income tax consequences relating to the Plan. The summary is based upon the laws and regulations in effect as of the date of this proxy statement and does not purport to be a complete statement of the law in this area. Furthermore, the discussion below does not address the tax consequences of the receipt or exercise of awards under foreign, state or local tax laws, and such tax laws may not correspond to the federal income tax treatment described herein. The exact federal income tax treatment of transactions under the Plan will vary depending upon the specific facts and circumstances involved and participants are advised to consult their personal tax advisors with regard to all consequences arising from the grant or exercise of awards and the disposition of any acquired shares.

Stock Options

The grant of a stock option under the Plan will create no income tax consequences to us or to the recipient. A participant who is granted a non-qualified stock option will generally recognize ordinary compensation income at the time of exercise in an amount equal to the excess of the fair market value of our Common Shares at such time over the exercise price. We will generally be entitled to a deduction in the same amount and at the same time as the participant recognizes ordinary income. Upon the participant's subsequent disposition of the Common Shares received with respect to such stock option, the participant will recognize a capital gain or loss (long-term or short-term, depending on the holding period) to the extent the amount realized from the sale differs from the tax basis (i.e., the fair market value of our common stock on the exercise date).

In general, a participant will recognize no income or gain as a result of the exercise of an incentive stock option, except that the alternative minimum tax may apply. Except as described below, the participant will recognize a long-term capital gain or loss on the disposition of our Common Shares acquired pursuant to the exercise of an incentive stock option and we will not be allowed a deduction. If the participant fails to hold the Common Shares acquired pursuant to the exercise of an incentive stock option for at least two years from the grant date of the incentive stock option and one year from the exercise date, then the participant will recognize ordinary compensation income at the time of the disposition equal to the lesser of the gain

realized on the disposition and the excess of the fair market value of the Common Shares on the exercise date over the exercise price. We will generally be entitled to a deduction in the same amount and at the same time as the participant recognizes ordinary income. Any additional gain realized by the participant over the fair market value at the time of exercise will be treated as a capital gain.

Stock Appreciation Rights

The grant of a stock appreciation right under the Plan will create no income tax consequences to us or to the recipient. A participant who is granted a stock appreciation right will generally recognize ordinary compensation income at the time of exercise in an amount equal to the excess of the fair market value of our Common Shares at such time over the grant price. We will generally be entitled to a deduction in the same amount and at the same time as the participant recognizes ordinary income. If the stock appreciation right is settled in Common Shares, upon the participant's subsequent disposition of such shares, the participant will recognize a capital gain or loss (long-term or short-term, depending on the holding period) to the extent the amount realized from the sale differs from the tax basis (i.e., the fair market value of our Common Shares on the exercise date).

Restricted Stock

Generally, a participant will not recognize income and we will not be entitled to a deduction at the time an award of restricted stock is made under the Plan, unless the participant makes the election described below. A participant who has not made such an election will recognize ordinary income at the time the restrictions on the stock lapse in an amount equal to the fair market value of the restricted stock at such time. We will generally be entitled to a corresponding deduction in the same amount and at the same time as the participant recognizes income. Any otherwise taxable disposition of the restricted stock after the time the restrictions lapse will result in a capital gain or loss (long-term or short-term, depending on the holding period) to the extent the amount realized from the sale differs from the tax basis (i.e., the fair market value of our Common Shares on the date the restrictions lapse). Dividends paid in cash and received by a participant prior to the time the restrictions lapse will constitute ordinary income to the participant in the year paid and we will generally be entitled to a corresponding deduction for such dividends. Any dividends paid in stock will be treated as an award of additional restricted stock subject to the tax treatment described herein.

A participant may, within 30 days after the date of the award of restricted stock, elect to recognize ordinary income as of the date of the award in an amount equal to the fair market value of such restricted stock on the date of the award (less the amount, if any, the participant paid for such restricted stock). If the participant makes such an election, then we will generally be entitled to a corresponding deduction in the same amount and at the same time as the participant recognizes income. If the participant makes the election, then any cash dividends the participant receives with respect to the restricted stock will be treated as dividend income to the participant in the year of payment and will not be deductible by us. Any otherwise taxable disposition of the restricted stock (other than by forfeiture) will result in a capital gain or loss. If the participant who has made an election subsequently forfeits the restricted stock, then the participant will not

be entitled to claim a credit for the tax previously paid. In addition, we would then be required to include as ordinary income the amount of any deduction it originally claimed with respect to such shares.

Restricted Stock Units

A participant will not recognize income and we will not be entitled to a deduction at the time an award of a restricted stock unit is made under the Plan. Upon the participant's receipt of shares (or cash) at the end of the restriction period, the participant will recognize ordinary income equal to the amount of cash and/or the fair market value of the shares received, and we will be entitled to a corresponding deduction in the same amount and at the same time. If the restricted stock units are settled in whole or in part in shares, upon the participant's subsequent disposition of the shares the participant will recognize a capital gain or loss (long-term or short-term, depending on the holding period) to the extent the amount realized upon disposition differs from the shares' tax basis (i.e., the fair market value of the shares on the date the participant received the shares).

Performance Shares

The grant of performance shares will create no income tax consequences for us or the participant. Upon the participant's receipt of shares at the end of the applicable performance period, the participant will recognize ordinary income equal to the fair market value of the shares received, except that if the participant receives shares of restricted stock in payment of performance shares, recognition of income may be deferred in accordance with the rules applicable to restricted stock as described above. In addition, the participant will recognize ordinary compensation income equal to the dividend equivalents paid on performance shares prior to or at the end of the performance period. We will generally be entitled to a deduction in the same amount and at the same time as the participant recognizes income. Upon the participant's subsequent disposition of the shares, the participant will recognize a capital gain or loss (long-term or short-term depending on the holding period) to the extent the amount realized from the disposition differs from the shares' tax basis (i.e., the fair market value of the shares on the date the participant received the shares).

Performance Units

The grant of a performance unit will create no income tax consequences to us or the participant. Upon the participant's receipt of cash and/or shares at the end of the applicable performance period, the participant will recognize ordinary income equal to the amount of cash and/or the fair market value of the shares received, and we will be entitled to a corresponding deduction in the same amount and at the same time. If performance units are settled in whole or in part in shares, upon the participant's subsequent disposition of the shares the participant will recognize a capital gain or loss (long-term or short-term, depending on the holding period) to the extent the amount realized upon disposition differs from the shares' tax basis (i.e., the fair market value of the shares on the date the participant received the shares).

Incentive Awards

A participant who is paid an incentive award will recognize ordinary income equal to the amount of cash paid, and we will generally be entitled to a corresponding income tax deduction.

Dividend Equivalent Units

A participant who is paid a dividend equivalent with respect to an award will recognize ordinary income equal to the value of cash or Common Shares paid, and we will be entitled to a corresponding deduction in the same amount and at the same time.

Section 162(m) Limit on Deductibility of Compensation

Section 162(m) of the Code limits the deduction we can take for compensation it pays to our chief executive officer and up to our three other highest paid officers excluding the chief financial officer (determined as of the end of each fiscal year) to \$1,000,000 per fiscal year per individual. However, performance-based compensation that meets the requirements of Code Section 162(m) does not have to be included as part of the \$1,000,000 limit. The Plan is designed so that awards granted to the covered individuals may meet the Code Section 162(m) requirements for performance-based compensation. In the case of awards that are performance-based compensation because they are contingent on the achievement of performance goals, the regulations under Code Section 162(m) require, among other things, that shareholders approve the performance goals every five years to enable awards under the Plan to continue to qualify as performance-based compensation.

Code Sections 409A and 280G

Awards under the Plan may constitute, or provide for, a deferral of compensation under Section 409A of the Code. If the requirements of Code Section 409A are not complied with, then holders of such awards may be taxed earlier than would otherwise be the case (e.g., at the time of vesting instead of the time of payment) and may be subject to an additional 20% penalty tax and, potentially, interest and penalties. The Plan is intended to permit compliance with Code Section 409A and the Department of Treasury regulations and other interpretive guidance that may be issued pursuant to Code Section 409A. To the extent that we determine that any award granted under the Plan is subject to Code Section 409A, the award agreement evidencing such award is expected generally to incorporate the terms and conditions required by Code Section 409A. The Plan and any applicable awards may be modified to exempt the awards from Code Section 409A or comply with the requirements of Code Section 409A.

Code Sections 280G and 4999 may limit our income tax deduction and impose an excise tax on golden parachute payments to participants in the event there is a change of control of our company. The Plan does not provide for a gross-up for any excise taxes imposed on golden parachute payments under Code Section 4999. Rather, except to the extent the participant has in effect an employment or similar agreement with us or any affiliate or is subject to a policy that provides for a more favorable result to the participant, if any payments or benefits paid by us pursuant to the Plan would cause some or all of such payments or benefits in conjunction with

any other payments or benefits in connection with a change of control to be subject to the tax imposed by Code Section 4999, then these payments will either be cut back to a level below the amount triggering the tax or be delivered in full, whichever will provide the greater after-tax benefit to the participant. Accordingly, some or all of the amount which would otherwise be deductible may not be deductible with respect to benefits under the Plan that are contingent on or otherwise provided in connection with a change of control of our company.

New Plan Benefits

The awards that may be granted under the Plan in the future to the executive officers or non-employee directors named in this Proxy Statement and Information Circular or to other officers, non-employee directors, employees, or other persons cannot be determined at this time. Our Board of Directors, along with management, will make such determinations from time to time.

Equity Compensation Plan Information

The following table summarizes the number of stock options issued and shares of restricted stock granted, net of forfeitures and sales, the weighted-average exercise price of such stock options and the number of securities remaining to be issued under all of our outstanding equity compensation plans as of March 31, 2015:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted- average exercise price of Outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	363,490	\$ 9.86	8,615
Equity compensation plans not approved by security holders	None	N/A	None
Total	363,490	\$ 9.86	8,615

Vote Required

Assuming a quorum is present, approval of the Omnibus Incentive Plan requires that a majority of the total votes cast with respect to Common Shares present, or represented, and entitled to vote at the Meeting vote in favor of such proposal.

**PROPOSAL 4: ADVISORY VOTE ON COMPENSATION
OF NAMED EXECUTIVE OFFICERS**

The Board of Directors recommends a vote FOR the approval of the compensation of our named executive officers as disclosed in the Executive Compensation Discussion And Analysis section and the accompanying compensation tables and narrative discussion contained in this Proxy Statement and Information Circular. Abstentions and broker nonvotes will not be counted for purposes of determining whether a majority of votes has been cast in favor of this proposal. Proxies solicited by the Board will be voted FOR approval of the compensation, unless a shareholder specifies otherwise.

Under legislation that Congress enacted in 2010, our shareholders may approve, on a non-binding, advisory basis, the compensation of our named executive officers as disclosed in accordance with the executive compensation disclosure rules contained in Item 402 of the U.S. Securities and Exchange Commission's Regulation S-K. Accordingly, we are seeking input from shareholders with this advisory vote on the compensation of our named executive officers. The vote on this proposal is not intended to address any specific element of compensation; rather, the vote relates to the compensation of our named executive officers as disclosed in the Executive Compensation Discussion and Analysis section and the accompanying executive compensation tables and narrative discussion contained in this Proxy Statement and Information Circular. The Company asks that you support the compensation of our named executive officers as so disclosed. Because your vote is advisory, it will not be binding on the Compensation Committee, the Nominating/Corporate Governance Committee, the Board or the Company. However, the Board will review the voting results and take them into consideration when making future decisions regarding executive compensation.

The Company's compensation philosophy emphasizes pay for performance. The goal is to provide an opportunity for total compensation that is competitive and sufficient to attract and retain executives and is reflective of our overall executive compensation philosophy which is designed to:

help attract and retain the most qualified individuals by being competitive with compensation paid to persons having similar responsibilities and duties in other companies in the same and closely related businesses;

relate to the value created for shareholders by being directly tied to the financial performance of the Company and the particular executive officer's contribution to such performance;

motivate and reward individuals who help the Company achieve its short-term and long-term objectives and thereby contribute significantly to the success of the Company; and

reflect the qualifications, skills, experience, and responsibilities of the particular executive officer.

We describe the individual elements that make up our total compensation more fully in the Executive Compensation Discussion and Analysis section of this Proxy Statement and

Information Circular. We believe our executive compensation programs are structured to support the Company and its business objectives.

Accordingly, for the reasons discussed above, the Board recommends that shareholders vote in favor of the approval of the compensation of our named executive officers as disclosed pursuant to Item 402 of Regulation S-K, including the Executive Compensation Discussion and Analysis section, compensation tables and narrative discussion.

Vote Required

Assuming a quorum is present, approval of the compensation of our named executive officers requires that a majority of the total votes cast with respect to Common Shares present, or represented, and entitled to vote at the Meeting vote in favor of such proposal.

BOARD OF DIRECTORS

Committees of the Board of Directors and Meeting Attendance

The Company has not adopted a formal policy that each Director must attend each annual general meeting of shareholders, although Directors are encouraged to do so. The Company expects all members of the Board to attend the Meeting barring other significant commitments or special circumstances. All of the Company's Board members attended the Company's 2014 Annual General Meeting of Shareholders. During the Company's fiscal year ended March 31, 2015, there were 13 meetings of the Board, and each incumbent Director attended at least 75% of the aggregate number of Board meetings and meetings of all committees of the Board on which he served.

The Board of Directors of the Company has the standing committees listed below.

Audit Committee. On April 1, 2004, the Board of Directors established an Audit Committee, which is currently comprised of three members, namely Messrs. Neal (Chair), Bragin and Fink. The Audit Committee held four meetings during the fiscal year ended March 31, 2015. The Board has determined that Messrs. Neal, Bragin and Fink satisfy the independence requirements of current Securities and Exchange Commission rules and NASDAQ Global Select Market listing standards. The Board also has determined that Mr. Fink qualifies as an audit committee financial expert as defined under these rules and listing standards. Mr. Neal is not standing for reelection as a Director at the Meeting. Robin J. Hastings has been nominated by the Board of Directors to stand for election as a Director at the Meeting to succeed Mr. Neal. The Board of Directors has determined that Mr. Hastings satisfies the independence requirements of current Securities and Exchange Commission rules and NASDAQ Global Select Market listing standards. If elected as a Director at the Meeting, Mr. Hastings will succeed Mr. Neal as a member and Chair of the Company's Audit Committee. The Board has determined that Mr. Hastings qualifies as an audit committee financial expert as defined under the foregoing rules and listing standards.

The Audit Committee assists the Board of Directors with its responsibilities by (A) overseeing the Company's accounting and financial reporting processes and the audits of the

Company's consolidated financial statements and (B) monitoring (i) the Company's compliance with legal, risk management and regulatory requirements, (ii) the Company's independent auditors' qualifications and independence, (iii) the performance of the Company's audit function and independent auditors, and (iv) the Company's systems of internal control with respect to the integrity of financial records, adherence to its policies and compliance with legal requirements. The Audit Committee: has sole responsibility to retain and terminate the Company's independent auditors, subject to shareholder ratification; has sole authority to pre-approve all audit and non-audit services performed by the Company's independent auditors and the fees and terms of each engagement; reviews the scope and results of each annual internal audit; and reviews the Company's audited consolidated financial statements and related public disclosures, earnings press releases and other financial information and earnings guidance provided to analysts or rating agencies. The Audit Committee is governed by a written charter, which sets forth the specific functions and responsibilities of the Audit Committee. A copy of the current Audit Committee charter was included as Appendix A to the Proxy Statement and Information Circular relating to the 2014 Annual General Meeting of Shareholders. The Audit Committee charter is not currently available on the Company's web site.

Compensation Committee. On June 30, 2005, the Board of Directors established a Compensation Committee, which is comprised of three directors, namely Messrs. Bragin, Fink and Neal (Chair). The Compensation Committee held two meetings during the fiscal year ended March 31, 2015. The Board has determined that Messrs. Bragin, Fink and Neal satisfy the independence requirements of current NASDAQ Global Select Market listing standards. Mr. Neal is not standing for reelection as a Director at the Meeting. Mr. Hastings has been nominated by the Board of Directors to stand for election as a Director at the Meeting to succeed Mr. Neal. The Board has determined that Mr. Hastings satisfies the independence requirements of current NASDAQ Global Select Market listing standards. If elected as a Director at the Meeting, Mr. Hastings will succeed Mr. Neal as a member of the Company's Compensation Committee and Mr. Fink will succeed Mr. Neal as Chair of the Company's Compensation Committee.

The principal responsibilities of the Compensation Committee are to evaluate the performance and approve the compensation of the Company's Chief Executive Officer and other executive officers; prepare an annual report on executive compensation for inclusion in proxy statements of the Company; and oversee the Company's compensation and benefit plans for key employees and non-employee directors.

The Compensation Committee reviews and approves corporate goals and objectives relevant to the Company's Chief Executive Officer's compensation, evaluates the Chief Executive Officer's performance in light of these goals and objectives and establishes his compensation levels based on its evaluation. This Committee is also responsible for administration of the Nicholas Financial, Inc. Equity Incentive Plan and, if approved by our shareholders at the Meeting, the Company's 2015 Omnibus Incentive Plan. The specific functions and responsibilities of the Compensation Committee are set forth in its written charter. A copy of the current Compensation Committee charter was included as Appendix B to the Proxy Statement and Information Circular relating to the 2014 Annual General Meeting of Shareholders. The Compensation Committee charter is not currently available on the Company's web site.

Nominating/Corporate Governance Committee. On June 30, 2005, the Board of Directors established a Nominating/Corporate Governance Committee, which is comprised of two directors, namely Messrs. Bragin and Neal. The Nominating/Corporate Governance Committee held one meeting during the fiscal year ended March 31, 2015. The Board has determined that Messrs. Bragin and Neal satisfy the independence requirements of current NASDAQ Global Select Market listing standards. Mr. Neal is not standing for reelection as a Director at the Meeting. Mr. Hastings has been nominated by the Board of Directors to stand for election as a Director at the Meeting to succeed Mr. Neal. If elected as a Director at the Meeting, Mr. Hastings will succeed Mr. Neal as a member of the Company's Nominating/Corporate Governance Committee. In addition, if reelected as a Director, Mr. Fink will replace Mr. Bragin as a member of the Company's Nominating/Corporate Governance Committee and will succeed Mr. Neal as Chair of such committee. The Board has determined that Messrs. Fink and Hastings satisfy the independence requirements of current NASDAQ Global Select Market listing standards. The Nominating/Corporate Governance Committee is governed by a written charter, which will be reviewed on an annual basis. A copy of the current Nominating/Corporate Governance Committee charter was included as Appendix C to the Proxy Statement and Information Circular relating to the 2014 Annual General Meeting of Shareholders. The Nominating/Corporate Governance Committee charter is not currently available on the Company's web site.

The principal functions of the Nominating/Corporate Governance Committee are to: identify, consider and recommend to the Board qualified director nominees for election at the Company's annual meeting; review and make recommendations on matters involving the general operation of the Board and its committees and recommend to the Board nominees for each committee of the Board; and develop and recommend to the Board the adoption and appropriate revision of the Company's corporate governance practices.

Nominations of Directors

The entire Board by majority vote selects the Director nominees to stand for election at the Company's annual general meetings of shareholders and to fill vacancies occurring on the Board, based on the recommendations of the Nominating/Corporate Governance Committee. In selecting nominees to recommend to the Board to stand for election as Directors, the Nominating/Corporate Governance Committee will examine each Director nominee on a case-by-case basis regardless of who recommended the nominee and take into account all factors it considers appropriate. While the Nominating/Corporate Governance Committee does not have a formal policy relating specifically to the consideration of diversity in its process to select and evaluate Director nominees, the Committee does consider diversity as part of its overall evaluation of candidates for Director nominees. Specifically, the Company's Corporate Governance Policies provide that the selection of potential directors should be based on all factors the Nominating/Corporate Governance Committee and the Board consider appropriate, which include issues of diversity, age, background and training, business or administrative experience or skills, dedication and commitment, business judgment, analytical skills, problem-solving abilities and familiarity with regulatory environment. To this end, the Nominating/Corporate Governance Committee believes that the following minimum

qualifications must be met by a Director nominee to be recommended to stand for election as Director:

Each Director must display high personal and professional ethics, integrity and values.

Each Director must have the ability to exercise sound business judgment.

Each Director must be highly accomplished in his or her respective field, with broad experience at the executive or policy-making level in business, government, education, technology or public interest.

Each Director must have relevant expertise and experience, and be able to offer advice and guidance based on that expertise and experience.

Each Director must be able to represent all shareholders of the Company and be committed to enhancing long-term shareholder value.

Each Director must have sufficient time available to devote to activities of the Board and to enhance his or her knowledge of the Company's business.

The Nominating/Corporate Governance Committee may use various sources for identifying and evaluating nominees for Directors, including referrals from the Company's current Directors, management and shareholders. Robin J. Hastings, the nominee for election as a Director at the Meeting to succeed Mr. Neal, was recommended to the Nominating/Corporate Governance Committee by Katie L. MacGillivray, the Company's Chief Financial Officer. The Nominating/Corporate Governance Committee will review the resume and qualifications of each candidate identified through any of the sources referenced above, and determine whether the candidate would add value to the Board. With respect to candidates that are determined by the Nominating/Corporate Governance Committee to be potential nominees, one or more members of the Committee will contact such candidates to determine the candidate's general availability and interest in serving. Once it is determined that a candidate is a good prospect, the candidate will be invited to meet with the full Committee, which will conduct a personal interview with the candidate. During the interview, the Committee will evaluate whether the candidate meets the guidelines and criteria adopted by the Board as well as exploring any special or unique qualifications, expertise and experience offered by the candidate and how such qualifications, expertise and/or experience may complement that of existing Board members. If the candidate is approved by the Committee as a result of the Committee's determination that the candidate will be able to add value to the Board and the candidate expresses his or her interest in serving on the Board, the Committee will then review its conclusions with the Board and recommend that the candidate be selected by the Board to stand for election by the shareholders or fill a vacancy or newly created position on the Board.

Pursuant to the Nominating/Corporate Governance Committee charter, the Committee will investigate and consider shareholder recommendations for Director nominations submitted in writing by a shareholder (or group of shareholders) owning 5% or more of the Company's outstanding Common Shares for at least one year. Recommendations for Director nominees to be considered by the Nominating/Corporate Governance Committee, including recommendations

from shareholders of the Company, should be sent in writing, together with a description of each proposed nominee's qualifications and other relevant biographical information concerning such proposed nominee, to the Nominating/Corporate Governance Committee of the Board of Directors, care of the Secretary of the Company, at the Company's headquarters, and must be received at least 120 days prior to the anniversary date of the release of the proxy statement relating to the prior year's Annual General Meeting of Shareholders.

Leadership Structure and Role in Risk Oversight

Peter L. Vosotas, the founder of the Company, served as both our Chief Executive Officer, or CEO, and Chairman of the Board from the Company's inception in 1985 until May 31, 2014. From May 31, 2014 until Mr. Vosotas' resignation as Chairman of the Board on June 25, 2014, Ralph T. Finkenbrink served as our President and CEO and Mr. Vosotas served as our Chairman of the Board. Since July 1, 2014, Mr. Finkenbrink has served as both our Chief Executive Officer, or CEO, and Chairman of the Board. Our Board does not have a policy on whether or not the roles of CEO and chairman should be separate; indeed, the Board has the authority to choose its chairman in any way it deems best for our Company at any given point in time. Accordingly, our Board reserves the right to vest the responsibilities of the CEO and chairman in the same person or in two different individuals, depending upon what it believes is in the best interests of the Company. Our Board currently believes that Mr. Finkenbrink is best qualified to serve as both our Chairman and CEO, given his long history with our Company, his ownership interest in the Company and the current size of both the Company and our Board.

Our Board, and, in particular, the Audit Committee are involved on an ongoing basis in the general oversight of our material identified enterprise-related risks. Each of our CEO and Chief Financial Officer, with input as appropriate from other appropriate management members, reports and provides relevant information directly to either our Board and/or the Audit Committee on various types of identified material financial, reputational, legal and business risks to which we are or may be subject, as well as mitigation strategies for certain key identified material risks. Our Board's and Audit Committee's roles in our risk oversight process have not affected our Board leadership structure.

Communications with Board of Directors

Shareholders may communicate with the full Board or individual Directors by submitting such communications in writing to Nicholas Financial, Inc., Attention: Board of Directors (or the individual Director(s)), Building C, 2454 McMullen Booth Road, Clearwater, Florida 33759. Such communications will be delivered directly to the appropriate Director(s).

Report of the Audit Committee

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the consolidated financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the Committee reviewed the audited consolidated financial statements in the Annual Report with management including a discussion of the quality,

not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the consolidated financial statements.

The Committee reviewed with the Company's Independent Auditors, who are responsible for expressing an opinion on the conformity of those audited consolidated financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Committee under standards of the Public Company Accounting Oversight Board. The Audit Committee also discussed with the Company's Independent Auditors matters related to the financial reporting process required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees. In addition, the Audit Committee has received the written disclosures and the letter from the Independent Auditors required by Rule 3526 of the Public Company Accounting Standards Board, as currently in effect, and the Audit Committee discussed with the Independent Auditors that firm's independence and considered the compatibility of nonaudit services with the Independent Auditors' independence.

The Committee discussed with the Company's Independent Auditors the overall scope and plans for their audit. The Committee meets with the independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting. The Committee held four meetings during the fiscal year ended March 31, 2015.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors (and the Board has approved) that the audited consolidated financial statements be included in the Annual Report for filing with the Commission. The Committee and the Board have also recommended, subject to shareholder approval, the appointment of Dixon Hughes Goodman LLP as the Company's Independent Auditors for the fiscal year ending March 31, 2016.

The foregoing report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates such report by reference therein.

Alton R. Neal, Audit Committee Chair

Scott Fink, Audit Committee Member

Stephen Bragin, Audit Committee Member

June 15, 2015

EXECUTIVE OFFICERS AND COMPENSATION

The Company currently has three (3) executive officers: Ralph T. Finkenbrink, President and Chief Executive Officer; Kevin D. Bates, Senior Vice President - Branch Operations; and Katie L. MacGillivray, Vice President - Finance, Chief Financial Officer and Corporate Secretary. For additional information regarding Messrs. Finkenbrink and Bates, see Proposal 1: Election of Directors - above.

Ms. MacGillivray, age 36, joined the Company as Controller in April 2010 and has also served as Vice President Finance since May 2012. Prior to joining the Company, Ms. MacGillivray served as the controller for Harden & Associates, an insurance and risk management provider in Jacksonville, Florida, from January 2009 to April 2010. Prior to 2009, she held several accounting positions with TECO Energy, Inc. in Tampa, Florida, and worked as an auditor at Ernst & Young LLP. Ms. MacGillivray received her B.S. degree in Accounting from the University of Central Florida in 2002 and her M.B.A. degree from the University of Florida in 2008. She is a Certified Public Accountant licensed to practice in the State of Florida.

Executive Compensation Discussion and Analysis

Overview of Executive Compensation Philosophy

The primary objectives of the Compensation Committee of the Company's Board of Directors with respect to executive compensation are to attract, motivate and retain the best executive talent available and to align the Company's executive compensation structure with shareholder value creation. More specifically, the Compensation Committee believes that executive compensation should:

- ∩ help attract and retain the most qualified individuals by being competitive with compensation paid to persons having similar responsibilities and duties in other companies in the same and closely related businesses;
- ∩ relate to the value created for shareholders by being directly tied to the financial performance of the Company and the particular executive officer's contribution to such performance;
- ∩ motivate and reward individuals who help the Company achieve its short-term and long-term objectives and thereby contribute significantly to the success of the Company; and
- ∩ reflect the qualifications, skills, experience, and responsibilities of the particular executive officer.

Role of the Compensation Committee

The Compensation Committee is responsible for:

- ∩ evaluating the performance and determining and approving the compensation of the Company's executive officers, including the Chief Executive Officer (the "CEO"); and
- ∩ overseeing the Company's compensation and benefit plans for key employees and non-employee directors, including the Company's equity plans.

Through this process, the Committee reviews and determines all aspects of compensation for the Named Executive Officers (as defined below) of the Company. The Named Executive Officers of the Company since May 31, 2014 are: Ralph T. Finkenbrink, President and CEO; Kevin D. Bates, Senior Vice President - Branch Operations; and Katie L. MacGillivray, Vice

President Finance, Chief Financial Officer and Corporate Secretary. The Named Executive Officers of the Company for the first two months of the fiscal year ended March 31, 2015 were: Peter L. Vosotas, President and CEO; and Ralph T. Finkenbrink, Senior Vice President, Chief Financial Officer and Corporate Secretary.

Process for Determining Executive Compensation

The Compensation Committee is responsible for establishing and monitoring adherence to the Company's compensation programs. When setting executive compensation, the Compensation Committee applies a consistent approach for all Named Executive Officers. It intends that the combination of elements of executive compensation closely align the executives' interest with those of the Company's shareholders. Target total compensation is generally comprised of base salary, annual cash bonus and long-term incentive compensation in the form of equity grants. The Compensation Committee reviews and adjusts executive target total compensation levels annually.

The Compensation Committee currently initiates the compensation process, seeking input and information from the CEO and the full Board of Directors before finalizing any salary increases, employment contracts, bonus plans or long-term incentive equity awards for Named Executive Officers. In considering the appropriate compensation for each of the Named Executive Officers, the Compensation Committee takes into consideration, among other things, the CEO's recommendations, the executive pay for executive officers in comparable positions for companies in the Company's peer group, the level of inherent risk associated with the position, the specific circumstances of the executive, and the advisory votes of the Company's shareholders with respect to the compensation of the Named Executive Officer for prior fiscal years. In May 2015, the Compensation Committee retained Hewitt Associates LLC as an independent compensation consultant to provide, among other things, competitive market pay analyses. The Compensation Committee approves the base salary, annual cash bonus and long-term incentive equity awards for the CEO and for each Named Executive Officer below the CEO level.

The Compensation Committee has reviewed the aggregate amounts and mix of all components of the CEO's and the other Named Executive Officer's compensation, including base salary, annual cash bonus, long-term incentive compensation, accumulated (realized and unrealized) stock option and restricted stock gains, the value to the executive and cost to the Company of all perquisites and other personal benefits and the actual projected payout obligations for severance and change-in-control scenarios. A tally sheet setting forth all the above components was prepared affixing dollar amounts under the various payout scenarios for the CEO and the other Named Executive Officer and was reviewed by the Compensation Committee.

Compensation Components

The Company's executive compensation program currently consists of three key elements: base salary, annual incentive bonus and long-term equity compensation.

Base Salary. The Compensation Committee establishes base salaries for the Company's Named Executive Officers based on the scope of their responsibilities, taking into account competitive market compensation paid by other companies in the Company's peer group for similar positions. Generally, the Compensation Committee believes that executive base salaries should be targeted near the median of the range of salaries for executives in similar positions and with similar responsibilities at comparable companies in line with our compensation philosophy.

Base salaries are reviewed annually, and may be adjusted to realign salaries with market levels after taking into account individual responsibilities, performance and experience.

The annual base salaries for Mr. Vosotas, the Company's retired CEO, and Mr. Finkenbrink, the Company's former Chief Financial Officer and current CEO, for the two months ended May 31, 2014, were \$360,000 and \$250,000, respectively. The annual base salaries for Mr. Finkenbrink, the Company's current CEO, Mr. Bates the Company's current Senior Vice President - Branch Operations, and Ms. MacGillivray, the Company's current Chief Financial Officer, for the remaining ten months of the fiscal year ended March 31, 2015 (Fiscal 2015) were \$325,000, \$225,000 and \$150,000, respectively. Effective April 1, 2015, the annual base salaries for Mr. Finkenbrink, Mr. Bates and Ms. MacGillivray increased to \$375,000, \$250,000 and \$175,000, respectively, for the fiscal year ending March 31, 2016 (Fiscal 2016). The Compensation Committee believes that the current base salaries of the Company's Named Executive Officers are generally competitive at the median salary ranges observed at comparable companies.

Annual Incentive Bonus. In addition to his or her annual base salary, each of the current Named Executive Officers was entitled to receive cash bonuses for Fiscal 2015 at the discretion of the Compensation Committee of the Company's Board of Directors. The Compensation Committee awarded cash bonuses for Fiscal 2015 of \$35,000, \$25,000 and \$15,000 to Mr. Finkenbrink, Mr. Bates and Ms. MacGillivray, respectively. In determining such bonuses, the Compensation Committee considered various factors it deemed appropriate, including (without limitation) profitability, portfolio growth, branch expansion, and competitive circumstances. The Compensation Committee also awarded Mr. Finkenbrink a \$25,000 cash bonus in connection with his becoming President and CEO of the Company. The Compensation Committee believed this bonus was appropriate to recognize Mr. Finkenbrink's increased responsibilities in his new positions.

Each of the current Named Executive Officers may receive a cash bonus for Fiscal 2016 at the discretion of the Compensation Committee of the Company's Board of Directors; provided, however, that the Compensation Committee has determined that such cash bonus for Fiscal 2016 may not exceed 50% of such Named Executive Officer's current annual base salary. In determining such bonuses, the Compensation Committee will consider various factors it deems appropriate, such as (without limitation) profitability, portfolio growth, branch expansion, and competitive circumstances.

Long-Term Equity Compensation. The Compensation Committee believes that stock-based awards promote the long-term growth and profitability of the Company by providing executive officers of the Company with incentives to improve shareholder value and contribute to the success of the Company and by enabling the Company to attract, retain and reward the

best available persons for executive officer positions. The Company currently maintains one long-term equity incentive plan for executive officers – the Nicholas Financial, Inc. Equity Incentive Plan (the “Equity Plan”).

The Company’s current Named Executive Officers received the following equity awards under the Equity Plan as part of the Fiscal 2015 incentive bonus program: (i) on June 13, 2014, Mr. Finkenbrink was awarded 20,000 shares of restricted stock, which shares will vest on March 31, 2017; (ii) on June 13, 2014, Mr. Finkenbrink was granted options to purchase 40,000 Common Shares, which options will vest in five equal installments commencing as of the first anniversary of the date of grant and expire on June 13, 2024; (iii) on June 13, 2014, Mr. Bates was awarded 12,000 shares of restricted stock, which shares will vest on March 31, 2017; (iv) on June 13, 2014, Mr. Bates was granted options to purchase 25,000 Common Shares, which options will vest in five equal installments commencing as of the first anniversary of the date of grant and expire on June 13, 2024; (v) on June 13, 2014, Ms. MacGillivray was awarded 8,000 shares of restricted stock, which shares will vest on March 31, 2017; and (vi) on June 13, 2014, Ms. MacGillivray was granted options to purchase 15,000 Common Shares, which options will vest in five equal installments commencing as of the first anniversary of the date of grant and expire on June 13, 2024. None of the Named Executive Officers has received, or will receive, any equity awards for Fiscal 2016.

Our Board of Directors has adopted the Omnibus Incentive Plan, subject to approval by the holders of our Voting Common Shares at the Meeting. See “Proposal 3: Approval of the Nicholas Financial, Inc. 2015 Omnibus Incentive Plan” above. If approved by our shareholders, the Omnibus Incentive Plan will allow for the granting of equity awards and cash incentive awards to eligible individuals (including the current Named Executive Officers), including the issuance of up to 750,000 Common Shares pursuant to awards under the Plan. The Administrator of the Omnibus Incentive Plan (currently the Compensation Committee of our Board of Directors) may designate any of the following as a participant from time to time, to the extent of the Administrator’s authority: any officer or other employee of the Company or its affiliates; any individual who the Company or one of its affiliates has engaged to become an officer or employee; any consultant or advisor who provides services to the Company or its affiliates; or any director, including a non-employee director. Currently, the persons eligible to participate in the Omnibus Incentive Plan consist of approximately 335 employees and three non-employee directors.

If the Omnibus Incentive Plan is approved at the Meeting, the Equity Plan will be terminated, and no new awards will be granted under such plan, although stock options and restricted stock granted under the Equity Plan and still outstanding will continue to be subject to all terms and conditions of such plan.

The Company cannot currently determine the number or type of additional awards that may be granted to eligible participants under the Omnibus Incentive Plan in the future. Such determinations will be made from time to time by the Administrator under the Plan. If the Omnibus Incentive Plan is not approved by our shareholders at the Meeting, the Compensation Committee may continue to grant awards under the Equity Plan to any officer (including the Named Executive Officers) or other salaried key employee of the Company or its affiliates; however, as of the Record Date, only 8,615 Common Shares remained available for additional

grants under the Equity Plan. As of the Record Date, there were approximately five officers and 125 other salaried key employees (not including officers) eligible to participate in the Equity Plan.

Change of Control

The Company has change of control provisions in its employment agreements with its three current Named Executive Officers (Messrs. Finkenbrink and Bates and Ms. MacGillivray), the Omnibus Incentive Plan and the Equity Plan. The Company has no additional change of control contracts or arrangements with any of the Named Executive Officers. The current employment agreements with the three Named Executive Officers were entered into on July 2, 2015. For further information regarding these employment agreements, see Potential Payments Upon Termination or a Change of Control beginning on page 49 and Summary of Employment Agreements With Named Executive Officers beginning on page 54.

The change of control provisions in the plans and the employment agreements are designed to make a change of control transaction neutral to the economic interests of employees that might be involved in considering such a transaction. The employees subject to these provisions would likely not be in a position to influence the Company's performance after a change of control or may not be in a position to earn their incentive awards or vest in their equity awards after a change of control. Thus, the provisions are meant to encourage employees that may be involved in considering a change of control transaction to act in the interests of the Company's shareholders rather than their own interests.

The change of control provisions in the employment agreements with Named Executive Officers are described starting on page 49 under Potential Payments Upon Termination or a Change of Control. Generally, the Company's equity compensation plans provide that restricted stock will vest in full, and options to purchase Common Shares will become immediately exercisable, either upon a change of control or upon termination of employment within one year after a change of control. The Compensation Committee believes that the provisions provided for under both our employment agreements and equity compensation plans are appropriate since an employee's position could be adversely affected by a change of control even if he is not terminated. Our equity compensation plans provide, however, that the Compensation Committee may determine in advance of the change of control event that the provisions would not apply and therefore no accelerated vesting would occur.

Other Compensation

Consistent with the Compensation Committee's pay-for-performance compensation philosophy, the Company intends to continue to maintain modest executive benefits and perquisites for executive officers; however, the Compensation Committee, in its discretion, may revise, amend or add to the officer's executive benefits and perquisites if it deems it advisable. The Compensation Committee believes these benefits and perquisites are currently at or below median competitive levels for companies in the Company's peer group. The Company does not provide pension arrangements, post-retirement health coverage, or similar benefits for its executives or employees.

The following table generally illustrates the benefit plans and perquisites that the Company does and does not provide and identifies those employees who may be eligible to receive them. Perquisites for the Named Executive Officers are detailed within the footnotes of the summary compensation table.

Perquisites and Employee Benefits	Executive Officers	Full-Time Employees
401(k) Plan (1)	ü	ü
Medical/Dental Plans (2)	ü	ü
Life Insurance (3)	ü	ü
Long Term Disability Plan (4)	ü	ü
Short Term Disability Plan (5)	ü	ü
Company Paid Trips (6)		