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

FORM 8-K

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

Date of Report (Date of earliest event reported) February 13, 2024

NICHOLAS FINANCIAL, INC.
(Exact name of registrant as specified in its Charter)

British Columbia, Canada	0-26680	59-2506879
(State or Other Jurisdiction of Incorporation or Organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

26133 US HWY 19 North, Suite 300 Clearwater, Florida	33763
(Address of Principal Executive Offices)	(Zip Code)

(727) 726-0763
(Registrant's telephone number, Including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	NICK	NASDAQ

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On February 13, 2024 Nicholas Financial, Inc. (the "Company") issued a press release announcing, among other things, the Company's financial results for its quarter ended December 31, 2023. A copy of this press release is attached hereto as Exhibit 99.1.

The information included in this Current Report on Form 8-K (including Exhibit 99.1 hereto) is furnished pursuant to this Item 2.02 and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. In addition, the information included in this Current Report on Form 8-K (including Exhibit 99.1 hereto) shall not be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference into such filing.

Item 9.01 Financial Statements and Exhibits

Exhibit #	Description
99.1	Press Release of the Company, dated February 13, 2024
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

NICHOLAS FINANCIAL, INC.
(Registrant)

Date: February 13, 2024

/s/ Irina Nashtatik
Irina Nashtatik
Chief Financial Officer
(Principal Financial Officer)

Exhibit 99.1

FOR IMMEDIATE RELEASE

NICHOLAS

Nicholas Financial, Inc.
Corporate Headquarters
26133 U.S. Hwy 19 North,
Suite 300,
Clearwater, Florida 33763

Contact: Irina Nashtatik
CFO
Ph # (727)-726-0763

NASDAQ: NICK
Web site: www.nicholasfinancial.com

Nicholas Financial Announces
3rd Quarter Fiscal Year 2024 Results

February 13, 2024 – Clearwater, Florida - Nicholas Financial, Inc. (NASDAQ: NICK) (the "Company") announced a net loss for the three months ended December 31, 2023 of $11.7 million compared to net loss of $13.4 million for the three months ended December 31, 2022. Basic and diluted net loss per share was $1.60 for the three months ended December 31, 2023 as compared to basic and diluted net loss per share of $1.85 for the three months ended December 31, 2022.

As previously disclosed in the Company's Registration Statement on Form S-4 filed with the U.S. Securities and Exchange Commission on November 22, 2023, as amended on January 10, 2024 and January 29, 2024, which became effective on February 9, 2024, the Company is seeking shareholder approval for the sale of all or substantially all of the Company's undertaking, consisting of automobile finance installment contracts, pursuant to the terms of a Master Asset Purchase Agreement dated as of November 13, 2023 between the Company and Westlake Services, LLC dba Westlake Financial, a California limited liability company (the "Loan Portfolio Sale"). The Company is pursuing the Loan Portfolio Sale for a number of reasons consistent with its previously disclosed evolving restructuring plan. Management believes the Loan Portfolio Sale will free up capital and permit the Company to allocate excess capital and utilize net operating losses to increase shareholder returns, whether by acquiring businesses or by investing outside of the Company's traditional business. Assuming closing of the Loan Portfolio Sale, the Board of Directors intends to explore strategic alternatives for the use of the net proceeds from the sale and seek to maximize the value of deferred tax assets, including net operating losses, available to the Company.

As previously disclosed, the Company adopted Accounting Standards Update, or ASU, 2016-13 on April 1, 2023, and consequently utilized the current expected credit losses model through October 31, 2023, by applying a discounted cash flows methodology to its financial assets, measured at amortized cost, over the life of those financial assets. Concurrently with the decision to sell the loan portfolio, the Company reclassified its finance receivables to held for sale, which are carried at the lower of amortized cost or fair value. As a result of this reclassification, the Company reversed its allowance for credit losses which resulted in a reversal of previously recorded provisions for credit losses for the three and nine months ended December 31, 2023. The Company compared the fair value and amortized cost of finance receivables to held for sale and recorded a valuation allowance of $19.5 million to reduce the amortized cost of the portfolio to fair value as of December 31, 2023. In contrast, for the three and nine months ended December 31, 2022, the Company utilized the incurred loss methodology, by applying a trailing twelve-month net charge-off as a percentage of average finance receivables to the ending finance receivables to estimate probable credit losses and maintain an allowance for credit losses.

The net charge-off percentage, which represents charge-offs less recoveries divided by average finance receivables outstanding during the period, increased to 34.8% from 16.6% for the three months ended December 31, 2023 and 2022, respectively. The customers continue experiencing market and economic pressure and its adverse impact on the consumers ability to timely meet their payments obligations.

Interest and fee income on finance receivables decreased 55.8% to $5.0 million for the three months ended December 31, 2023, as compared to $11.3 million for the three months ended December 31, 2022.

Operating expenses decreased 59.2% to $4.0 million for the three months ended December 31, 2023, compared to $9.7 million for the three months ended December 31, 2022. The decrease in operating expenses was primarily attributable to the change in operating strategy and the restructuring plan the Company previously announced, which included outsourcing its servicing operations. Specifically, the Company reduced its payroll and employee related expenses by 76.9% to $0.7 million from $3.2 million for the three months ended December 31, 2023, and 2022, respectively. Similarly, branch related expenses, loan origination costs, and other administrative expenses, decreased by 49.1% to $3.2 million from $6.3 million for the three months ended

December 31, 2023,and 2022, respectively. Following management's decision to pursue the Loan Portfolio Sale, the Company discontinued loan originations and further reduced its personnel, while its loan portfolio was serviced by a third-party provider.

The Company reported a loss before income taxes for the three months ended December 31, 2023 of $11.7 million compared to loss before income taxes of $10.4 million for the three months ended December 31, 2022.

The Company reported a net loss for the nine months ended December 31, 2023 of $20.6 million compared to net loss of $18.3 million for the nine months ended December 31, 2022. Basic and diluted net loss per share was $2.83 for the nine months ended December 31, 2023 as compared to basic and diluted net loss per share of $2.49 for the nine months ended December 31, 2022.

Interest and fee income on finance receivables decreased 48.3% to $18.4 million for the nine months ended December 31, 2023, as compared to $35.6 million for the nine months ended December 31, 2022, primarily due to a reduction in originations of finance contracts and discontinued origination of direct loans pursuant to the Company's restructuring plan.

The net charge-off percentage increased to 32.6% from 8.8% for the nine months ended December 31, 2023 and 2022, respectively.

Operating expenses decreased 52.9% to $12.5 million for the nine months ended December 31, 2023 from $26.5 million for the nine months ended December 31, 2022. The decrease in operating expenses was primarily attributable to the change in operating strategy aimed at reducing operating expenses and freeing up capital. As part of this plan, the Company closed all of its brick-and-mortar branches during the second and third quarters of the year ended March 31, 2023.

The Company reported a loss before income taxes for the nine months ended December 31, 2023 of $20.6 million compared to a loss before income taxes of $16.9 million for the nine months ended December 31, 2022.

For the nine months ended December 31, 2023, the Company originated $5.5 million in finance receivables, collected $40.9 million in principal payments and proceeds from repossessed assets, fully paid off the $29.1 million of its credit facility, and increased cash and cash equivalents by $7.4 million.

Key Performance Indicators on Contracts Purchased
(Purchases in thousands)

Fiscal Year /Quarter	Number of Contracts Purchased		Principal Amount Purchased#		Average Amount Financed*^	Average APR*		Average Discount%*		Average Term*
2024	**448**	**$**	**5,515**	**$**	**12,396**	**22.1**	**%**	**6.3**	**%**	**50**
3	20		252		12,600	21.9	%	6.6	%	51
2	209		2,543		12,167	22.3	%	6.3	%	49
1	219		2,720		12,420	22.0	%	6.0	%	50
2023	**4,040**	**$**	**47,526**	**$**	**11,932**	**22.5**	**%**	**6.5**	**%**	**48**
4	127		1,579		12,433	22.2	%	6.2	%	49
3	383		4,511		11,778	22.4	%	6.8	%	48
2	1,595		19,082		11,964	22.7	%	6.4	%	48
1	1,935		22,354		11,552	22.9	%	6.6	%	48
2022	**7,793**	**$**	**85,804**	**$**	**11,002**	**23.1**	**%**	**6.9**	**%**	**47**
4	2,404		27,139		11,289	22.9	%	6.9	%	47
3	1,735		19,480		11,228	23.1	%	6.8	%	47

Key Performance Indicators on Direct Loans Originated
(Originations in thousands)

Fiscal Year /Quarter		Number of Loans Originated		Principal Amount Originated		Average Amount Financed*^	Average APR*		Average Term*
2024	**$**	**-**	**$**	**-**	**$**	**-**	**0.0**	**%**	**-**
3		-		-		-	0.0	%	-
2		-		-		-	0.0	%	-
1		-		-		-	0.0	%	-
2023		**3,662**	**$**	**15,822**	**$**	**4,277**	**30.4**	**%**	**26**
4		-		-		-	0.0	%	-
3		245		1,080		4,128	29.6	%	27
2		1,427		6,527		4,574	30.3	%	25
1		1,990		8,215		4,128	31.2	%	25
2022		**6,770**	**$**	**28,740**	**$**	**4,307**	**30.5**	**%**	**26**
4		1,584		7,458		4,708	30	%	27
3		2,282		8,505		3,727	31.8	%	24

***Each average included in the tables is calculated as a simple average.**
^Average amount financed is calculated as a single loan amount.

#Bulk portfolio purchase excluded for period-over-period comparability

Nicholas Financial, Inc. (NASDAQ:NICK) is a specialized consumer finance company. The Company currently engages primarily in acquiring and servicing automobile finance installment contracts for purchases of used and new automobiles and light trucks. For an index of Nicholas Financial, Inc.'s new releases or to obtain a specific release, please visit our website at www.nicholasfinancial.com.

Cautionary Note regarding Forward-Looking Statements

This press release may contain various "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, that represent the Company's current expectations or beliefs concerning future events. Statements other than those of historical fact, as well as those identified by words such as "anticipate," "estimate," intend," "plan," "expect," "project," "explore" "believe," "may," "will," "should," "would," "could," "probable" and any variation of the foregoing and similar expressions are forward-looking statements. These statements, which include statements regarding the exploration of opportunities to allocate any excess capital to increase shareholder returns, and the potential sale of the Company's assets to Westlake Services, LLC dba Westlake Financial ("Westlake"),, are inherently uncertain and subject to certain risks, uncertainties and assumptions that may cause results to differ materially from those expressed or implied in forward-looking statements, including without limitation:

- *the risk that the contemplated sale of substantially all of the Company's assets to Westlake may not close, or the risk that the anticipated short- and/or long-term benefits of such sale may not be realized, whether in whole or in part;*
- *the risk that approval by the 7th Judicial Circuit Court, Clay County, Missouri of the settlement of certain litigation involving Mr. Jeremiah Gross may not be granted, either on terms and conditions satisfactory to the Company or at all;*
- *the risk that the anticipated benefits of the restructuring and change in operating strategy, including the servicing and financing arrangements with WPM, the Company's loan servicer and an affiliate of Westlake Financial (including without limitation the expected reduction in overhead, streamlining of operations or reduction in compliance risk), do not materialize to the extent expected or at all, or do not materialize within the timeframe targeted by management;*
- *the risk that the actual servicing fees paid by the Company under the WPM servicing agreement, which the Company is classifying as administrative costs on its financial statements, exceed the amounts estimated;*
- *the risk that the actual interest payments to be made by the Company under the loan agreement with an affiliate of WPM exceed the range estimated;*
- *risks arising from the loss of control over servicing, collection or recovery processes that we have controlled in the past and potentially, termination of these services by WPM (a failure of WPM to perform their services under the servicing agreement in a satisfactory manner may have a significant adverse effect on our business);*
- *the risk that the actual costs of the exit and disposal activities in connection with the consolidation of workforce and closure of offices exceed the Company's estimates or that such activities are not completed on a timely basis;*
- *the risk that the Company underestimates the staffing and other resources needed to operate effectively after consolidating its workforce and closing offices;*
- *uncertainties surrounding the Company's success in developing and executing on a new business plan;*
- *risks and uncertainties surrounding the Company's ability to use its net operating losses in future periods; and*
- *uncertainties surrounding the Company's ability to use any excess capital to increase shareholder returns, including without limitation, by acquiring loan portfolios or businesses or investing outside of the Company's traditional business; and*
- *the risk factors discussed under "Item 1A – Risk Factors" in our Annual Report on Form 10-K for the year ending March 31, 2023 filed on June 27, 2023, and under "RISK FACTORS" in our Proxy Circular/Prospectus contained in Amendment No. 2 to our Registration Statement on Form S-4 (Registration No. 333-275704) filed with the SEC on January 29, 2024, and our other filings made with the U.S. Securities and Exchange Commission ("SEC").*

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected. All forward-looking statements and cautionary statements included in this press release are made as of the date hereof based on information available to the Company as the date hereof, and the Company assumes no obligation to update any such forward-looking statement or cautionary statement. Prospective investors should also consult the risk factors described from time to time in the Company's other filings made with the SEC, including its reports on Forms 10-K, 10-Q, 8-K and annual reports to shareholders.

More

Nicholas Financial, Inc.
Condensed Consolidated Statements of Income
(Unaudited, Dollars in Thousands, Except Share and Per Share Amounts)

	Three months ended December 31,		Nine months ended December 31,	
	2023	**2022**	**2023**	**2022**
Interest and fee income on finance receivables	**$ 4,954**	$ 11,268	**$ 18,367**	$ 35,580
Expenses:				
Marketing	**22**	177	**88**	1,086
Administrative	**3,906**	9,398	**12,328**	25,066
Provision for credit losses	**(10,482)**	10,730	**2,570**	23,280
Fair value and other adjustments, net	**23,110**	—	**23,110**	—
Depreciation and amortization of intangibles	**22**	97	**66**	339
Interest expense	**68**	1,239	**826**	2,782
Total expenses	**16,646**	21,641	**38,988**	52,553
Income from securities:				
Net gain on equity investments	**—**	—	**—**	66
Income from cash equivalents	**31**	—	**31**	—
Total income from securities	**31**	—	**31**	66
Loss before income taxes	**(11,661)**	(10,373)	**(20,590)**	(16,907)
Income tax expense	**—**	3,000	**—**	1,415
Net loss	**$ (11,661)**	$ (13,373)	**$ (20,590)**	$ (18,322)
Loss per share:				
Basic	**$ (1.60)**	$ (1.85)	**$ (2.83)**	$ (2.49)
Diluted	**$ (1.60)**	$ (1.85)	**$ (2.83)**	$ (2.49)

Condensed Consolidated Balance Sheets
(Unaudited, In Thousands)

	December 31, 2023	March 31, 2023
Cash and cash equivalents	$ 7,817	$ 454
Finance receivables held for sale, at a lower of amortized cost or fair value	50,306	-
Finance receivables held for investment, net	-	106,919
Repossessed assets held for sale, at lower of carrying value or fair value less cost to sell	395	1,491
Other assets	1,473	1,484
Total assets	$ 59,991	$ 110,348
Line of credit, net of debt issuance costs	$ -	$ 28,936
Other liabilities	938	1,603
Total liabilities	938	30,539
Shareholders’ equity	59,053	79,809
Total liabilities and shareholders’ equity	$ 59,991	$ 110,348
Book value per share	$ 8.10	$ 10.95

Finance receivables held for sale consist of Contracts and Direct Loans and are detailed as follows:

	(in thousands) December 31, 2023
Finance receivables held for sale at amortized cost	$ 69,763
Held for sale allowance	(19,457)
Finance receivables held for sale at fair value	$ 50,306

	Three months ended December 31, (In thousands)		Nine months ended December 31, (In thousands)	
Portfolio Summary	**2023**	**2022**	**2023**	**2022**
Average finance receivables (1)	$ 70,204	$ 165,783	$ 96,291	$ 174,004
Average indebtedness (2)	$ 578	$ 52,577	$ 10,674	$ 59,739
Interest and fee income on finance receivables	$ 4,954	$ 11,268	$ 18,367	$ 35,580
Interest expense	68	1,239	826	2,782
Net interest and fee income on finance receivables	$ 4,886	$ 10,029	$ 17,541	$ 32,798
Portfolio yield (3)	28.23 %	27.19 %	25.43 %	27.26 %
Net charge-off percentage (4)	34.83 %	16.57 %	32.56 %	8.79 %

Note: The three-month and nine-month of income performance indicators expressed as percentages have been annualized.

(1) Average finance receivables represent the average of finance receivables throughout the period.
(2) Average indebtedness represents the average daily outstanding borrowings under the line of credit. Average indebtedness does not include the PPP loan.
(3) Portfolio yield represents interest and fee income on finance receivables as a percentage of average finance receivables.
(4) Net charge-off percentage represents net charge-offs (charge-offs less recoveries) divided by average finance receivables, outstanding during the period.

The following tables present certain information regarding the delinquency rates experienced by the Company with respect to automobile finance installment contracts ("Contracts") and direct consumer loans ("Direct Loans"), excluding any Chapter 13 bankruptcy accounts:

(In thousands, except percentages)

Contracts	**Balance Outstanding**	**30 – 59 days**	**60 – 89 days**	**90 – 119 days**	**120+**	**Total**
December 31, 2023	$ 62,664	$ 7,741	$ 2,390	$ 1,353	$ -	$ 11,484
		12.35 %	3.81 %	2.16 %	0.00 %	18.33 %
December 31, 2022	$ 131,302	$ 16,649	$ 7,351	$ 3,615	$ 37	$ 27,652
		12.68 %	5.60 %	2.75 %	0.03 %	21.06 %

Direct Loans	**Balance Outstanding**	**30 – 59 days**	**60 – 89 days**	**90 – 119 days**	**120+**	**Total**
December 31, 2023	$ 8,319	$ 1,050	$ 310	$ 201	$ -	$ 1,561
		12.62 %	3.73 %	2.42 %	0.00 %	18.76 %
December 31, 2022	$ 23,700	$ 2,989	$ 1,102	$ 515	$ 6	$ 4,612
		12.61 %	4.65 %	2.17 %	0.03 %	19.46 %

The following table presents selected information on Contracts purchased and Direct Loans originated by the Company:

	Contracts		Direct Loans	
	Three months ended December 31, (Purchases in thousands)		Three months ended December 31, (Originations in thousands)	
	2023	2022	2023	2022
Purchases/Originations	**$ 252**	$ 4,511	$ -	$ 1,080
Average APR	**21.9** %	22.4 %	0 %	29.6 %
Average discount	**6.6** %	6.8 %	N/A	N/A
Average term (months)	**51**	48	-	27
Average amount financed	**$ 12,600**	$ 11,778	$ -	$ 4,128
Number of contracts	**20**	383	-	245

	Contracts		Direct Loans	
	Nine months ended December 31, (Purchases in thousands)		Nine months ended December 31, (Originations in thousands)	
	2023	2022	2023	2022
Purchases/Originations	$ 5,515	$ 45,947	$ -	$ 15,822
Average APR	22.1 %	22.7 %	0 %	30.4 %
Average discount	6.3 %	6.6 %	N/A	N/A
Average term (months)	50	48	-	26
Average amount financed	$ 12,396	$ 11,765	$ -	$ 4,277
Number of contracts	448	3,913	-	3,662

The following table presents selected information on the entire Contract and Direct Loan portfolios of the Company:

	Contracts		Direct Loans	
	As of December 31,		As of December 31,	
Portfolio	2023	2022	2023	2022
Average APR	22.7 %	22.8 %	27.3 %	30.0 %
Average discount	6.4 %	6.8 %	N/A	N/A
Average term (months)	49	50	33	26
Number of active contracts	9,088	16,364	2,485	6,505

End