

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

THE GNS GROUP, INC.

A WASHINGTON Corporation

17041 Alico Commerce Court, Suite 1, Fort Myers, FL 33967

239-325-8263

Website: naplessoap.com

EMAIL: info@naplessoap.com

SIC CODE: 5900

QUARTERLY Report **For the Period Ending: SEPTEMBER 30, 2021** (the "Reporting Period")

As of November 23, 2021, the number of shares outstanding of our Common Stock was:

1,443,316,956

As of September 30, 2021, the number of shares outstanding of our Common Stock was:

1,443,316,956

As of June 30, 2021, the number of shares outstanding of our Common Stock was:

1,443,316,956

- 1,314,100,000 shares included in the June 30, 2021 and September 30, 2021 amounts were approved by the board for issuance on June 30, 2021 in the merger of Naples Soap Company, Inc. The issuance of the shares was recorded by the transfer agent on August 3, 2021.

As of December 31, 2020, the number of shares outstanding of our Common Stock was:

129,216,956

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐

No: ☒ (Double-click and select "Default Value" to check)

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☒

No: ☐

Indicate by check mark whether a Change in Control of the company has occurred over this reporting period:

Yes: ☒

No: ☐

1) Name of the issuer and its predecessors (if any)

In answering this item, please also provide any names used by predecessor entities and the dates of the name changes.

Exact Company Name: THE GNS GROUP, INC. (hereinafter referred to as “we”, “us”, or “our” or “the Issuer”).
Formerly known as:

Date and state (or jurisdiction) of incorporation (also describe any changes to incorporation since inception, if applicable)
Please also include the issuer’s current standing in its state of incorporation (e.g. active, default, inactive):

State of Washington – July 6, 2006; revived June 30, 2021 (active)

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors:

NONE

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

On June 30, 2021, the Company entered into a reverse merger transaction with Naples Soap Company, Inc.. Naples Soap Company, Inc. was the accounting acquirer and is a wholly-owned subsidiary of the Company.

The address(es) of the issuer’s principal executive office:

17041 Alico Commerce Court, Suite 1
Fort Myers, FL 33967

The address(es) of the issuer’s principal place of business:

Check box if principal executive office and principal place of business are the same address: ☒

17041 Alico Commerce Court, Suite 1
Fort Myers, FL 33967

Has the issuer or any of its predecessors ever been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

NONE

2) Security Information

Trading symbol: GNSG
Exact title and class of securities outstanding: Common
CUSIP: 3621M 4107
Par or stated value: No par value

Total shares authorized:	<u>3,000,000,000</u>	as of date: September <u>30, 2021</u>
Total shares outstanding:	<u>1,443,316,956</u>	as of date: September <u>30, 2021</u>
Number of shares in the Public Float:	<u>3,160,000</u>	as of date: September <u>30, 2021</u>
Total number of shareholders of record:	<u>77</u>	as of date: September <u>30, 2021</u>

- 1,314,100,000 shares included in the September 30, 2021 amount were approved by the board for issuance on June 30, 2021 in the merger of Naples Soap Company, Inc. These shares were issued by the transfer agent on August 3, 2021.

Additional class of securities (if any):

Trading symbol: N/A
 Exact title and class of securities outstanding: Preferred
 CUSIP: N/A
 Par or stated value: No par value
 Total shares authorized: 5,000,000 as of date: September 30, 2021
 Total shares outstanding: 0 as of date: September 30, 2021

Transfer Agent

Name: Nevada Agency and Transfer Company
 Phone: 775-322-0626
 Email: tiffany@natco.org
 Address: 50 West Liberty Street, Suite 880, Reno, NV 89501

Is the Transfer Agent registered under the Exchange Act? Yes: ☒ No: ☐

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Number of Shares outstanding as of <u>January 1, 2019</u>		Opening Balance: Common: <u>129,216,956</u> Preferred: <u>0</u>		*Right-click the rows below and select "Insert" to add rows as needed.					
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance ? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
<u>6/29/2021</u>	<u>Issuance</u>	<u>13,100,000</u>	<u>Common</u>	<u>\$0.115169</u>	<u>No</u>	<u>Antoine Jarjour</u>	<u>Conversion of payables</u>	<u>R</u>	<u>N/A</u>
<u>6/29/2021</u>	<u>Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$0.115169</u>	<u>No</u>	<u>Charles E Carfoli</u>	<u>Conversion of payables</u>	<u>R</u>	<u>N/A</u>
<u>6/30/2021</u>	<u>Issuance</u>	<u>982,222,222</u>	<u>Common</u>	<u>\$0.000287</u>	<u>No</u>	<u>Deanna Wallin</u>	<u>Merger</u>	<u>R</u>	<u>N/A</u>

<u>6/30/2021</u>	<u>Issuance</u>	<u>115,555,556</u>	<u>Common</u>	<u>\$0.000287</u>	<u>No</u>	<u>Jim Milner</u>	<u>Merger</u>	<u>R</u>	<u>N/A</u>
<u>6/30/2021</u>	<u>Issuance</u>	<u>57,777,778</u>	<u>Common</u>	<u>\$0.000287</u>	<u>No</u>	<u>Jay Border</u>	<u>Merger</u>	<u>R</u>	<u>N/A</u>
<u>6/30/2021</u>	<u>Issuance</u>	<u>61,388,889</u>	<u>Common</u>	<u>\$0.000287</u>	<u>No</u>	<u>Ira Miller</u>	<u>Merger</u>	<u>R</u>	<u>N/A</u>
<u>6/30/2021</u>	<u>Issuance</u>	<u>61,388,888</u>	<u>Common</u>	<u>\$0.000287</u>	<u>No</u>	<u>Jay Wright</u>	<u>Merger</u>	<u>R</u>	<u>N/A</u>
<u>6/30/2021</u>	<u>Issuance</u>	<u>21,666,667</u>	<u>Common</u>	<u>\$0.000287</u>	<u>No</u>	<u>Paul Fioravanti</u>	<u>Merger</u>	<u>R</u>	<u>N/A</u>
Shares Outstanding on September 30, 2021 <u>on November 23, 2021</u>	<u>Ending Balance:</u> Common: <u>1,443,316,956</u> Preferred: <u>0</u> Common: <u>1,443,316,956</u> Preferred: <u>0</u>								

Use the space below to provide any additional details, including footnotes to the table above:

- 1,300,000,000 shares included in the September 30, 2021 amount were approved by the board for issuance on June 30, 2021 in the merger of Naples Soap Company, Inc. The issuance of the shares was recorded by the transfer agent on August 3, 2021.

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe any issuance of promissory notes, convertible notes or convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☒

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder	Reason for Issuance (e.g. Loan, Services, etc.)

Use the space below to provide any additional details, including footnotes to the table above:

None

4) Financial Statements

A. The following financial statements were prepared in accordance with:

- ☒ U.S. GAAP
☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual):

Name: Michael Pollack
Title: Consultant
Relationship to Issuer: N/A

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- C. Balance sheet;
- D. Statement of income;
- E. Statement of cash flows;
- F. Statement of Changes in Stockholders' Equity (Deficit)
- G. Financial notes

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below.

Included in this document

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

- A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

The Company formerly engaged in the selling of quality products that catered to the hospitality industry, such as conference and banquet room furniture, as well as the patio and pool furniture markets. The Company was inactive in 2017 through June 30, 2021. On June 30, 2021 acquired Naples Soap Company, Inc. in a reverse merger transaction, a Florida corporation formed May 6, 2010.

- B. Describe any subsidiaries, parents, or affiliated companies, if applicable, and a description of their business contact information for the business, officers, directors, managers or control persons. Subsidiary information may be included by reference

Naples Soap Company, Inc. (effective June 30, 2021)

- C. Describe the issuers' principal products or services, and their markets

Naples Soap Company, Inc is a health and wellness brand that offers personal care products, which include soaps, bath bombs, hair and facial care, and scented candles and essential oils, through its own brick and mortar retail stores and web site, national and boutique re-sellers, and online marketplaces including Amazon and Faire.

We develop all of our own products. Our products are handmade by our manufacturing partners in the USA using only the finest quality ingredients, which are eco-friendly, made from sustainable resources, and never tested on animals. Our products and formulations are not sold under any other brand or private label.

6) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not

have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The Company leases retail stores and offices under agreements expiring at various dates through July 2040. The leases provide for lease terms that generally range from three to five years and several leases provide renewal options, often at increased rents, the exercise of which is at the Company's sole discretion. The Company is obligated under a majority of the leases to pay for taxes, insurance, and common area maintenance charges. The Company does not own any real estate.

7) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% or more of any class of the issuer's securities, as well as any officer, and any director of the company, regardless of the number of shares they own.

If any listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information of an individual representing the corporation or entity in the note section.

Name of Officer/Director and Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned (as converted)	Share type/class	Ownership Percentage of Class Outstanding	Note
<u>Deanna Wallin</u>	<u>Officer/Director</u>	<u>Fort Myers, FL</u>	<u>982,222,222</u>	<u>Common</u>	<u>68.05%</u>	
<u>Jim Milner</u>	<u>Officer</u>	<u>Fort Myers, FL</u>	<u>115,555,556</u>	<u>Common</u>	<u>8.00%</u>	
<u>Jay Border</u>	<u>Officer</u>	<u>Fort Myers, FL</u>	<u>57,777,778</u>	<u>Common</u>	<u>4.00%</u>	

8) Legal/Disciplinary History

A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

NONE

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

NONE

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

NONE

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

NONE

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

NONE

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Securities Counsel

Name: Jeff Turner
Firm: JDT Legal, PLLC
Address 1: 807 Baxter Drive
Address 2: South Jordan, UT 84095
Phone: 801-810-4465
Email: jeff@jdt-legal.com

Accountant or Auditor

Name: Michael Pollack
Firm: KBL, LLP
Address 1: 1350 Broadway, Suite 1510
Address 2: New York, NY 10018
Phone: 212-785-9700
Email: mpollack@kbl.com

Investor Relations Consultant

Name: N/A
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities).

The certifications shall follow the format below:

I, Deanna Wallin certify that:

1. I have reviewed this quarterly disclosure statement of The GNS Group, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 23, 2021 [Date]

/s/ Deanna Wallin [CEO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, Jim Milner certify that:

1. I have reviewed this quarterly disclosure statement of The GNS Group, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 23, 2021 [Date]

/s/ Jim Milner [CFO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

THE GNS GROUP, INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 30,	December 31, 2020
	2021	
ASSETS		
CURRENT ASSETS		
Cash	\$ 283,907	\$ 828,448
Accounts receivable	21,707	34,816
Inventory	721,010	440,846
Prepaid expenses and other current assets	298,105	168,434
Total current assets	<u>1,324,729</u>	<u>1,472,544</u>
Fixed assets, net	405,750	242,423
Other assets	69,790	39,451
Right of use assets – operating leases	639,091	-
TOTAL ASSETS	<u><u>\$ 2,439,360</u></u>	<u><u>\$ 1,754,418</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 700,245	\$ 837,177
Current portion of long-term debt	46,856	14,432
Notes payable	-	150,000
Current portion of lease liability – operating leases	271,439	-
Lines of credit	531,600	950,000
Total current liabilities	<u>1,550,140</u>	<u>1,951,609</u>
LONG-TERM LIABILITIES		
Lease liability – operating leases – net of current portion	378,614	
Long-term debt, net of current portion	<u>170,336</u>	<u>45,248</u>
TOTAL LIABILITIES	<u>2,099,090</u>	<u>1,996,857</u>
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock, no par value; 5,000,000 shares authorized; 0 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	-	-
Common stock, no par value; 3,000,000,000 and 750,000,000 shares authorized, 1,443,316,956 and 129,216,956 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	-	-
Additional paid in capital	-	96,525
Retained earnings	340,270	(338,964)
Total stockholders' equity (deficit)	<u>340,270</u>	<u>(242,439)*</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	<u><u>\$ 2,439,360</u></u>	<u><u>\$ 1,754,418</u></u>

*Represents Naples Soap Company, Inc. prior to reverse merger with The GNS Group, Inc.

See notes to consolidated financial statements.

THE GNS GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
REVENUES	\$ 7,521,950	\$ 4,791,814
COST OF REVENUES	<u>1,827,283</u>	<u>1,211,749</u>
GROSS PROFIT	5,694,667	3,580,065
OPERATING EXPENSES:		
Direct wages	817,543	745,506
Store occupancy	473,533	533,755
Overhead expenses	2,436,406	1,694,341
Store operating expenses	1,123,872	690,276
Other general and administrative	<u>266,757</u>	<u>206,584</u>
Total operating expenses	<u>5,118,111</u>	<u>3,870,462</u>
INCOME (LOSS) FROM OPERATIONS BEFORE OTHER EXPENSES	576,556	(290,397)
OTHER INCOME (EXPENSE):		
Interest expense, net of interest income	(23,097)	(47,726)
Other income	99,081	-
Loss on disposal of assets	<u>(2,872)</u>	<u>(67,390)</u>
Total other income (expense)	<u>73,112</u>	<u>(115,116)</u>
INCOME FROM OPERATIONS BEFORE BENEFIT (PROVISION) FOR INCOME TAXES	<u>649,668</u>	<u>(405,513)</u>
BENEFIT (PROVISION) FOR INCOME TAXES	<u>-</u>	<u>-</u>
NET INCOME	<u>\$ 649,668</u>	<u>\$ (405,513)</u>
NET EARNINGS PER SHARE		
Basic and diluted	\$ 0.001	N/A
SHARES USED IN CALCULATION OF NET EARNINGS PER SHARE		
Basic and diluted	576,877,396	N/A

See notes to consolidated financial statements.

THE GNS GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
THREE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
REVENUES	\$ 2,262,402	\$ 1,521,436
COST OF REVENUES	<u>572,187</u>	<u>381,574</u>
GROSS PROFIT	1,690,215	1,139,862
OPERATING EXPENSES:		
Direct wages	281,922	214,517
Store occupancy	162,213	157,688
Overhead expenses	808,679	546,583
Store operating expenses	396,984	255,031
Other general and administrative	<u>79,857</u>	<u>61,000</u>
Total operating expenses	<u>1,729,655</u>	<u>1,234,819</u>
(LOSS) FROM OPERATIONS BEFORE OTHER EXPENSES	(39,440)	(94,957)
OTHER INCOME (EXPENSE):		
Interest expense, net of interest income	(3,906)	(8,488)
Other income	10,081	-
Gain (loss) on disposal of assets	<u>6,549</u>	<u>(-)</u>
Total other income (expense)	<u>12,724</u>	<u>(8,488)</u>
(LOSS) FROM OPERATIONS BEFORE BENEFIT (PROVISION) FOR INCOME TAXES	<u>(26,716)</u>	<u>(103,445)</u>
BENEFIT (PROVISION) FOR INCOME TAXES	<u>-</u>	<u>-</u>
NET LOSS	<u>\$ (26,716)</u>	<u>\$ (103,445)</u>
NET LOSS PER SHARE		
Basic and diluted	\$ (0.000)	N/A
SHARES USED IN CALCULATION OF NET LOSS PER SHARE		
Basic and diluted	1,443,316,956	N/A

See notes to consolidated financial statements.

THE GNS GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Net income (loss)	\$ 649,668	\$ (405,513)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	42,620	43,970
Loss on write down of inventory	9,421	-
(Gain) loss on disposal of fixed assets	(6,549)	67,390
Lease cost	10,962	-
Changes in assets and liabilities		
Accounts receivable	13,109	(17,319)
Inventory	(280,164)	182,473
Prepaid expenses	(129,671)	5,053
Other assets	(30,339)	4,809
Accounts payable and accrued expenses	(136,932)	(108,157)
Net cash provided by (used in) operating activities	<u>132,704</u>	<u>(227,294)</u>
Cash flows from investing activities:		
(Acquisitions) disposals of fixed assets	(181,123)	(49,121)
Net cash used in investing activities	<u>(181,123)</u>	<u>(49,121)</u>
Cash flows from financing activities:		
Shareholder distributions	(66,959)	(84,000)
Proceeds (payments) of long-term debt	139,237	(9,180)
Proceeds (payments) of notes payable	(150,000)	(408,750)
Proceeds (payments) of lines of credit	(418,400)	410,049
Net cash used in financing activities	<u>(496,122)</u>	<u>(91,881)</u>
NET INCREASE (DECREASE) IN CASH	(544,541)	(368,296)
Cash - beginning of period	828,448	390,376
Cash - end of period	<u><u>\$ 283,907</u></u>	<u><u>\$ 22,080</u></u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ 23,100	\$ 47,730
Cash paid for income taxes	\$ -	\$ -
NON-CASH DISCLOSURE OF FINANCING AND OPERATING ACTIVITIES		
Shares of common stock issued for conversion of other liabilities	\$ 1,624,392	\$ -
Right of use assets for lease liability	\$ 931,785	\$ -
Trade in of vehicle financed by note payable, net of new note payable incurred (net cash included in investing activities on this exchange)	\$ 18,275	\$ -

See notes to consolidated financial statements.

THE GNS GROUP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT) (UNAUDITED)
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

	Preferred		Common		Additional	Retained	Total
	Shares	Amount	Shares	Amount	Paid-In Capital	Earnings	
Balances at December 31, 2019	-	\$-	129,216,956	\$-	\$ 1,187,440	\$(2,811,832)	\$ (1,624,392)
Net loss for the period	-	-	-	-	-	(-)	(-)
Balances at September 30, 2020	-	\$ -	129,216,956	\$-	\$ 1,187,440	\$(2,811,832)	\$ (1,624,392)
Balances at December 31, 2020	-	\$ -	129,216,956	\$-	\$1,187,440	\$(2,811,832)	\$(1,624,392)
Shares issued in conversion of liabilities	-	-	14,100,000	-	1,624,392	-	1,624,392
Shares issued in reverse merger with Naples Soap Company, Inc.	-	-	1,300,000,000	-	(2,811,832)	3,178,818	366,986
Net loss for the period	-	-	-	-	-	(26,716)	(26,716)
Balances at September 30, 2021	-	\$ -	1,443,316,956	\$-	\$ -	\$340,270	\$ 340,270

See notes to consolidated financial statements

THE GNS GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 - NATURE OF OPERATIONS

Nature of Operations

The GNS Group, Inc. (the “Company”) was incorporated in the State of Washington on July 6, 2006. The Company engaged in the selling of quality products that catered to the hospitality industry, such as conference and banquet room furniture, as well as the patio and pool furniture markets. The Company had no activity and was inactive from 2016 through June 30, 2021, when they merged with Naples Soap Company, Inc. (“Naples Soap”) in a reverse merger transaction.

Naples Soap is a health and wellness brand that offers personal care products, which include soaps, bath bombs, hair and facial care, and scented candles and essential oils, through its own brick and mortar retail stores and web site, national and boutique re-sellers, and online marketplaces including Amazon and Faire.

Naples Soap develops all of their own products. The products are handmade by manufacturing partners in the USA using only the finest quality ingredients, which are eco-friendly, made from sustainable resources, and never tested on animals. Naples Soap products and formulations are not sold under any other brand or private label.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) and the rules and regulations of the United States Securities and Exchange Commission (the “Commission” or the “SEC”). It is management’s opinion that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation.

Principles of Consolidation

The consolidated financial statements include the accounts of The GNS Group, Inc. and its subsidiary, collectively referred to as “the Company”. All significant intercompany accounts and transactions have been eliminated in consolidation. The GNS Group, Inc. is a holding company that holds 100% of Naples Soap Company, Inc.

The Company applies the guidance of Topic 805 *Business Combinations* of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

Reclassification

The Company has reclassified certain amounts in the 2020 financial statements to comply with the 2021 presentation. These principally relate to classification of certain expenses and liabilities. The reclassifications had no impact on total net income (loss) or net cash flows for the nine months ended September 30, 2020.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. These estimates include, but are not limited to, management’s estimate of provisions required for uncollectible accounts receivable, liabilities to accrue, cost incurred in the satisfaction of performance obligations, permanent and temporary differences related to income taxes and determination of the fair value of stock awards. Actual results could differ from those estimates.

Cash

Cash consists of cash and demand deposits with an original maturity of three months or less. The Company holds no cash equivalents as of September 30, 2021 and December 31, 2020, respectively. The Company may maintain cash balances in excess of the FDIC insured limit at a single bank. The Company does not consider this risk to be material.

Fixed Assets and Long-Lived Assets

Fixed assets are stated at cost. Depreciation on fixed assets is computed using the straight-line method over the estimated useful lives of the assets, which range from five to fifteen years for all classes of fixed assets.

ASC 360 requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company has adopted Accounting Standard Update (“ASU”) 2017-04 *Intangibles – Goodwill and Other (Topic 350), Simplifying the Test for Goodwill Impairment* effective April 1, 2017.

The Company reviews recoverability of long-lived assets on a periodic basis whenever events and changes in circumstances have occurred which may indicate a possible impairment. The assessment for potential impairment is based primarily on the Company’s ability to recover the carrying value of its long-lived assets from expected future cash flows from its operations on an undiscounted basis. If such assets are determined to be impaired, the impairment recognized is the amount by which the carrying value of the assets exceeds the fair value of the assets.

The Company assesses the impairment of identifiable intangibles whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the Company considers to be important which could trigger an impairment review include the following:

1. Significant underperformance relative to expected historical or projected future operating results;
2. Significant changes in the manner of use of the acquired assets or the strategy for the overall business; and
3. Significant negative industry or economic trends.

When the Company determines that the carrying value of intangibles may not be recoverable based upon the existence of one or more of the above indicators of impairment and the carrying value of the asset cannot be recovered from projected undiscounted cash flows, the Company records an impairment charge. The Company measures any impairment based on undiscounted cash flows. Significant management judgment is required in determining whether an indicator of impairment exists and in projecting cash flows. There were no indicators of impairment noted during the nine months ended September 30, 2021.

Subsequent Events

Subsequent events were evaluated through the date the consolidated financial statements were filed.

Revenue Recognition

The Company accounts for revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*.

The Company accounts for a contract with a customer that is within the scope of this Topic only when the five steps of revenue recognition under ASC 606 are met.

The five core principles will be evaluated for each service provided by the Company and is further supported by applicable guidance in ASC 606 to support the Company’s recognition of revenue.

The Company recognizes revenue based on the amount it expects to receive when control of the goods or services is transferred to the customer. The Company recognizes sales upon customer receipt of merchandise, which for online sales and wholesale sales reflect an estimate of shipments that have not yet been received by the customer based on shipping terms and historical delivery times. The Company’s shipping and handling revenues are included in Net Sales with related costs included in Costs of Goods Sold. The value of point-of-sale coupons and point-of-sale rebates that result in a reduction of the price paid by the customer are recorded as a reduction of sales. The Company also provides a reserve for projected merchandise returns based on historical experience. Net Sales exclude sales and other similar taxes collected from customers.

The Company offers certain loyalty programs that allow customers to earn points based on purchasing activity.

The Company sells gift cards with no expiration dates to customers. The Company does not charge administrative fees on unused gift cards. The Company recognizes revenue from gift cards when they are redeemed by the customer.

The Company accounts for contract costs in accordance with ASC Topic 340-40, *Contracts with Customers*. The Company recognizes the cost of sales of a contract as expense when incurred or at the time a performance obligation is satisfied. The Company recognizes an asset from the costs to fulfill a contract only if the costs relate directly to a contract, the costs generate or enhance resources that will be used in satisfying a performance obligation in the future and the costs are expected to be recovered. The incremental costs of obtaining a contract are capitalized unless the costs would have been incurred regardless of whether the contract was obtained.

Accounts Receivable and Concentration of Credit Risk

An allowance is based on management's estimate of the overall collectability of accounts receivable, considering historical losses. Based on these same factors, individual accounts are charged off against the allowance when management determines those individual accounts are uncollectible. Credit extended to customers is generally uncollateralized. Past-due status is based on contractual terms. The Company does not charge interest on accounts receivable. Interest income is recorded when received. As of September 30, 2021 and December 31, 2020, management did not consider an allowance necessary.

Income Taxes

Income taxes are accounted under the asset and liability method. The current charge for income tax expense is calculated in accordance with the relevant tax regulations applicable to the entity. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Differences between statutory tax rates and effective tax rates relate to permanent tax differences.

Uncertain Tax Positions

The Company follows ASC 740-10 *Accounting for Uncertainty in Income Taxes*. This requires recognition and measurement of uncertain income tax positions using a "more-likely-than-not" approach. Management evaluates their tax positions on an annual basis.

The Company files income tax returns in the U.S. federal tax jurisdiction and various state tax jurisdictions. The federal and state income tax returns of the Company are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Vacation and Paid-Time-Off

The Company follows ASC 710-10 *Compensation – General*. The Company records liabilities and expense when obligations are attributable to services already rendered, will be paid upon proper notice of resignation, and the amount can be estimated.

Share-Based Compensation

The Company follows ASC 718 *Compensation – Stock Compensation* and has adopted ASU 2017-09 *Compensation – Stock Compensation (Topic 718) Scope of Modification Accounting*. The Company calculates compensation expense for all awards granted, but not yet vested, based on the grant-date fair values. The Company recognizes these compensation costs, on a pro rata basis over the requisite service period of each vesting tranche of each award for service-based grants, and as the criteria is achieved for performance-based grants.

The Company adopted ASU 2016-09 *Improvements to Employee Share-Based Payment Accounting*. Cash paid when shares are directly withheld for tax withholding purposes is classified as a financing activity in the statement of cash flows.

Fair Value of Financial Instruments

ASC 825 *Financial Instruments* requires the Company to disclose estimated fair values for its financial instruments. Fair value estimates, methods, and assumptions are set forth below for the Company's financial instruments: The carrying amount of cash, accounts receivable, prepaid and other current assets, accounts payable and accrued liabilities, and amounts payable to related parties, approximate fair value because of the short-term maturity of those instruments. The Company does not utilize derivative instruments.

Leases

The Company follows ASC 842 *Leases* in accounting for its operating leases.

Earnings (Loss) Per Share of Common Stock

Basic net income (loss) per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share ("EPS") include additional dilution from common stock equivalents, such as convertible notes, preferred stock, stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents are not included in the computation of diluted earnings per share when the Company reports a loss because to do so would be anti-dilutive for periods presented, so only the basic weighted average number of common shares are used in the computations.

Fair Value Measurements

ASC 820 *Fair Value Measurements* defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosure about fair value measurements. ASC 820 classifies these inputs into the following hierarchy:

Level 1 inputs: Quoted prices for identical instruments in active markets.

Level 2 inputs: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 inputs: Instruments with primarily unobservable value drivers.

Related-Party Transactions

Parties are considered to be related to the Company if the parties directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal stockholders of the Company, its management, members of the immediate families of principal stockholders of the Company and its management and other parties with which the Company may deal where one-party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. The Company discloses all material related-party transactions. All transactions shall be recorded at fair value of the goods or services exchanged.

NOTE 3 - FIXED ASSETS

Fixed assets consisted of the following as of September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Leasehold improvements	\$ 224,249	\$ 145,765
Vehicles	164,375	120,944
Warehouse equipment	4,901	4,901
Office equipment	144,748	138,406
Store equipment	314,554	248,614
Total fixed assets	852,827	658,630
Accumulated depreciation and impairment	(447,077)	(416,207)
Fixed assets, net	\$ 405,750	\$ 242,423

Depreciation expense for the nine months ended September 30, 2021 and 2020 was \$42,620 and \$43,970, respectively. During the nine months ended, the Company traded in a vehicle for which it had a note payable on for another vehicle which resulted in a gain of \$6,549.

NOTE 4 – LINES OF CREDIT

The Company has available a line of credit with a financial institution for \$150,000 maturing January 10, 2021. Subsequent to year end the Company received two ninety-day renewals on their line of credit until July 10, 2021, when this was converted to a five-year term loan at 5% interest. Any unpaid balance under the loan is secured by substantially all assets of the Company.

The loan bears an initial interest rate at 5.50% calculated at .50% above the lender's prime which is the base rate used by the Lender to set interest rates at which loans are made to various customers. The interest rate will not exceed 5.50%. At December 31, 2020, the Company had \$150,000 outstanding on the line of credit.

The Company has available a line of credit with a financial institution for \$800,000 maturing January 10, 2021. Subsequent to year end the Company received two ninety-day renewals on their line of credit until July 10, 2021, and then extended again until July 10, 2022. Any unpaid balance under the loan is secured by substantially all assets of the Company and is personally guaranteed by an owner. The loan bears an initial interest rate at 3.75% calculated at .50% above the lender's prime which is the base rate used by the Lender to set interest rates at which loans are made to various customers. The interest rate will not exceed 18% or be less than 3.5%. At September 30, 2021 and December 31, 2020, the Company had \$531,600 and \$800,000 outstanding on the line of credit, respectively.

NOTE 5 – LONG-TERM DEBT

The Company entered into long-term debt as follows as of September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Note payable, monthly payments of \$753 inclusive of interest, due July 2026, collateralized by a vehicle (the note payable was repaid as part of a trade-in of the vehicle that collateralized the note on July 28, 2021)	\$ -	\$ 50,424
Note payable, monthly payments of \$500 inclusive of interest, due August 2022, collateralized by a vehicle	5,255	9,256
Note payable, maturing March 2021, collateralized by substantially all of the assets of the Company (repaid 2021)	-	50,000
Note payable to private company that matured in August 2019 (amended and repaid in 2021)	-	100,000
Note payable, monthly payments of \$2,831 inclusive of interest at 5% per annum, due July 10, 2026, collateralized by substantially all of the assets of the Company	145,621	-
Note payable, monthly payments of \$1,097 inclusive of interest at 0.99% per annum due July 28, 2026, collateralized by a vehicle	62,096	-
Note payable, monthly payments of \$167 inclusive of interest, due February 2024, collateralized by equipment	4,220	-
Total Long-term Debt	\$ 217,192	\$ 209,680
Less: Current portion	(46,856)	(150,000)
	<u>\$ 170,336</u>	<u>\$ 59,680</u>

Maturities for the next five years are as follows as of September 30, 2021:

2022	\$46,856
2023	43,301
2024	43,692
2025	44,707
2026	38,636
Total	<u>\$217,192</u>

NOTE 6 – DEFINED CONTRIBUTION PLAN

The Company maintains a safe harbor 401(k) retirement plan to which eligible employees may contribute. Eligible participants of the Plan may defer annual pre-tax compensation subject to statutory and Plan limitations. In addition, a certain percentage of an employee's contributions are matched by the Company.

NOTE 7 – COVID-19

The recent unprecedented events related to COVID-19, the disease caused by the novel coronavirus (SARS-CoV-2), have had significant health, economic, and market impacts and may have short-term and long-term adverse effects on our business that we cannot predict as the global pandemic continues to evolve. The extent and effectiveness of responses by governments and other organizations also cannot be predicted.

Our ability to access the capital markets and maintain existing operations has been little affected during the COVID-19 pandemic. Going forward any possible adverse affects on the business are uncertain given any possible limitations on available financing and how we conduct business with our customers and vendors.

NOTE 8 - LEASES

The Company has adopted ASU No. 2016-02, *Leases (Topic 842)*, and will account for their leases in terms of the right of use assets and offsetting lease liability obligations under this pronouncement. The Company has a right of use asset and lease liability of \$695,421 and \$695,421, respectively, as of January 1, 2021, when they adopted ASU 2016-02. The Company recorded these amounts at present value, in accordance with the standard, using a discount rate of 5%. The right of use asset is composed of the sum of all lease payments, at present value, and is amortized straight-line over the life of the expected lease term. For the expected term of the lease the Company used a term ranging from 24-60 months. The Company has added leases during 2021 which are also included in the charts below.

As of September 30, 2021, the value of the unamortized right of use asset is \$639,091 which is from operating leases (through maturity in June 2025). As of September 30, 2021, the Company's lease liability was \$650,053, which is from operating leases.

Maturity of lease liability for the operating lease for the period ended September 30,

2022	\$271,439
2023	\$233,354
2024	\$107,152
2025	\$38,108

Total lease liability	\$650,053
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Disclosed as:

Current portion	\$271,439
Non-current portion	\$378,614

Amortization of the right of use asset for the period ended September 30,

2022	\$278,728
2023	\$225,226
2024	\$102,172
2025	\$32,965

Total	\$639,091
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Total Lease Cost

Individual components of the total lease cost incurred by the Company is as follows:

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Operating lease expense		
Amortization of lease assets	\$193,148	\$ -
Interest expense on liabilities	21,682	-
Total lease cost	<u>\$214,830</u>	<u>\$ -</u>

NOTE 9 - STOCKHOLDERS' EQUITY (DEFICIT)

Preferred Stock

The Company has 5,000,000 shares of preferred stock authorized at no par value. There are no shares of preferred stock issued and outstanding.

Common Stock

The Company has 3,000,000,000 and 750,000,000 shares of common stock, no par value authorized as of September 30, 2021 and December 31, 2020, respectively. The Company increased the authorized shares to 3,000,000,000 on June 30, 2021. The Company has 1,443,316,956 and 129,216,956 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively.

In the nine months ended September 30, 2021, the Company issued 14,100,000 shares of common stock in conversion of \$1,624,392 in liabilities and issued 1,300,000,000 shares in the acquisition of Naples Soap Company, Inc. in the reverse merger in exchange for 100% of the ownership interests of Naples Soap. The 1,300,000,000 shares were authorized to be issued on June 30, 2021, the date of the merger with Naples Soap Company, Inc. The issuance of the shares was recorded by the transfer agent on August 3, 2021.