

INNOVATIVE SOLUTIONS AND SUPPORT, INC.

BOARD OF DIRECTORS

AUDIT COMMITTEE CHARTER

Purpose

The purpose of the Audit Committee (the “Committee”) of the board of directors (the “Board”) of Innovative Solutions and Support, Inc. (the “Company”) is to oversee the Company's accounting and financial reporting processes and the audit of the Company's financial statements.

In that regard, the Committee assists the Board in monitoring (i) the integrity of the financial statements of the Company, (ii) the independent auditor's qualifications and independence, (iii) the performance of the Company's independent auditors, and (iv) the compliance by the Company with legal and regulatory requirements related to financial reporting.

Membership

The Committee shall be comprised of not less than three members of the Board. Each member of the Committee will meet the independence requirements of the Nasdaq Listing Rulebook and Section 10A-3 of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”) and the rules and regulations of the SEC. No member of the Committee shall have participated in the preparation of the Company's or any of its subsidiaries' financial statements at any time during the past three years. All members of the Committee shall be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. At least one member of the Committee must have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that leads to financial sophistication. At least one member of the Committee must be an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K.

The members of the Committee shall be appointed by the Board based upon recommendations from the Nominating & Corporate Governance Committee of the Board and shall serve for such term or terms as the Board may determine or until their earlier resignation or removal. The chairperson of the Committee shall be recommended by the Nominating & Corporate Governance Committee of the Board and appointed by the Board.

Meetings

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee should meet periodically in separate executive sessions with management and the independent auditor, and shall have such other direct and independent interaction with such persons from time to time as the Committee deems appropriate. The Committee may request any officer or employee of the Company or the

Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee shall also meet periodically in executive session as a Committee.

Written minutes of each meeting of the Committee should be maintained. The minutes of the Committee reflecting, among other things, all actions taken by the Committee, shall be distributed to the Board at the next Board meeting following the meeting of the Committee that is the subject of such minutes.

Meetings of the Committee may be held in person, telephonically, virtually or in any manner permitted by law or the Company's Bylaws. Except as otherwise required by the Company's Bylaws, a majority of the members of the Committee shall constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which there is a quorum shall be the act of the Committee. The Committee may also act by unanimous written consent without a meeting in accordance with the Company's Bylaws.

Authority and Responsibilities

While the Committee has the responsibilities and powers set forth in this Charter, the Committee's role is one of oversight, and the Committee relies on the expertise and knowledge of management and the independent auditors in carrying out its oversight responsibilities. The Committee recognizes that the Company's management is responsible for preparing the Company's financial statements and that the outside independent auditor is responsible for auditing those financial statements pursuant to professional standards. Consequently, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the outside auditor's work.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention and shall have full access to all books, records, facilities and personnel of the Company and the power to retain outside counsel, auditors or other experts for this purpose.

The Committee shall review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

The Committee shall conduct an annual evaluation of the performance of its duties under this Charter and shall present the results of the evaluation to the Board. The Committee shall conduct such evaluation in such manner as it deems appropriate.

The following functions shall be the common recurring activities of the Committee in carrying out its oversight function. These functions are set forth as a guide with the understanding that the Committee may diverge from this guide as appropriate given the circumstances.

Financial Statement and Disclosure Matters

1. Review and discuss with management and the independent auditor the Company's annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Annual Report on Form 10-K.

2. Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including disclosures made in management's discussion and analysis and the results of the independent auditor's review of the quarterly financial statements.

3. Discuss with management the Company's earnings press releases, including use of "*pro forma*" or "*adjusted*" non-GAAP information. Such discussion may be general in nature (consisting of discussion of the types of information to be disclosed and the types of presentations to be made).

4. Prepare the report of the Audit Committee required by the rules of the Securities and Exchange Commission (the "SEC") to be included in the Company's annual proxy statement.

5. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles.

6. Review and discuss with management, any outside consultants engaged to evaluate the Company's internal controls, and the independent auditor any major issues as to the adequacy of the Company's internal controls, any special steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting.

7. Review disclosures made to the Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

8. Review and discuss quarterly reports from the independent auditor (i) all critical accounting policies and practices to be used in the audit; (ii) all alternative treatments of financial information within generally accepted accounting principles (GAAP) that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and (iii) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.

9. Review and discuss with the Company's independent auditor any other matters required to be discussed by PCAOB Auditing Standards No. 1301, *Communications with Audit Committees*.

10. Engage in a dialogue with the independent auditor to understand the nature of each identified critical audit matter, the auditor's basis for identifying a matter as a critical audit matter and how each such identified matter will be described in the auditor's report.

Independent Auditor and other Advisors

1. The Committee shall have the sole authority to appoint, determine funding for, and oversee the Company's outside auditors (subject, if applicable, to shareholder ratification). The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.

2. Preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to *de minimis* exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act that are approved by the Committee prior to the completion of the audit. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, *provided* that decisions of such subcommittee to grant preapprovals shall be presented to the full Committee at its next scheduled meeting.

3. The Committee shall have the authority, to the extent it deems necessary or appropriate, to engage and determine funding for independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Company and to any advisors employed by the Committee, as well as funding for the payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Oversight of the Independent Auditor

1. At least annually, obtain and review a report by the Company's independent auditor that describes (i) the independent auditor's internal quality control procedures, (ii) any material issues raised by the most recent internal quality control review, peer review or Public Company Accounting Oversight Board review or inspection of the independent auditor 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 independent auditor and any steps taken to deal with any such issues, and (iii) all relationships between the independent auditor and the Company that, in the auditor's professional judgment, may reasonably be thought to bear on its independence and

affirms in writing to the Committee that the auditor is independent. It is the responsibility of the Committee to actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor and for purposes of taking, or recommending that the full Board take, appropriate action to oversee the independence of the independent auditor.

2. Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditor on a regular basis.

3. Recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company.

4. Engage in a dialogue with the independent auditor on the responsibilities of the auditor in relation to the audit, terms of the audit engagement, overview of the overall audit strategy and timing of the audit, and observations arising from the audit that are significant to the financial reporting process.

Compliance and Risk Oversight

1. Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act (which requires the independent auditor to keep the Audit Committee informed about an illegal acts) has not been implicated.

2. Review and approve any related party transactions between the Company and its officers, directors or 5% shareholders, including, without limitation, approving all transactions required to be disclosed pursuant to Item 404 of Regulation S-K (unless such review and approval is conducted by another independent body of the Board).

3. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

4. Discuss with management and the independent auditor 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. Review and discuss any legal, regulatory and compliance matters with management and the Company's legal counsel that may have a material impact on the Company's financial statements.

6. Review and discuss with management the risks faced by the Company and the policies, guidelines and process by which management assesses and manages the Company's risks, including the Company's major financial risk exposures.