

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

January 2, 2024
Date of Report (Date of earliest event reported)

AIRSHIP AI HOLDINGS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware (State or other jurisdiction of incorporation)	001-40222 (Commission File Number)	93-4974766 (I.R.S. Employer Identification No.)
8210 154th Ave NE Redmond, WA (Address of Principal Executive Offices)		98052 (Zip Code)

Registrant's telephone number, including area code: **(877) 462-4250**

(Former name or former address, 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:

- Written communications pursuant to Rule 425 under the Securities Act
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

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	AISP	The Nasdaq Stock Market LLC
Warrants	AISPW	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On January 2, 2024, the Board of Directors (the “Board”) of Airship AI Holdings, Inc. (the “Company”), based on the recommendation of the Compensation Committee of the Board, ratified and adopted, effective as of December 21, 2023, the Airship AI Holdings, Inc. Clawback Policy (the “Policy”) for the recovery of certain executive compensation in order to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the rules and amendments adopted by the Securities and Exchange Commission to implement the aforementioned legislation, and the listing standards of The Nasdaq Stock Market (“Nasdaq”) adopted pursuant thereto. The Board has designated the Compensation Committee (the “Committee”) of the Board as the administrator of the Policy.

The Policy provides for the mandatory recovery of erroneously awarded incentive-based compensation from current and former executive officers of the Company, as determined by the Committee in accordance with Section 10D of the Exchange Act and the listing standards of Nasdaq, and such other senior executives/employees who may from time to time be deemed subject to the Policy by the Committee (“Covered Executives”), in the event that the Company is required to prepare an accounting restatement of its financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws. Under the Policy, the Company will require reimbursement or forfeiture of any excess incentive compensation received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare such restatement.

The foregoing description of the Policy does not purport to be complete and is qualified in its entirety by reference to the full text of the Policy, a copy of which is filed as Exhibit 10.1 to this Report and is incorporated herein by reference.

Item 8.01 Other Events.

On January 2, 2024, the Board ratified and adopted the Company’s Audit, Compensation and Nominations and Governance Committee Charters, effective as of December 21, 2023. Copies of these Charters are filed hereto as Exhibits 99.1-99.3.

Copies of these Charters may also be found on the Company’s website at <https://airship.ai>.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

The following exhibits are filed as part of, or incorporated by reference into, this Report.

No.	Description of Exhibit
10.1	Clawback Policy effective as of December 21, 2023.
99.1	Audit Committee Charter effective as of December 21, 2023.
99.2	Compensation Committee Charter effective as of December 21, 2023.
99.3	Nominations and Corporate Governance Committee Charter effective as of December 21, 2023.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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.

Dated: January 3, 2024

AIRSHIP AI HOLDINGS, INC.

By: /s/ Victor Huang

Name: Victor Huang

Title: Chief Executive Officer

AIRSHIP AI HOLDINGS, INC. (the “Company”)

CLAWBACK POLICY

Introduction

The Board of Directors of the Company (the “**Board**”) believes that it is in the best interests of the Company and its stockholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company’s pay-for-performance compensation philosophy. The Board has therefore adopted this policy which provides for the recoupment of certain executive compensation received in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws (the “**Policy**”). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934 (the “**Exchange Act**”), the rules and amendments adopted by the Securities and Exchange Commission (the “**SEC**”) to implement the aforementioned legislation, and the listing standards of the national securities exchange on which the Company’s securities are listed.

Administration

This Policy shall be administered by the Compensation Committee (if composed entirely of independent directors, or in the absence of such a committee, a majority of independent directors serving on the Board)(the “**Committee**”). Any determinations made by the Board shall be final and binding on all affected individuals.

Covered Executives

This Policy applies to the Company’s current and former executive officers, as determined by the Committee in accordance with Section 10D of the Exchange Act and the listing standards of the national securities exchange on which the Company’s securities are listed, and such other senior executives/employees who may from time to time be deemed subject to the Policy by the Committee (“**Covered Executives**”).

Recoupment: Accounting Restatement

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a “**Restatement**”), the Committee will require reimbursement or forfeiture of any excess Incentive Compensation (as defined below) received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare such Restatement.

Incentive Compensation

For purposes of this Policy, Incentive Compensation means any of the following; provided that such compensation is granted, earned, or vested based wholly or in part on the attainment of a financial reporting measure:

- Annual cash bonuses and other short- and long-term cash incentives
- Stock options
- Stock appreciation rights
- Restricted stock
- Restricted stock units
- Performance shares
- Performance units

Financial reporting measures are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures and may include, among other things, any of the following:

- Company stock price
- Total stockholder return
- Revenues
- Net income
- Earnings before interest, taxes, depreciation, and amortization (EBITDA)
- Liquidity measures such as working capital or operating cash flow
- Earnings measures such as earnings per share
- "Non-GAAP financial measures" for purposes of Exchange Act Regulation G and 17CFR 229.10

Excess Incentive Compensation: Amount Subject to Recovery

The amount to be recovered will be the excess of the Incentive Compensation paid to the Covered Executive based on the erroneous data over the Incentive Compensation that would have been paid to the Covered Executive had it been based on the restated results, without regard to any taxes paid, as determined by the Committee.

If the Committee cannot determine the amount of excess Incentive Compensation received by the Covered Executive directly from the information in the Restatement, then it will make its determination based on a reasonable estimate of the effect of the Restatement on the applicable measure, and the Committee will maintain documentation of such determination and provide the relevant documentation as required to Nasdaq.

Method of Recoupment

The Committee will determine, in its sole discretion, the method for recouping Incentive Compensation hereunder which may include, without limitation:

- requiring reimbursement of cash Incentive Compensation previously paid;
- seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;
- cancelling outstanding vested or unvested equity awards; and/or
- taking any other remedial and recovery action permitted by law, as determined by the Committee.

Except as provided under the heading “Impracticability” below, in no event may the Company accept an amount that is less than the amount of erroneously awarded Incentive Compensation in satisfaction of a Covered Executive’s obligations hereunder.

No Indemnification

The Company shall not indemnify any Covered Executives against the loss of any incorrectly awarded Incentive Compensation.

Interpretation

The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and applicable rules or standards adopted by the SEC or any national securities exchange on which the Company’s securities are listed.

Effective Date

This Policy shall be effective as of the date it is adopted by the Board (the “**Effective Date**”) and shall apply to Incentive Compensation that is approved, awarded or granted to Covered Executives on or after December 20, 2023. This Policy shall apply to any excess Incentive Compensation received by Covered Executives during the three immediately completed fiscal years preceding the date on which a company is required to prepare a Restatement.

Amendment; Termination

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect final regulations adopted by the SEC under Section 10D of the Exchange Act and to comply with the rules and standards adopted by the SEC and the listing standards of any national securities exchange on which the Company’s securities are listed. The Board may terminate this Policy at any time.

Other Recoupment Rights

The Committee intends that this Policy will be applied to the fullest extent of the law. The Committee may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

Impracticability

The Committee shall recover any excess Incentive Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Committee in accordance with Rule 10D-1 of the Exchange Act and any applicable rules or standards adopted by the SEC and the listing standards of any national securities exchange on which the Company's securities are listed.

Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

AIRSHIP AI HOLDINGS, INC.

AUDIT COMMITTEE CHARTER

I. PURPOSE

The purpose of the Audit Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of Airship AI Holdings, Inc. (the “*Company*”) is to:

- oversee the Company’s accounting and financial reporting processes, systems of internal control over financial reporting, financial statement audits and the quality and integrity of the Company’s financial statements;
- manage the selection, engagement terms, fees, qualifications, independence and performance of the registered public accounting firms engaged as the Company’s independent outside auditors for the purpose of preparing or issuing an audit report or performing audit services (the “*Auditors*”);
- maintain and foster an open avenue of communication with the Company’s management, internal audit group (if any) and Auditors;
- review any reports or disclosures required by applicable law and listing requirements of the Nasdaq Stock Market (the “*Exchange*”);
- oversee the design, implementation, organization and performance of the Company’s internal audit function (if any);
- help the Board oversee the Company’s legal and regulatory compliance functions, including risk assessment and management;
- oversee the Company’s information security and data privacy practices;
- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- obtain and review a report by the Auditors at least annually, that describes the Company’s internal quality-control procedures, any material issues with such procedures, and any steps taken to deal with such issues when required by applicable law;
- review related party transactions;
- approve (or, as permitted, pre-approving) all audit and all permissible non-audit service to be performed by the Auditors;
- discuss the scope and results of the audit with the Auditors, and review, with management and the independent accountants, the Company’s interim and year-end operating results;
- oversee risk management and insurance; and
- provide regular reports and information to the Board.

II. COMPOSITION

The Committee will consist of at least three members of the Board, or as may otherwise be permitted by the Exchange listing rules. Except as otherwise permitted by the applicable Nasdaq rules, each member of the Committee shall be independent as defined by such rules, meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (subject to the exemptions provided in Rule 10A-3(c)), and not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement, at the time of his or her appointment to the Committee. In addition, at least one member must have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Unless otherwise determined by the Board (in which case disclosure of such determination shall be made in the Company's annual report filed with the Securities and Exchange Commission ("**SEC**")), at least one member of the Committee shall be an "audit committee financial expert" (as defined by applicable SEC rules).

The members of the Committee, including the chair of the Committee (the "**Chair**"), will be members of the Board appointed by, and will serve at the discretion of, the Board, taking into account the recommendation of the Nominating and Corporate Governance Committee of the Board. Vacancies occurring on the Committee will be filled by the Board. Resignation or removal of a Committee member from the Board for any reason will automatically constitute resignation or removal from the Committee.

III. AUTHORITY

The Committee may study or investigate any matter of interest or concern that the Committee deems appropriate and will have access to all Company books, records, facilities, personnel and Auditors as deemed necessary or appropriate by any member of the Committee. The Company must provide appropriate funding for the Committee to engage independent counsel and other advisors, as it deems necessary or appropriate to carry out its duties. The Company must also provide appropriate funding, as determined by the Committee, for payment of compensation to the Auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The Company must also provide appropriate funding for the Committee to pay compensation to any other advisors engaged by the Committee or any ordinary administrative expenses it deems appropriate in carrying out its duties. The Committee will have authority to require that any of the Company's personnel or outside advisors attend any meeting of the Committee or meet with any member of the Committee or any of its advisors. The Committee may also exclude from its meetings any persons (other than a member of the Committee) it deems appropriate in order to carry out its responsibilities.

To the extent permitted by applicable law and Exchange listing requirements and to the extent authorized by the Committee, the Chair may be delegated authority to act on behalf of the Committee in connection with (1) approval of the retention or termination of outside service providers and advisors (including negotiation and execution of their engagement letters), (2) preapproval of audit or non-audit services (provided that such preapproval is presented to the Committee at the next scheduled meeting of the Committee), (3) reviewing with management the Company's proposed earnings press releases and other financial information and guidance regarding the Company's results of operations provided publicly or to ratings agencies, (4) approval of payment of expenses incurred by the Committee described in the previous paragraph and (5) as may otherwise be determined by the Committee. The Committee also may form subcommittees composed of one or more of its independent members for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority held by the Committee under this Charter as the Committee deems appropriate. Any action or decision of the Chair or a subcommittee will be presented to the full Committee at its next scheduled meeting. By approving this Charter, the Board delegates authority to the Committee with respect to these responsibilities.

IV. RESPONSIBILITIES

The Committee's responsibilities are for oversight, as described in the first section, "Purpose", above. The members of the Committee are not employees of the Company and they do not perform management's or any Auditors' functions. The Committee relies on the expertise and knowledge of management, the internal auditors (if any) and any Auditors in carrying out its oversight responsibilities. Management is responsible for preparing accurate and complete financial statements in accordance with generally accepted accounting principles ("**GAAP**"), crafting periodic reports and establishing and maintaining appropriate accounting principles and financial reporting policies and satisfactory internal control over financial reporting. The Auditors will audit the Company's annual consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (the "**PCAOB**") and, when required, the effectiveness of the Company's internal control over financial reporting and review the Company's quarterly financial statements. It is not the Committee's responsibility to prepare or certify the Company's financial statements, guarantee the audits or reports of the Auditors, certify as to whether any Auditors are "independent" under applicable law and Exchange listing requirements, or ensure that the financial statements or periodic reports are complete and accurate, conform to GAAP, or otherwise comply with applicable law, Exchange listing requirements and the Company's policies.

The following functions are expected to be the common recurring activities of the Committee in carrying out its responsibilities. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as are consistent with its purpose and may be required or appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time.

A. Auditor Management

1. Evaluation and Retention of Auditors

The Committee will be directly responsible for the appointment, compensation, retention, oversight, and when necessary, termination, of the Auditors and any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company (including the resolution of disagreements between management and such firm regarding financial reporting). The Committee will inform each Auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company that such firm must report directly to the Committee.

2. Approving Audit and Non-Audit Engagements

The Committee will review audit plans, the adequacy of staffing, the fees to be paid to Auditors and oversee the negotiation and execution of any engagement letters on behalf of the Company. The Committee will oversee the rotation of the Auditors' partners on the Company's audit engagement team as required by applicable law and Exchange listing requirements. The Committee will approve all audit and non-audit related services that the Auditors provide to the Company before the engagement begins, unless applicable law and Exchange listing requirements allow otherwise. The Committee may establish pre-approval policies and procedures or delegate pre-approval authority to one or more independent Committee members to grant pre-approvals of audit and permitted non-audit services; provided that any such pre-approvals shall be presented to the full Committee at its next scheduled meeting.

3. Auditor Independence

Prior to engagement of any prospective Auditor, and at least annually thereafter, the Committee will assess the qualifications, performance and independence of the Auditors, including an evaluation of the lead audit partner; and to assure the regular rotation of the lead audit partner at the Auditors and consider the period of time the Auditors have served the Company as part of the Committee's annual independence evaluation. In addition, at least annually, the Committee will obtain and review a report by the Auditors that describes (1) the accounting firm's internal quality control procedures, (2) any material issues raised by the most recent internal quality control review, peer review or PCAOB review or inspection of the firm or by any other inquiry or investigation by governmental or professional authorities in the past five years regarding one or more audits carried out by the firm and any steps taken to deal with any such issues, and (3) all relationships between the firm and the Company or any of its subsidiaries; and to discuss with the independent auditors this report and any relationships or services that may impact the objectivity and independence of the auditors.

4. Former Employees of Auditors

The Committee will oversee the policies and procedures as required by applicable law and Exchange listing requirements governing how the Company may employ individuals who are or once were employed by the Auditors.

B. Financial Review and Disclosure

1. Annual Audit Results

The Committee will review and discuss with management and the Auditors the results of the Company's annual financial statement audit, including:

- the Auditors' assessment of the quality of the Company's accounting principles and practices;
- the Auditors' views about qualitative aspects of the Company's significant accounting practices and the reasonableness of significant judgments and estimates (including material changes in estimates and analyses of the effects of alternative GAAP methods on the financial statements);
- all misstatements identified during the audit (other than those the Auditors believe to be trivial);
- the adequacy of the disclosures in the financial statements; and
- any other matters that the Auditors must communicate to the Committee under applicable accounting or auditing standards.

2. Audited Financial Statement Review; Quarterly and Annual Reports

The Committee will review the annual audited financial statements, the quarterly financial statements and the Company's "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors," as appropriate, with management and the Auditors. The Committee will be responsible for recommending to the Board whether the proposed annual audited financial statements should be included in the Company's Annual Report on Form 10-K.

3. Earnings Announcements

The Committee will review and discuss with management and the Auditors any proposed earnings press releases, press releases containing information relating to material financial developments and other financial information and guidance regarding the Company's results of operations provided publicly or to analysts and ratings agencies (including, without limitation, reviewing any pro forma or non-GAAP information and measures), as well as financial information and earnings guidance provided to analysts and rating agencies.

4. Proxy Report

The Committee will prepare the audit committee report required by the SEC to be included in the Company's annual proxy statement.

5. Accounting Principles and Policies

The Committee will review and discuss with management and the Auditors significant issues regarding accounting principles and financial-statement presentation, including:

- critical accounting policies and practices;
- alternative accounting policies available under GAAP;
- the potential impact on the Company's financial statements of alternative treatments and any off-balance sheet structures; and
- any other significant reporting issues and judgments, significant regulatory, legal and accounting initiatives, or developments that may have a material impact on the Company's financial statements, compliance programs and policies.

The Committee will review with the Auditors and management, if appropriate, any written communication, such as any management letter or internal-control letter and monitor management's response to such communications.

6. Auditor Communications

At least annually, the Committee will discuss with the Auditors the overall scope and plans for their audits and other financial reviews and the matters required to be discussed by Auditing Standard No. 1301, Communications with Audit Committees, as adopted by the PCAOB (including any successor rule adopted by the PCAOB).

7. Management Cooperation with Audit

The Committee will evaluate management's cooperation with the Auditors during their audit examination, including any significant difficulties or disagreements encountered during the audit, if any.

8. National Office Communications

To review with the Auditors, as appropriate, communications between the audit team and the Auditors' national office with respect to accounting or auditing issues presented by the engagement.

C. Internal Control and Procedures

1. Risk Assessment and Management

The Committee will review and discuss with management and the Auditors the Company's processes and policies on risk identification, enterprise risk management, management and assessment in all areas of the Company's business, but the Board shall continue to have overall responsibility for evaluating key business risks faced by the Company. Areas of focus for the Committee shall include the Company's policies and other matters relating to the Company's investments, cash management and foreign exchange management, debt management and credit rating approaches, major financial risk exposures, the adequacy and effectiveness of the Company's information and data privacy and security policies and practices and the internal controls regarding information and data privacy and security and the steps taken by management to monitor and mitigate or otherwise control these exposures and to identify future risks. The Committee will review and discuss with management the adequacy of the Company's insurance programs, including director and officer insurance, product liability insurance and general liability insurance. The Committee will review the Company's IT security controls and evaluate the adequacy of the Company's IT security program, IT compliance and controls with the Company's Head of Information Security or another employee with equivalent responsibilities.

2. Internal Auditors

The Company does not currently have an internal audit function. If an internal audit function is established and becomes operational, the Committee will review the audit plan of the Company's internal audit team and discuss with that team the adequacy and effectiveness of the Company's scope, staffing and general audit approach. The Committee will review any significant reports prepared by the Company's internal auditors, as well as management's response. The head of the internal auditors will also report to and be evaluated by the Committee.

3. Internal Control over Financial Reporting; Disclosure Controls

The Committee will confer with management and the Auditors concerning the scope, design, adequacy and effectiveness of internal control over financial reporting and the Company's disclosure controls and procedures. The Committee will review reports on significant findings and recommendations with respect to internal controls over financial reporting, together with management responses and any special audit steps adopted in light of any material control deficiencies.

4. Correspondence with Regulators

The Committee will consider and review with management, the Auditors and outside advisors or accountants any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.

5. Internal Control Report

At least annually (if required by Exchange listing requirements) or as may otherwise be determined by the Committee, the Committee will review a report by the Auditors describing its internal quality-control procedures and any material issues raised by (a) that firm's internal quality-control review, (b) any peer review of the firm's internal quality-control procedures or review, or (c) any inquiry or investigation by governmental or professional authorities conducted in the last five years of any audit performed by the Auditors.

6. Complaint Procedures

The Committee will oversee procedures for receiving, retaining, investigating and addressing, if necessary, the following:

- complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- confidential and anonymous submissions by employees of concerns regarding questionable accounting or auditing matters.

In addition, the Committee will oversee procedures for receiving, retaining and investigating any "hotline" complaints or submissions relating to accounting, internal accounting controls, or auditing matters that were delegated to the Committee by the Board.

7. Ethical Compliance

The Committee will oversee, review and periodically update the Company's Code of Business Conduct and Ethics ("Code"). The Committee will review the results of management's efforts to monitor compliance with the Company's programs and policies designed to ensure compliance with applicable laws including public healthcare laws and Exchange listing requirements, including the Code and Whistleblower Policy. The Committee will review any significant violations of or requests by directors or executive officers of the Company for a waiver from the Code. Any approved waivers shall be promptly disclosed as required by applicable law and Exchange listing requirements.

8. Related Person Transactions

The Committee will review and approve, in accordance with the Company's policies and procedures, any related person transaction as defined by applicable law or Exchange listing requirements.

9. Investment Policy

The Committee will review and approve revisions to the Company's Investment Policy.

D. Other Matters

1. Committee Self-Assessment; Charter Review

The Committee will annually evaluate its performance. The Committee shall also review and assess the adequacy of this Charter annually and shall recommend any proposed changes to the Board for its consideration and approval. The Committee may conduct such evaluations and reviews in such manner as it deems appropriate.

2. Review Possible Conflicts of Interest

The Committee shall consider possible conflicts of interest of officers and directors as set forth in the Company's Code of Business Conduct and Ethics, review and make a determination regarding any requests for authorization for potential or actual conflicts of interest from officers and directors, including reviewing, as necessary, any officer's request to accept a directorship position with another company, and make recommendations to the Board to prevent, minimize or eliminate such conflicts of interest.

3. Other Legal and Finance Matters

The Committee will review with management legal and regulatory compliance and any actual, pending or threatened legal or financial matters that could significantly affect the Company's business or financial statements or as otherwise deemed appropriate by the Committee.

4. Reporting to the Board

The Committee will report regularly to the Board, including: (i) with respect to any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the qualification, performance and independence of the Company's Auditor or the performance of the internal audit function (if any); (ii) following meetings and unanimous consents of the Committee; and (iii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities.

5. General Authority

The Committee shall perform such other functions and have such other powers as may be necessary or appropriate in the discharge of any of the foregoing.

V. MEETINGS AND MINUTES

The Committee will meet at least quarterly, or otherwise whenever its members deem a meeting necessary or appropriate. The Committee will determine where and when to meet. The Chair will chair all regular sessions of the Committee and is responsible for setting the agendas of Committee meetings. In the absence of the Chair, the Committee shall select another member to preside. The same procedural rules concerning notice of meetings, actions by unanimous consent or telephonic meetings and meetings held by other means of remote communication, and other procedural matters, shall apply to Committee meetings as apply to meetings of the Board under the Company's certificate of incorporation or bylaws. Unless otherwise determined by the Committee, each regularly scheduled meeting will conclude with an executive session that excludes members of management. As part of its responsibility to foster open communication, the Committee will meet periodically with management, personnel in charge of the internal audit function (if any) and the Auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believe would be appropriate to discuss privately. From time to time, or when requested by the Board, the Chair of the Committee will report to the Board.

The Committee will maintain written minutes of its meeting and regularly report to the Board on its actions and recommendations. A majority of the members of the Committee shall constitute a quorum for the transaction of business and the act of a majority of those present at any meeting at which there is a quorum shall be the act of the Committee. The Committee may act by unanimous written consent; when it does so, those actions will be filed in the minute book.

VI. PUBLICATION

The Company shall make this Charter freely available to stockholders on request and shall publish it on the Company's website.

Approved by the Board of Directors: January 2, 2024

Effective: as of December 21, 2023

AIRSHIP AI HOLDINGS, INC.
COMPENSATION COMMITTEE CHARTER

I. PURPOSE

The purpose of the Compensation Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of Airship AI Holdings, Inc. (the “*Company*”) is to:

- review and determine the compensation to be paid or awarded to the Company’s executive officers, leadership team members reporting to the Chief Executive Officer and non-employee directors;
- oversee matters relating to the attraction, motivation, leadership development and retention of qualified individuals;
- when required, review and discuss with management the Company’s compensation disclosures in the “Compensation Discussion and Analysis” section of the Company’s annual reports, registration statements, proxy statements or information statements filed with the Securities and Exchange Commission (the “*SEC*”);
- when required, prepare and review the Committee report on executive compensation included in the Company’s annual proxy statement; and
- oversee the impact of the Company’s compensation practices on diversity, equity and inclusion.

The term “compensation” includes salary, long-term incentives, bonuses, perquisites, equity incentives, severance arrangements, retirement benefits and other related benefits and benefit plans.

The policy of the Committee, in discharging these obligations, shall be to maintain an overall compensation structure designed to attract, retain and motivate management and other employees by providing appropriate levels of risk and reward in proportion to individual contribution and performance.

II. COMPOSITION

The Committee will consist of at least two members of the Board. Each member of the Committee will satisfy (i) the independence and other requirements imposed by applicable law and listing requirements of the Nasdaq Stock Market (the “*Exchange*”), (ii) the “non-employee director” requirements under Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), and (iii) any other qualifications determined by the Board.¹

The members of the Committee, including the Chair of the Committee (the “*Chair*”), will be members of the Board appointed by, and will serve at the discretion of, the Board, taking into account the recommendation of the Nominating and Corporate Governance Committee of the Board. Vacancies occurring on the Committee will be filled by the Board. Resignation or removal of a Committee member from the Board for any reason will automatically constitute resignation or removal from the Committee.

¹ The requirement to have an independent compensation committee is subject to the Company not electing to rely on the exemption for “controlled companies” and the applicable transition periods permitted by the Exchange.

III. AUTHORITY

The Committee may study or investigate any matter of interest or concern that the Committee deems appropriate and will have access to all Company books, records, facilities and personnel as deemed necessary or appropriate by any member of the Committee. The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other advisor, but it may do so only after assessing the independence of such consultant in accordance with the requirements of the Exchange. The Committee will also evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3) (iv) of Regulation S-K. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, legal counsel or any other adviser retained by the Committee. The Committee will have the authority to approve other terms and conditions of such engagement, including authority to terminate the engagement. The Company must also provide appropriate funding for the Committee to pay any ordinary administrative expenses it deems appropriate in carrying out its duties. The Committee will have authority to require that any of the Company's personnel or outside advisors attend any meeting of the Committee or meet with any member of the Committee or any of its advisors. Any executive officer of the company should not attend the portion of any meeting of the Committee where his or her performance or compensation is discussed, unless specifically invited by the Committee. The Chief Executive Officer shall not be present during the voting or deliberation by the Compensation Committee of the Chief Executive Officer's compensation. The Committee may also exclude from its meetings any other persons (other than a member of the Committee) it deems appropriate in order to carry out its responsibilities.

The Chair shall have the delegated authority to act on behalf of the Committee in connection with (1) approval of the retention or termination of compensation consultants and outside service providers and advisors (including negotiation and execution of their engagement letters) and (2) as may otherwise be determined by the Committee. The Committee may form subcommittees composed of one or more of its members for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate and in compliance with applicable law. Any action or decision of the Chair or a subcommittee will be presented to the full Committee at its next scheduled meeting. By approving this Charter, the Board delegates authority to the Committee with respect to these responsibilities.

IV. RESPONSIBILITIES

The Committee's responsibilities are for oversight, as described in the first section, "Purpose", above. The members of the Committee are not employees of the Company, and they do not perform management's functions. The Committee relies on the expertise and knowledge of management in carrying out its oversight responsibilities. The Committee shall have the following responsibilities; *provided, however*, that this list of responsibilities is intended to be a guide and to remain flexible to account for changing circumstances and needs. Accordingly, the Committee may depart from or supplement such responsibilities, and establish policies and procedures, to the extent permitted by applicable law and Exchange listing requirements. The Board will retain the right to act on all such matters without limiting the Committee's authority, subject to compliance with applicable law and Exchange listing requirements.

A. Overall Compensation Strategy

The Committee will review, oversee and approve (or make recommendations to the Board for approval of) the Company's overall compensation strategy and policies, including:

- reviewing, evaluating, and approving employment agreements, severance agreements, change-of-control protections, corporate performance goals and objectives relating to the compensation, and other compensatory arrangements of the Company's executive officers and leadership team members reporting to the Chief Executive Officer and adjusting compensation, as appropriate;
- evaluating and approving the compensation plans and programs advisable for the Company and evaluating and approving the modification or termination of existing plans and programs;
- establishing equity compensation policies to appropriately balance the perceived value of equity compensation and the dilutive and other costs of that compensation to the Company;
- reviewing compensation practices and trends to assess the adequacy and competitiveness of the Company's executive compensation programs as compared to companies in the Company's industry and exercise its judgment in determining the appropriate levels and types of compensation to be paid or awarded;
- reviewing and approving any compensation arrangement for any executive officer involving any subsidiary, special purpose or similar entity, with consideration of the potential for conflicts of interest in such arrangements and whether the arrangement has the potential to benefit the Company;
- monitoring the Company's compliance with the requirements of the Sarbanes Oxley Act of 2002 relating to loans to officers and directors and with all other applicable laws affecting employee compensation and benefits;
- reviewing the Company's practices and policies of employee compensation as they relate to risk management and risk-taking incentives, to determine if such compensation policies and practices are reasonably likely to have a material adverse effect on the Company;
- evaluating the efficacy of the Company's compensation policy and strategy in achieving expected benefits to the Company and otherwise furthering the Committee's policies; and
- evaluating the efficacy of the Company's compensation practices in achieving gender pay parity and attracting a diverse workforce.

B. Compensation of Chief Executive Officer

The Committee will review and approve (or make recommendations to the Board for approval of) the compensation and other terms of employment of the Company's Chief Executive Officer and evaluate the Chief Executive Officer's performance in achieving corporate performance goals and objectives. The evaluation will take into account the policies of the Committee and the criteria for evaluating the Chief Executive Officer's performance including:

- fostering a corporate culture that promotes the highest level of innovation, integrity and the highest ethical standards;
- developing and executing the Company's long-term strategic plan and conducting the business of the Company in a manner appropriate to enhance long-term stockholder value;
- achieving specified corporate goals and objectives; and
- achieving other individual or corporate goals and objectives deemed relevant to the Chief Executive Officer as established by the Committee.

In determining any long-term incentive component of the Chief Executive Officer's compensation, the Committee should seek to achieve an appropriate level of risk and reward, taking into consideration the Company's long-term performance, need for a sustainable pipeline of products and relative stockholder return, the potential benefits and costs to the Company of the award, the value of similar incentive awards given to chief executive officers of comparable companies, the awards given to the Chief Executive Officer in past years and such other criteria as the Committee deems advisable. Based on its evaluation, the Committee shall recommend to the Board for determination and approval, the compensation and other terms of employment of the Chief Executive Officer. The Chief Executive Officer may not be present during the voting or deliberations regarding his or her compensation.

C. Compensation of Other Executive Officers and Leadership Team Members

The Committee will review and approve the compensation, individual and corporate performance goals and objectives and other terms of employment of the Company's other executive officers and leadership team members reporting to the Chief Executive Officer and evaluate their individual performance, taking into account the recommendations and evaluation of the Chief Executive Officer to the extent the Committee deems appropriate.

D. Compensation of Directors

The Committee will review and make recommendations to the Board for approval of the type and amount of compensation for Board and committee service to be paid or awarded to non-employee directors in accordance with applicable legal and regulatory guidelines.

E. Risk Management

The Committee will review the Company's practices and policies of employee compensation as they relate to risk management and risk-taking incentives, to determine if such compensation policies and practices are reasonably likely to have a material adverse effect on the Company, and take such determinations into account in discharging the Committee's responsibilities.

F. Clawback Policy

The Committee will oversee the administration of the Company's clawback policy, and review and approve or recommend to the Board for its approval any changes in the policy from time to time as appropriate.

G. Administration of Benefit Plans

The Committee will have full power and authority to adopt, amend, terminate, and administer the Company's equity awards, pension, and profit sharing plans, bonus plans, benefit plans and other similar programs. The Committee will have full power and authority to administer these plans, establish guidelines, interpret plan documents, select participants, approve grants and awards, approve modifications to awards and exercise other power, as appropriate. The Board will retain the right to act on all such matters without limiting the Committee's authority, subject to compliance with applicable laws and regulations.

H. Compensation Discussion and Analysis: Committee Report

To the extent such disclosure is required or deemed appropriate by the Committee, the Committee will review and discuss with management any “Compensation Discussion and Analysis” and report of the Committee required to be included in any filing with the SEC.

I. Compensation Proposals

The Committee shall provide recommendations to the Board on compensation-related proposals to be considered at the Company’s annual meeting of stockholders, including the frequency of advisory votes on executive compensation if required by Section 14A of the Exchange Act and the rules and regulations promulgated thereunder. The Committee will review and consider the results of any advisory vote on executive compensation.

J. Conflict of Interest Disclosure

The Committee will review and discuss with management any conflicts of interest raised by the work of a compensation consultant or advisor hired by the Committee or management and how such conflict is being addressed, and prepare any necessary disclosure in the Company’s annual proxy statement in accordance with applicable law and Exchange listing requirements.

K. Compensation Consultant

If the Committee retains or obtains the advice of a compensation consultant, legal counsel or other advisor, the Committee will be directly responsible for the appointment, compensation and oversight of such compensation consultant, legal counsel or other advisor.

L. Committee Self-Assessment; Charter Review

The Committee will annually evaluate its performance. The Committee shall also review and assess the adequacy of this Charter annually and shall recommend any proposed changes to the Board for its consideration and approval.

M. Reporting to the Board

The Committee will report regularly to the Board, including: (i) following meetings and unanimous consents of the Committee; and (ii) with respect to such other matters as are relevant to the Committee’s discharge of its responsibilities.

N. General Authority

The Committee shall perform such other functions and have such other powers as may be necessary or appropriate in the discharge of any of the foregoing.

V. MEETINGS AND MINUTES

The Committee will meet whenever its members deem a meeting necessary or appropriate. The Committee will determine where and when to meet. The Chair will chair all regular sessions of the Committee and is responsible for setting the agendas for Committee meetings. In the absence of the Chair, the Committee shall select another member to preside. The same procedural rules concerning notice of meetings, actions by unanimous consent or telephonic meetings and meetings held by other means of remote communication, and other procedural matters, shall apply to Committee meetings as apply to meetings of the Board under the Company's certificate of incorporation or bylaws. Unless otherwise determined by the Committee, each regularly scheduled meeting will conclude with an executive session that excludes members of management. From time to time, or when requested by the Board, the Chair will report to the Board.

The Committee will maintain written minutes of its meeting and regularly report to the Board on its actions and recommendations. A majority of the members of the Committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which there is a quorum shall be the act of the Committee. The Committee may act by unanimous written consent; when it does so, those actions will be filed in the minute book.

VI. PUBLICATION

The Company shall make this Charter freely available to stockholders on request and shall publish it on the Company's website.

Approved by the Board of Directors: January 2, 2024
Effective: as of December 21, 2023

AIRSHIP AI HOLDINGS, INC.
NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER

I. PURPOSE

The purpose of the Nominating and Corporate Governance Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of Airship AI Holdings, Inc. (the “*Company*”) is to:

- identify, review, evaluate and communicate with candidates qualified to become Board members or nominees for directors of the Board consistent with criteria approved by the Board;
- recommend to the Board the persons to be nominated for election as directors at any meeting of stockholders and the persons (if any) to be elected by the Board to fill any vacancies or newly created directorships that may occur between such meetings;
- oversee the Company’s corporate governance functions and develop, recommend to the Board and update as necessary a set of corporate governance guidelines applicable to the Company and assist the Board in complying with them;
- oversee matters related to environmental, social and governance (ESG) issues;
- oversee the evaluation of the Board;
- recommend to the Board the members of the Board to serve on committees of the Board; and
- make other recommendations to the Board relating to the directors of the Company.

II. COMPOSITION

The Committee will consist of at least three members of the Board, and each member of the Committee will satisfy (i) the independence and other requirements imposed by applicable law and listing requirements of the Nasdaq Stock Market (the “*Exchange*”)[1] and (ii) any other qualifications determined by the Board.

The members of the Committee, including the chair of the Committee (the “*Chair*”), will be members of the Board appointed by, and will serve at the discretion of, the Board, taking into account the recommendation of the Committee. Vacancies occurring on the Committee will be filled by the Board. Resignation or removal of a Committee member from the Board for any reason will automatically constitute resignation or removal from the Committee.

¹ The requirement to have an independent nominating and corporate governance committee is subject to the Company not electing to rely on the exemption for “controlled companies” and the applicable transition periods permitted by the Exchange.

III. AUTHORITY

The Committee may study or investigate any matter of interest or concern that the Committee deems appropriate and will have access to all Company books, records, facilities and personnel as deemed necessary or appropriate by any member of the Committee. The Committee shall have the authority to engage independent counsel and other advisors, as it deems necessary to carry out its duties, and it shall determine compensation for such independent counsel and other advisors at the Company's expense. The Committee may also pay any ordinary administrative expenses it deems appropriate in carrying out its duties at the expense of the Company. The Committee will have authority to require that any of the Company's personnel or outside advisors attend any meeting of the Committee or meet with any member of the Committee or any of its advisors. The Committee will also have sole authority to retain and to terminate any search firm to be used to assist it in identifying candidates to serve as directors of the Company, including sole authority to approve the fees payable to such search firm and any other terms of retention. The Committee may exclude from its meetings any persons (other than a member of the Committee) it deems appropriate in order to carry out its responsibilities.

The Chair shall have the delegated authority to act on behalf of the Committee in connection with (1) approval of the retention or termination of director search firms (including negotiation and execution of their engagement letters) and (2) as may otherwise be determined by the Committee. The Committee also may form and delegate authority to one or more subcommittees composed of one or more of its members for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate. Any action or decision of the Chair or a subcommittee will be presented to the full Committee at its next scheduled meeting. By approving this Charter, the Board delegates authority to the Committee with respect to these responsibilities.

IV. RESPONSIBILITIES

The Committee's responsibilities are for oversight, as described in the first section, "Purpose", above. The members of the Committee are not employees of the Company, and they do not perform management's functions. The Committee relies on the expertise and knowledge of management in carrying out its oversight responsibilities. The Committee shall have the following responsibilities; *provided, however*, that this list of responsibilities is intended to be a guide and to remain flexible to account for changing circumstances and needs. Accordingly, the Committee may depart from or supplement such responsibilities, and establish policies and procedures, to the extent permitted by applicable law and applicable Exchange listing requirements. The Board will retain the right to act on all such matters without limiting the Committee's authority, subject to compliance with applicable law and applicable Exchange listing requirements.

A. Director Nominations

The Committee will identify, review, evaluate and communicate with candidates, including nomination of incumbent directors for reelection and nominees recommended by stockholders, to serve on the Board. The Committee will use criteria approved by the Board, including consideration of the potential conflicts of interest, director independence and other requirements. The Committee will monitor and evaluate the composition, organization and size of the Board. The Committee will also have the power and authority to establish any policies, requirements, criteria and procedures relating to its activities, and will make recommendations to the Board regarding nominees for director if a vacancy on the Board occurs or at the next annual meeting. The Committee's power and authority includes establishing policies and procedures to facilitate stockholder communications with the Board. The Committee will also have the power and authority to make any disclosures required by applicable law in the course of exercising its authority.

B. Board and Committee Self-Evaluation

The Committee will periodically oversee a self-evaluation of the Board to determine whether the Board and its committees are functioning effectively. As appropriate, the Committee will make recommendations to the Board for areas of improvement. The self-evaluation shall include evaluation of (a) the Board's and each committee's contribution as a whole and effectiveness in serving the best interests of the Company and its stockholders, (b) specific areas in which the Board and management believe that the performance of the Board and its committees could be improved and (c) overall Board composition and makeup. The factors to be considered shall include whether the directors can and do provide the integrity, experience, judgment, commitment, skills, diversity and expertise appropriate for the Company. In assessing the directors, both individually and collectively, the Committee may consider the current needs of the Board and the Company to maintain a balance of knowledge, experience, diversity and capability in various areas. The Committee will also consider the independence of directors and the requirements imposed by applicable law and applicable Exchange listing requirements.

C. Board Committee Membership

The Committee will oversee the Board's committee structure and operations, including authority to delegate to subcommittees and committee reporting to the Board. The Committee will evaluate individual directors' interests and both current and prospective director independence, experience and the independence and requirements imposed by applicable law and applicable Exchange listing requirements and recommend to the entire Board annually the chairmanship and membership of each committee.

D. Stockholder Communications

The Committee shall periodically review and make recommendations to the Board regarding the Company's process for stockholder communications with the Board and make such recommendations to the Board with respect thereto as the Committee deems appropriate.

E. Orientation and Continuing Education

The Committee may implement an orientation process for new directors and may institute plans or programs for the continuing education of directors, as it deems appropriate.

F. Corporate Governance Guidelines

The Committee will periodically review and assess the adequacy of the Company's corporate governance guidelines and, as appropriate, will recommend any proposed changes to the Board for its consideration and approval.

G. Leadership Structure

The Committee shall consider the Board's leadership structure, including the separation of the chair of the Board and Chief Executive Officer roles, whether the chair of the Board is also an employee director or a non-independent director, and/or appointment of a lead independent director of the Board, either permanently or for specific purposes, and make such recommendations to the Board with respect thereto as the Committee deems appropriate. The Committee shall also review and discuss the narrative disclosure regarding the Board leadership structure and role in risk oversight to be included in any public filing with the Securities and Exchange Commission.

H. Management Succession

The Committee will review and evaluate with the Board and the Chief Executive Officer the succession plans for the Company's executive officers and make recommendations to the Board with respect to the selection of appropriate individuals to succeed these positions.

I. Procedures for Information Dissemination

The Committee will periodically review the processes and procedures used by the Company to provide information to the Board and its committees and the scope of such information and make recommendations to the Board and management for improvement as appropriate.

J. Committee Self-Assessment; Charter Review

The Committee will annually evaluate its performance. The Committee shall also review and assess the adequacy of this Charter annually and shall recommend any proposed changes to the Board for its consideration and approval.

K. Reporting to the Board

The Committee will report regularly to the Board, including: (i) following meetings and unanimous consents of the Committee; and (ii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities.

L. General Authority

The Committee shall perform such other functions and have such other powers as may be necessary or appropriate in the discharge of any of the foregoing.

V. MEETINGS AND MINUTES

The Committee will meet whenever its members deem a meeting necessary or appropriate. The Committee will determine where and when to meet. The Chair will chair all regular sessions of the Committee and is responsible for setting the agendas of Committee meetings. In the absence of the Chair, the Committee shall select another member to preside. The same procedural rules concerning notice of meetings, actions by unanimous consent or telephonic meetings and meetings held by other means of remote communication, and other procedural matters, shall apply to Committee meetings as apply to meetings of the Board under the Company's certificate of incorporation or bylaws. Unless otherwise determined by the Committee, each regularly scheduled meeting will conclude with an executive session that excludes members of management. From time to time, or when requested by the Board, the Chair of the Committee will report to the Board.

The Committee will maintain written minutes of its meeting and regularly report to the Board on its actions and recommendations. A majority of the members of the Committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which there is a quorum shall be the act of the Committee. The Committee may act by unanimous written consent; when it does so, those actions will be filed in the minute book.

VI. PUBLICATION

The Company shall make this charter freely available to stockholders on request and on the Company's website.

Approved by the Board of Directors: January 2, 2024
Effective: as of December 21, 2023