Report of Organizational Actions Affecting Basis of Securities

Part I Reporting Issuer

1. Issuer's name
   INNOVATIVE SOLUTIONS & SUPPORT, INC.

2. Issuer's employer identification number (EIN)
   23-2507402

3. Name of contact for additional information
   RELLAND WINAND

4. Telephone No. of contact
   610-646-0350

5. Email address of contact
   rwinand@innovative-ss.com

6. Number and street (or P.O. box if mail is not delivered to street address) of contact
   720 PENNSYLVANIA DRIVE

7. City, town, or post office, state, and ZIP code of contact
   EXTON, PA 19380

8. Date of action
   10/1/20

9. Classification and description
   NONDIVIDEND DISTRIBUTION

10. CUSIP number
    45769N105

11. Serial number(s)
    N/A

12. Ticker symbol
    ISSC

13. Account number(s)
    N/A

Part II Organizational Action

Attach additional statements if needed. See back of form for additional questions.

14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action
   SEE ATTACHMENT 1

15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis
   SEE ATTACHMENT 1

16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates
   SEE ATTACHMENT 1
Part II  Organizational Action (continued)

17  List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ➤ SEE ATTACHMENT 1

18  Can any resulting loss be recognized? ➤ SEE ATTACHMENT 1

19  Provide any other information necessary to implement the adjustment, such as the reportable tax year ➤ SEE ATTACHMENT 1

Signature ➤ RELLAND WINAND

Date ➤ 12/16/2020

Print your name ➤ RELLAND WINAND

Preparer’s signature

Title ➤ CHIEF FINANCIAL OFFICER

Paid Preparer Use Only

Print/Type preparer’s name ➤ FRANCIS PERRY

Preparer’s signature

Date

Check ☐ if self-employed ☑

PTIN ➤ P01246192

Firm’s name ➤ GLOBAL TAX MANAGEMENT, INC.

Firm’s address ➤ 656 E. SWEDESFORD ROAD, SUITE 200, WAYNE, PA 19087

Firm’s EIN ➤ 23-2817942

Phone no. ➤ 484-395-4000

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054
INNOVATIVE SOLUTIONS & SUPPORT, INC.
TO FORM 8937
ATTACHMENT 1
WITH RESPECT TO RETURN OF CAPITAL DISTRIBUTIONS
MADE DURING THE FISCAL YEAR ENDING 9/30/2021

Part II, Box 14

Innovative Solutions & Support, Inc. declared and paid cash distributions to shareholders of record on the dates shown below. Each of these distributions constituted both a dividend to the extent of earnings and profit and a return of capital for U.S. Federal Income Tax purposes.

Distributions made to holders of Innovative Solutions & Support, Inc. Common Stock (Ticker Symbol: ISSC, CUSIP: 45769N105) were as follows:

<table>
<thead>
<tr>
<th>Record Date</th>
<th>Payable Date</th>
<th>Distribution Rate per Share</th>
<th>Amount Constituting Dividend</th>
<th>Amount Constituting Return of Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/15/2020</td>
<td>10/1/2020</td>
<td>$0.65</td>
<td>35%</td>
<td>65%</td>
</tr>
</tbody>
</table>

Part II, Box 15

Of the total $0.65 per share cash distribution on October 1, 2020, the Issuer has estimated that 35% per share of this distribution is out of earnings and profits and is taxable as a dividend. The remaining 65% per share of this distribution should be treated as a return of capital that reduces the shareholder’s tax basis in the Issuer’s shares, and any amount in excess of the shareholder’s basis in the Issuer’s shares will generally be treated as capital gain.

Part II, Box 16

The allocation of the $0.65 per share cash distribution as described above is based on an estimate of the Issuer’s earning and profits through the current fiscal year ending September 30, 2021. The final allocation of this distribution (between dividend and return of capital) will depend upon the amount of the Issuer’s earnings and profits as of September 30, 2021, the end of the Issuer’s current fiscal year, as determined by the Internal Revenue Code. The Issuer has made reasonable assumptions about its earnings and profits in preparing its estimate of earnings and profits and the allocation of the distribution between dividend and return of capital.

Part II, Box 17

Tax consequences are determined under Sections 301(c), Section 312, Section 316 (a) and 1001 of the Code.

Part II, Box 18

No tax loss will arise from the receipt of these cash distributions.

Part II, Box 19
Adjustments to the tax basis of stock (and of any taxable gain) resulting from these cash distributions are reportable in the tax period in which each distribution was received. For calendar year taxpayers, the reportable tax year for the aggregate distributions received is 2020.

*Individual tax consequences may vary. Shareholders are urged to consult their own tax advisors. The information contained herein does not constitute tax advice. It is not intended or written to be used, and cannot be used, for the purpose of avoiding tax penalties or in the promotion, marketing, or recommendation of any transaction or matter addressed herein.*