



Stellar Acquisition III, Inc.

Stellar Acquisition III, Inc. Merger with Phunware, Inc. S-4 Registration-and-Proxy Statement is Effective as of November 13, 2018

ATHENS, GREECE, November 14, 2018 – Stellar Acquisition III, Inc. (“Stellar” or the “Company”) (NASDAQ: STLR) announced today that its registration statement on Form S-4 (the "Registration Statement"), which includes its proxy statement in connection with a special meeting of Stellar’s shareholders, was declared effective by the Securities and Exchange Commission on November 13, 2018.

At the special meeting, shareholders of Stellar will be requested to vote on a proposed business combination with Phunware, Inc. (the “Merger”) and related matters, including the redomestication of Stellar from a Marshall Islands corporation to a Delaware corporation. Upon the Merger, the name of Stellar will be changed to Phunware, Inc. The special meeting will be held on November 30, 2018. Shareholders of record on November 12, 2018 will be entitled to vote at the special meeting.

Under the terms of the Merger Agreement, at the closing, Phunware shareholders will receive consideration in the form of newly issued Stellar equity securities, valued based on an enterprise value of \$301 million for Phunware and subject to customary adjustments for cash and debt and, at the election of Phunware’s shareholders, acquire from Stellar sponsors up to 3,985,244 but not less than 2,450,000 warrants to purchase common stock of the Company at \$0.50 per warrant. In addition, all Phunware stock options and warrants will be assumed by Stellar in the transaction as part of the merger consideration. Cash proceeds released from Stellar’s trust account after shareholder redemptions and the payment of transaction expenses and other Stellar liabilities will remain with the Company, and are intended to be used to grow its business, fund inorganic growth initiatives and for working capital. The Merger is subject to a number of conditions, including a requirement that Stellar shall have at least \$19 million cash and cash equivalents, net of (a) any cash, cash equivalents or other assets of Phunware, (b) any cash funds that are necessary to pay its unpaid expenses, debt and liabilities, (c) cash funds required for redemptions.

Following the closing, Stellar’s shares and warrants are expected to trade on the NASDAQ under the trading symbols “PHUN” and “PHUNW”, respectively. Mr. Alan S. Knitowski, the current Chief Executive Officer of Phunware, will become Chief Executive Officer of the Company. Mr. Matthew Aune, Phunware’s Chief Financial Officer, will become Chief Financial Officer of the Company.

Additional Information About the Transaction and Where to Find It

The definitive proxy statement/prospectus and other relevant documents in connection with the special meeting and the matters to be voted on will be mailed to Stellar shareholders on November 15, 2018.

Stellar’s shareholders are urged to read the proxy statement/prospectus, which contains important information about Stellar, Phunware and the proposed transaction.

The description of the transaction contained herein is only a summary and is qualified in its entirety by reference to the final proxy statement/prospectus. Shareholders will also be able to obtain a free copy of the proxy statement, as well as other filings containing information about Stellar without charge, at the SEC’s website (www.sec.gov) or by calling 1-800-SEC-0330. Copies of the proxy statement and other filings with the SEC can also be obtained, without charge, by directing a request to: Stellar Acquisition III Inc., 90 Kifissias Avenue, Maroussi 15125, Athens, Greece. Additionally, all documents filed with the SEC can be found on Stellar’s website, www.stellaracquisition.com.

About Stellar

Stellar is a Republic of the Marshall Islands blank check company, also commonly referred to as a Special Purpose Acquisition Company, or SPAC, formed for the purpose of effecting a merger, asset acquisition or other business combination with one or more businesses or entities. Stellar's units, shares of common stock and warrants are currently listed on the Nasdaq Capital Market under the symbols "STLRU," "STLR" and "STLRW, respectively. Upon consummation of the Merger, the units will cease to be traded, and the common stock and warrants of the Company are expected to be traded under the trading symbols "PHUN" and PHUNW".

About Phunware

Phunware is a provider of Multiscreen-as-a-Service ("MaaS") solutions, an integrated customer engagement platform that enables organizations to develop customized, immersive, branded mobile applications. Phunware sells its services in verticals including healthcare, retail, hospitality, transportation, sports and entertainment, and enables brands to engage, manage and monetize their anytime-anywhere mobile users. Phunware's MaaS technology is available in software development kit ("SDK") form for organizations developing their own applications, via customized development services as well as prepackaged solutions. Through its integrated mobile advertising platform of publishers and developers, Phunware also maximizes mobile monetization through an advertising product suite including self-service media buying, real-time bidding ("RTB"), publisher mediation and yield optimization, cross-platform ad creation and dynamic ad serving.

Participants in the Solicitation

Stellar, Phunware and their respective directors and executive officers and other persons may be deemed to be participants in the solicitations of proxies from Stellar's shareholders in respect of the proposed transaction. Information regarding Stellar's directors and executive officers is available in its annual report on Form 10-K filed with the SEC. Additional information regarding the participants in the proxy solicitation and a description of their direct and indirect interests will be contained in the proxy statement when it becomes available.

No Offer or Solicitation

This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which the offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Cautionary Note Regarding Forward-Looking Statements

Some of the statements in this release relating to the matters described herein are or may constitute "forward-looking statements." Words such as "believe," "expect," "anticipate," "project," "target," "optimistic," "intend," "aim," "will", "may" and variations and similar words and expressions are intended to identify such forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements relating to the proposed transaction and the SEC registration statement and proxy voting process (as well as the combined company's post-closing activities) include, but are not limited to: (i) statements about the benefits of the transaction involving Stellar and Phunware, including future financial and operating results; (ii) Stellar's and Phunware's plans, objectives, expectations and intentions (including with respect to the future Token Generation Event ("TGE") and the use of proceeds from Stellar's trust account); (iii) the expected timing of completion of the transaction and the SEC registration statement and proxy voting process; and (iv) other statements relating to the transaction, the SEC registration statement and proxy voting process and the combined company's post-closing activities that are not historical facts. Forward-looking statements involve estimates, expectations and projections and, as a result, are subject to risks and uncertainties. Actual results could differ materially if not substantially from those described in the forward-looking statements.

Important risks and other factors could cause actual results to differ materially from those indicated by such forward-looking statements. With respect to the transaction, the SEC registration statement and proxy voting process and the combined company's post-closing activities, such risks and uncertainties include, among many others: (i) the risks

associated with Stellar's SEC registration statement and proxy voting process, including uncertainty regarding the number of Stellar shareholders who may request redemption and whether Phunware shareholders will approve the transaction; (ii) the risk that the benefits to Stellar and its shareholders anticipated from transaction may not be fully realized or may take longer to realize than expected; (iii) the risk that any projections, including earnings, revenues, expenses, synergies, margins or any other financial items are not realized, (iv) the risks associated with concentration of Phunware's business with certain customers; (v) the potential for reductions in industry profit margins due to, among other factors, declining service revenues; (vi) the inability of the post-closing combined company to expand and diversify the business of Phunware; (vii) changing interpretations of generally accepted accounting principles; (viii) the combined company's continued compliance with government regulations; changing legislation and regulatory environments; (ix) the ability of the post-closing company to meet Nasdaq's continued listing standards; (x) the potential for lower return on investment by Phunware's expected TGE; (xi) the inability of Phunware to manage growth; (xii) requirements or changes affecting the MaaS/SaaS industry; (xiii) the general volatility of market prices of Stellar's securities and general economic conditions; (xiv) the combined company's ability to implement new strategies and react to changing market conditions; (xv) risks associated with operating hazards; (xvi) risks associated with competition; (xvii) risks associated with the loss of key personnel; (xviii) unexpected costs, liabilities or delays in the proposed transaction; (xix) the outcome of any legal proceedings related to the transaction; (xx) the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement or (xxi) any of the factors in detailed in the "Risk Factors" section of Stellar's filings with the SEC.

The foregoing listing of risks is not exhaustive. These risks, as well as other risks associated with the transaction, will be more fully discussed in Stellar's registration statement to be filed with the SEC in connection with the transaction. Additional risks and uncertainties are identified and discussed in Stellar's reports filed or to be filed with the SEC and available at the SEC's website at <http://www.sec.gov>. Forward-looking statements included in this press release speak only as of the date of this press release. Stellar undertakes and assumes no obligation, and does not intend, to update Stellar's forward-looking statements, except as required by law.

Source: Stellar Acquisition III Inc.

Company Contact:

George Syllantavos
co-CEO & CFO
Stellar Acquisition III Inc.
90 Kifissias Avenue,
Maroussi 15123, Athens, Greece
Email: gs@stellaracquisition.com
Website: www.stellaracquisition.com

Investor Relations / Media Contact:

Daniela Guerrero
Capital Link, Inc.
230 Park Avenue, Suite 1536
New York, N.Y. 10169
Tel.: (212) 661-7566
Fax: (212) 661-7526
E-Mail: stellaracquisition@capitalink.com