

# Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

## The Monarch Cement Company

A Kansas Corporation

P.O Box 1000, Humboldt, Kansas

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620-473-2222

www.monarchcement.com

[shareholder.relations@monarchcement.com](mailto:shareholder.relations@monarchcement.com)

3241 – Cement, Hydraulic  
3273 – Ready-Mixed Concrete

### Quarterly Report

For the Period Ending: September 30, 2024

#### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

2,534,748 of our Common Stock as of September 30, 2024  
1,127,643 of our Class B Common Stock as of September 30, 2024  
2,543,867 of our Common Stock as of December 31, 2023  
1,127,943 of our Class B Common Stock as of December 31, 2023

#### **Shell Status**

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes:  No:

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

Yes:  No:

#### **Change in Control**

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

Yes:  No:

#### **1) Name and address(es) of the issuer and its predecessors (if any)**

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

The Monarch Cement Company

Current State and Date of Incorporation or Registration:

Monarch was organized as a corporation under the laws of the State of Kansas on July 29, 1913

Standing in this jurisdiction: (e.g. active, default, inactive):

Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

None

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

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:

None

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

The Monarch Cement Company  
449 1200 Street  
P.O. Box 1000  
Humboldt, KS 66748

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:

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

Yes:  No:

## 2) Security Information

### Transfer Agent

Name: The Monarch Cement Company  
Phone: 620-473-2222  
Email: [shareholder.relations@monarchcement.com](mailto:shareholder.relations@monarchcement.com)  
Address: 449 1200 Street  
P.O. Box 1000  
Humboldt, KS 66748-0900

### Publicly Quoted or Traded Securities:

Trading symbol:	MCEM
Exact title and class of securities outstanding:	Capital Stock
CUSIP:	609031307
Par or stated value:	\$2.50
Total shares authorized:	10,000,000 as of September 30, 2024
Total shares outstanding:	2,534,748 as of September 30, 2024

Trading symbol:	MCEM
Exact title and class of securities outstanding:	Class B Capital Stock
CUSIP:	609031406
Par or stated value:	\$2.50
Total shares authorized:	10,000,000 as of September 30, 2024
Total shares outstanding:	1,127,643 as of September 30, 2024

Number of shares in the Public Float:	3,161,753 as of September 30, 2024
Total number of shareholders of record:	320 as of September 30, 2024

### Security Description:

#### 1. For common equity, describe any dividend, voting and preemption rights.

Each issued and outstanding share of our Capital Stock as of the close of business on the record date is entitled to one vote on each matter submitted to a vote at the annual meeting, and each issued and outstanding share of our Class B Capital Stock as of the close of business on the record date is entitled to ten votes on each matter submitted to a vote at the annual meeting.

We pay the same dividend on both Capital Stock and Class B Capital Stock.

#### 2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

None.

3. **Describe any other material rights of common or preferred stockholders.**

Class B shares have restrictions on transferability, but they can always be converted into Capital Stock.

4. **Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

None.

**3) Issuance History**

**A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.**

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No:  Yes:  (If yes, you must complete the table below)

Pursuant to the provisions of Monarch's Articles of Incorporation governing the conversion of its Class B Capital Stock into Capital Stock a no shares of Monarch's Capital Stock were issued in the first nine months ended September 30, 2024, upon conversion of an equal number of shares of Monarch's Class B Capital Stock. The following changes occurred to shares during the past two years as indicated below:

Number of Shares outstanding as of 01/01/2022	Opening Balance: Capital: 2,624,310 Class B: 1,137,649								
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?
1/17/22	Conversion	850	Class B to Capital						
8/1/22	Issuance	15,239	Capital						
9/16/22	Retirement	2,383	Capital						
9/19/22	Retirement	3,753	Capital						
9/20/22	Conversion	5,374	Class B to Capital						
10/7/22	Conversion	1,000	Class B to Capital						
12/12/22	Retirement	58,186	Capital						
12/19/22	Retirement	4,000	Capital						
2/23/23	Conversion	412	Class B to Capital						



#### **4) Issuer's Business, Products and Services**

##### **A. Summarize the issuer's business operations**

The Monarch Cement Company (Monarch) manufactures and sells portland cement. The manufacture of portland cement by Monarch involves the quarrying of clay and limestone and the crushing, drying and blending of these raw materials into the proper chemical ratio. The raw materials are then heated in kilns to 2800° Fahrenheit at which time chemical reactions occur forming a new compound called clinker. After the addition of a small amount of gypsum, the clinker is ground into a very fine powder that is known as portland cement. The term "portland cement" is not a brand name but is a term that distinguishes cement manufactured by this chemical process from natural cement, which is no longer widely used. Portland cement is the basic material used in the production of ready-mixed concrete that is used in highway, bridge and building construction where strength and durability are primary requirements.

Subsidiaries of Monarch (which together with Monarch are referred to herein as the "Company") are engaged in the ready-mixed concrete, concrete products and sundry building materials business. Ready-mixed concrete is manufactured by combining aggregates with portland cement, water and chemical admixtures in batch plants. It is then loaded into mixer trucks and mixed in transit to the construction site where it is delivered to the contractor. Concrete products primarily include pre-formed components produced by the Company that are ready for use in the construction of commercial buildings and institutional facilities.

##### **B. List any subsidiaries, parent company, or affiliated companies.**

Subsidiaries of Monarch include: American Concrete Company, Inc., Beaver Lake Concrete, Inc., Capitol Concrete Products Co., Inc., City Wide Construction Products Co., Concrete Enterprises, Inc., Concrete Materials, Inc., Dodge City Concrete, Inc., Hays Ready-Mix, Inc., Joplin Concrete Company, Inc., Kansas Sand and Concrete, Inc., Kay Concrete Materials Co., Lion's Share Insurance, Inc., Monarch Cement of Iowa, Inc., Salina Concrete Products, Inc., Springfield Ready Mix Co. and Tulsa Dynaspan, Inc. These subsidiaries are 100% owned by Monarch and can be contacted through Monarch.

##### **C. Describe the issuers' principal products or services.**

The marketing area for Monarch's products, which is limited by the relatively high cost of transporting cement, consists primarily of the State of Kansas, the State of Iowa, southeast Nebraska, western Missouri, northwest Arkansas and northern Oklahoma. Included within this area are the metropolitan markets of Des Moines, Iowa; Kansas City, Missouri; Springfield, Missouri; Wichita, Kansas; Omaha, Nebraska; Lincoln, Nebraska; Fayetteville, Arkansas and Tulsa, Oklahoma. Sales of cement are made primarily to contractors, ready-mixed concrete plants, concrete products plants, building materials dealers and governmental agencies. Monarch cement is delivered either in bulk or in paper bags and is sold under the "MONARCH" brand name. The cement is distributed both by truck and rail, either common or private carrier.

Subsidiaries of Monarch sell ready-mixed concrete, concrete products and sundry building materials in Monarch's primary market.

#### **5) Issuer's Facilities**

The Company's corporate office and cement plant, including equipment and raw materials, are located at Humboldt, Kansas, approximately 110 miles southwest of Kansas City, Missouri. The Company owns approximately 5,000 acres of land on which the Humboldt plant, offices and all essential raw materials for the cement operations are located. Construction completed in 2006 increased our cement plant's capacity allowing us to produce in excess of one million tons of cement per year. Producing at that level, raw material reserves are estimated to be sufficient to maintain operations at this plant for more than 50 years, although not all reserves are currently accessible under existing governmental permits and approvals. The Company believes that this plant and equipment are suitable and adequate for its current level of operations and provides for increases in market demand.

The Company also owns approximately 250 acres of land in Des Moines, Iowa on which it operates a cement terminal. The Company transfers cement produced in Humboldt, Kansas to this terminal for distribution to Iowa customers. The Company also owns a rock quarry located near Earlham, Iowa, approximately 30 miles west of Des Moines, Iowa. Approximately 353 acres of this 400 acre tract have been quarried and the Company has contracted with a third party to quarry and sell the remaining rock. This quarry operation does not have a material effect on the Company's overall operations.

The Company owns various companies which sell ready-mixed concrete, concrete products and sundry building materials within the Humboldt cement plant's primary market. Various equipment and facility improvements in this line of business ensure these plants are suitable and adequate for their current level of operations and provide for increases in market demand. No single subsidiary's physical property is materially significant to the Company.

There are no material encumbrances on our properties.

## 6) All Officers, Directors, and Control Persons of the Company

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	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
Walter H. Wulf, Jr.	Officer/Director	Humboldt, KS	169,452	Capital	6.67%	
			195,525	Class B	17.33%	
Kent A. Webber	Officer/Director	Chanute, KS	4,350	Capital	*	
Robert M. Kissick	Officer/Director	Leawood, KS	13,732	Capital	*	
			39,903	Class B	3.54%	
Tony D. Kasten	Officer	Chanute, KS	110	Capital	*	
Lisa J. Fontaine	Officer	Iola, KS	2,500	Capital	*	
Douglas W. Sommers	Officer	Chanute, KS	800	Capital	*	
Mark A. Callaway	Director	Wichita, KS	5,993	Class B	*	
David L. Deffner	Director	Gulf Shores, AL	11,863	Class B	1.05%	
Gayle C. McMillen	Director	Salina, KS	34,410	Class B	3.05%	
Byron J. Radcliff	Director	Steamboat Springs, CO	4,250	Capital	*	
			1,000	Class B	*	
Robert K. Radcliff	Director	Chicago, IL	4,250	Capital	*	
Steve W. Sloan	Director	Pittsburg, KS	2,000	Capital	*	
Michael R. Wachter	Director	Kent, WA	1,600	Capital	*	
			600	Class B	*	
Walter H. Wulf, III	Director	Birmingham, MI	3,800	Capital	*	
			4,500	Class B	*	
Paula D. Radcliff	Owner of more than 5%	Dexter, KS	199,760	Capital	7.88%	
			211,960	Class B	18.79%	

\*Less than one percent.

## 7) Legal/Disciplinary History

A. Please identify whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

- Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

None

2. Been the subject of 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, financial- or investment-related, insurance or banking activities;

None

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

None

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

None

5. Been the subject 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

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

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

## 8) Third Party Service Providers

### Securities Counsel

Firm: Stinson LLP  
Address 1: 1201 Walnut Street, Suite 2900  
Address 2: Kansas City, MO 64106-2150

### Accountant or Auditor

Firm: Grant Thornton, LLP  
Address 1: 1201 Walnut Street, Suite 2200  
Address 2: Kansas City, MO 64106  
Phone: (816) 412-2400

### Investor Relations Consultant

Firm: Stinson LLP  
Address 1: 1201 Walnut Street, Suite 2900  
Address 2: Kansas City, MO 64106-2150

## 9) Disclosure & Financial Information

- A. This Disclosure Statement was prepared by (name of individual):

Name: Tony Kasten  
Title: Chief Financial Officer, Sec./Tres.  
Relationship to Issuer: Officer

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

IFRS

U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: Tony Kasten

Title: Chief Financial Officer, Sec./Tres.

Relationship to Issuer: Officer

Describe the qualifications of the person or persons who prepared the financial statements: Mr. Kasten is a CPA with over 20 years of experience working with complex consolidated financial statements. He has served the company as Chief Financial Officer since 2019 and has a B.B.A in Finance and an M.B.A. with an emphasis in Accounting.



## 10) Issuer Certification

*Principal Executive Officer:*

I, Walter H. Wulf, Jr. certify that:

1. I have reviewed this Disclosure Statement for The Monarch Cement Company;
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 8, 2024

/s/ Walter H. Wulf, Jr.  
Chairman of the Board and  
Chief Executive Officer

*Principal Financial Officer:*

I, Tony Kasten certify that:

1. I have reviewed this Disclosure Statement for The Monarch Cement Company;
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 8, 2024

/s/ Tony Kasten  
Chief Financial Officer  
Secretary-Treasurer

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2024 (UNAUDITED) AND DECEMBER 31, 2023

ASSETS	2024	2023
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents (including \$5,339,157 and \$3,791,238 of restricted cash at September 30, 2024 and December 31, 2023, respectively)	\$ 59,007,715	\$ 57,285,436
Receivables, less allowances of \$518,500 in 2024 and \$473,500 in 2023 for credit losses	34,644,300	25,794,599
Inventories		
Finished cement	11,335,378	10,048,233
Work in process	7,390,921	6,739,802
Building products	3,199,996	2,931,778
Fuel, gypsum, paper sacks and other	15,400,739	11,806,201
Operating and maintenance supplies	27,516,377	27,416,121
Total inventories	64,843,411	58,942,135
Derivative financial instruments	505,872	517,510
Prepaid expenses	2,052,727	2,042,227
<b>Total current assets</b>	<b>161,054,025</b>	<b>144,581,907</b>
PROPERTY, PLANT AND EQUIPMENT, at cost, less accumulated depreciation and depletion of \$308,881,264 in 2024 and \$300,396,613 in 2023	172,159,631	147,936,843
PREPAID PENSION	11,178,038	11,123,760
INVESTMENTS	62,440,714	57,214,802
INVESTMENTS IN AFFILIATES	16,561,629	15,560,406
OTHER ASSETS	4,927,317	4,924,715
<b>TOTAL ASSETS</b>	<b>\$ 428,321,354</b>	<b>\$ 381,342,433</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	8,698,641	10,471,400
Accrued liabilities		
Dividends	-	2,496,830
Compensation and benefits	3,573,673	4,146,057
Federal and state income taxes	9,328,295	6,730,880
Miscellaneous taxes	1,027,585	346,355
Other	1,999,152	2,040,908
<b>Total current liabilities</b>	<b>24,627,346</b>	<b>26,232,430</b>
DEFERRED INCOME TAXES	10,773,454	9,402,833
ACCRUED COMPENSATION AND BENEFITS	217,937	217,937
ACCRUED POSTRETIREMENT BENEFITS	11,298,994	11,373,403
<b>STOCKHOLDERS' EQUITY:</b>		
Capital stock, par value \$2.50 per share, one vote per share - Authorized 10,000,000 shares, Issued and Outstanding 2,534,748 shares at 09/30/2024 and 2,543,867 shares at 12/31/2023	6,336,870	6,359,668
Class B capital stock, par value \$2.50 per share, supervoting rights of ten votes per share, restricted transferability, convertible at all times into Capital Stock on a share-for-share basis - Authorized 10,000,000 shares, Issued and Outstanding 1,127,643 shares at 09/30/2024 and 1,127,943 shares at 12/31/2023	2,819,107	2,819,857
Additional paid-in-capital	4,047,123	4,047,123
Retained earnings	373,248,585	326,002,394
Accumulated other comprehensive loss	(5,048,062)	(5,113,212)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>\$ 381,403,623</b>	<b>\$ 334,115,830</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 428,321,354</b>	<b>\$ 381,342,433</b>

See accompanying Notes to the Consolidated Financial Statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS  
FOR THE THREE MONTHS AND THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (UNAUDITED)

	For the Three Months Ended		For the Nine Months Ended	
	Sept. 30, 2024	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2023
NET SALES	\$ 80,034,528	\$ 72,698,735	\$ 202,482,058	\$ 194,639,547
COST OF SALES	47,539,119	45,585,115	127,750,795	127,985,018
<b>Gross profit from operations</b>	<b>\$ 32,495,409</b>	<b>\$ 27,113,620</b>	<b>\$ 74,731,263</b>	<b>\$ 66,654,529</b>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	6,435,818	5,057,560	18,394,015	16,287,812
<b>Income from operations</b>	<b>\$ 26,059,591</b>	<b>\$ 22,056,060</b>	<b>\$ 56,337,248</b>	<b>\$ 50,366,717</b>
OTHER INCOME (EXPENSE):				
Interest income	\$ 453,230	\$ 484,133	\$ 1,450,198	\$ 998,581
Interest expense	3,197	(597)	(617)	(2,619)
Gain on sale of equity investments	-	334,408	1,494,191	808,365
Unrealized gain (loss) on equity investments	5,275,000	(4,530,000)	5,500,000	7,900,000
Dividend income	164,836	428,596	1,458,904	1,179,583
Other, net	868,000	(648,671)	1,404,025	642,642
	<u>\$ 6,764,263</u>	<u>\$ (3,932,131)</u>	<u>\$ 11,306,701</u>	<u>\$ 11,526,552</u>
<b>Income before income taxes</b>	<b>\$ 32,823,854</b>	<b>\$ 18,123,929</b>	<b>\$ 67,643,949</b>	<b>\$ 61,893,269</b>
PROVISION FOR INCOME TAXES	6,893,000	3,810,000	14,205,000	13,000,000
Equity in affiliate earnings, net of tax	480,509	732,629	1,110,791	1,520,701
<b>NET INCOME</b>	<b>\$ 26,411,363</b>	<b>\$ 15,046,558</b>	<b>\$ 54,549,740</b>	<b>\$ 50,413,970</b>
RETAINED EARNINGS, beg. of period	\$ 349,637,005	\$ 311,436,770	\$ 326,002,394	\$ 280,297,580
Less cash dividends	2,747,003	15,503,069	5,500,861	18,025,105
Less purchase and retirement of capital stock	52,780	584,981	1,802,688	2,291,167
<b>RETAINED EARNINGS, end of period</b>	<b>\$ 373,248,585</b>	<b>\$ 310,395,278</b>	<b>\$ 373,248,585</b>	<b>\$ 310,395,278</b>
<b>Basic earnings per share</b>	<b>\$ 7.21</b>	<b>\$ 4.08</b>	<b>\$ 14.87</b>	<b>\$ 13.61</b>
<b>Cash dividends per share</b>	<b>\$ 0.75</b>	<b>\$ 4.20</b>	<b>\$ 1.50</b>	<b>\$ 4.88</b>

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THREE MONTHS AND THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (UNAUDITED)

	For the Three Months Ended		For the Nine Months Ended	
	Sept. 30, 2024	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2023
<b>NET INCOME</b>	<b>\$ 26,411,363</b>	<b>\$ 15,046,558</b>	<b>\$ 54,549,740</b>	<b>\$ 50,413,970</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS), net of deferred tax</b>				
AMORTIZATION OF PENSION AND POSTRETIREMENT PRIOR SERVICE COST (Net of deferred tax benefit of \$41,000, \$98,000, \$1,000 and \$(104,000), respectively)	117,056	280,990	4,247	(295,233)
AMORTIZATION OF PENSION AND POSTRETIREMENT LOSS (Net of deferred tax expense (benefit) of \$(22,000), \$(50,000), \$22,000 and \$138,000, respectively)	(64,454)	(142,011)	60,903	392,725
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS), net of deferred tax</b>	<b>\$ 52,602</b>	<b>\$ 138,979</b>	<b>\$ 65,150</b>	<b>\$ 97,492</b>
<b>COMPREHENSIVE INCOME</b>	<b>\$ 26,463,965</b>	<b>\$ 15,185,537</b>	<b>\$ 54,614,890</b>	<b>\$ 50,511,462</b>

See accompanying Notes to the Condensed Consolidated Financial Statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (UNAUDITED)

	2024	2023
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 54,549,740	\$ 50,413,970
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	12,258,190	11,799,374
Change in fair value of derivative financial instruments	311,638	(436,190)
Income from equity in affiliate investments, net of dividends	(1,001,223)	(1,432,616)
Deferred income taxes	1,347,621	2,239,300
Gain on disposal of assets	(127,283)	(1,424,656)
Realized gain on sale of equity investments	(1,494,191)	(808,365)
Unrealized holding (gain) loss on equity investments	(5,500,000)	(7,900,000)
Postretirement benefits and pension expense	(40,537)	(20,013)
Change in assets and liabilities:		
Receivables, net	(8,849,701)	(7,244,812)
Inventories	(5,901,276)	(6,390,014)
Prepaid expenses	(10,500)	(2,395,791)
Other assets	(2,602)	3,309
Accounts payable and accrued liabilities	1,013,213	973,008
Net cash provided by operating activities	<u>\$ 46,553,089</u>	<u>\$ 37,376,504</u>
<b>INVESTING ACTIVITIES:</b>		
Acquisition of property, plant and equipment	\$ (37,690,955)	\$ (36,414,670)
Proceeds from disposals of property, plant and equipment	1,215,793	1,682,428
Payment for purchases of equity investments	(70,510)	(57,800)
Proceeds from disposals of equity investments	1,838,789	1,916,482
Payment for purchases of derivative financial instruments	(300,000)	-
Net cash used for investing activities	<u>\$ (35,006,883)</u>	<u>\$ (32,873,560)</u>
<b>FINANCING ACTIVITIES:</b>		
Payments on other long-term debt	\$ -	\$ -
Cash dividends paid	(7,997,691)	(20,287,519)
Purchase of capital stock	(1,826,236)	(2,338,940)
Net cash used for financing activities	<u>\$ (9,823,927)</u>	<u>\$ (22,626,459)</u>
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>\$ 1,722,279</b>	<b>\$ (18,123,515)</b>
<b>Cash, cash equivalents and restricted cash, beginning of year</b>	<b><u>57,285,436</u></b>	<b><u>55,908,662</u></b>
<b>Cash, cash equivalents and restricted cash, end of year</b>	<b><u>\$ 59,007,715</u></b>	<b><u>\$ 37,785,147</u></b>
Supplemental disclosures:		
Interest paid, net of amount capitalized	\$ 617	\$ 2,022
Income taxes paid	10,041,000	10,175,000
Capital equipment additions included in accounts payable and accrued liabilities	165,649	433,543
Capital stock repurchases included in accrued liabilities	4,650	4,650

See accompanying Notes to the Condensed Consolidated Financial Statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE FIRST NINE MONTHS ENDED SEPTEMBER 30, 2024 (UNAUDITED) AND YEARS ENDED DECEMBER 31, 2023 AND 2022

		Company Stockholders						Total
		Capital Stock	Class B Capital Stock	Additional Paid-In- Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss), Net of Tax	
<b>Balance</b>								
	<b>January 01, 2022</b>	\$ 6,560,775	2,844,123	2,485,125	264,635,013	-	(16,102,806)	260,422,230
Net Income		-	-	-	40,876,176	-	-	40,876,176
Dividends declared (\$4.83 per share)		-	-	-	(18,153,658)	-	-	(18,153,658)
Transfer of shares		18,060	(18,060)	-	-	-	-	-
Retirement of capital stock		(170,805)	-	-	(7,059,951)	-	-	(7,230,756)
Issuance of 15,239 shares with market value \$105.00 per share		38,098	-	1,561,998	-	-	-	1,600,096
Pension and Postretirement current year actuarial gain		-	-	-	-	-	10,265,438	10,265,438
Pension and Postretirement current year prior service credit		-	-	-	-	-	(9,559)	(9,559)
Amortization of Pension and Postretirement prior service cost		-	-	-	-	-	(1,151,194)	(1,151,194)
Amortization of Pension and Postretirement loss		-	-	-	-	-	1,070,470	1,070,470
<b>Balance</b>								
	<b>December 31, 2022</b>	\$ 6,446,128	2,826,063	4,047,123	280,297,580	-	(5,927,651)	287,689,243
Net Income		-	-	-	73,692,430	-	-	73,692,430
Dividends declared (\$6.24 per share)		-	-	-	(23,027,666)	-	-	(23,027,666)
Transfer of shares		4,331	(4,331)	-	-	-	-	-
Retirement of capital stock		(90,791)	(1,875)	-	(4,959,950)	-	-	(5,052,616)
Pension and Postretirement current year actuarial gain		-	-	-	-	-	791,341	791,341
Amortization of Pension and Postretirement prior service cost		-	-	-	-	-	(225,617)	(225,617)
Amortization of Pension and Postretirement loss		-	-	-	-	-	248,715	248,715
<b>Balance</b>								
	<b>December 31, 2023</b>	\$ 6,359,668	2,819,857	4,047,123	326,002,394	-	(5,113,212)	334,115,830
Net Income		-	-	-	54,549,740	-	-	54,549,740
Dividends declared (\$1.50 per share)		-	-	-	(5,500,861)	-	-	(5,500,861)
Transfer of shares		750	(750)	-	-	-	-	-
Retirement of capital stock		(23,548)	-	-	(1,802,688)	-	-	(1,826,236)
Amortization of Pension and Postretirement prior service cost		-	-	-	-	-	4,247	4,247
Amortization of Pension and Postretirement loss		-	-	-	-	-	60,903	60,903
<b>Balance</b>								
	<b>September 30, 2024</b>	\$ 6,336,870	2,819,107	4,047,123	373,248,585	-	(5,048,062)	381,403,623

See accompanying Notes to the Consolidated Financial Statements

**(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Monarch Cement Company (Monarch) is principally engaged in the manufacture and sale of portland cement. The marketing area for Monarch's products consists primarily of the State of Kansas, the State of Iowa, southeast Nebraska, western Missouri, northwest Arkansas and northern Oklahoma. Sales are made primarily to contractors, ready-mixed concrete plants, concrete products plants, building materials dealers and governmental agencies. Subsidiaries of Monarch (which together with Monarch are referred to herein as the "Company") sell ready-mixed concrete, concrete products and sundry building materials within Monarch's marketing area.

For a summary of accounting policies, the reader should refer to Note 1 of the consolidated financial statements included in our Company's most recent annual report.

Certain amounts in the prior periods presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported net income.

**(2) PROPERTY, PLANT AND EQUIPMENT**

As of September 30, 2024, the amount of accounts payable related to property, plant and equipment was approximately \$166,000 compared to December 31, 2023 which was approximately \$287,000.

**(3) INVENTORIES**

Inventories of finished cement and work in process are recorded using the average cost method. The cost of manufactured items includes all material, labor, factory overhead and production-related administrative overhead required in their production.

Other inventories are purchased from outside suppliers. Fuel and other materials are priced by the first-in, first-out (FIFO) method while operating and maintenance supplies are recorded using the average cost method.

Inventories of fuel, gypsum, paper sacks and other are used in the manufacture of cement. The operating and maintenance supplies consist primarily of spare parts for our cement manufacturing equipment.

**(4) REVENUE RECOGNITION**

The Company records revenue from the sale of cement, ready-mixed concrete, concrete products and sundry building materials following delivery of the products to customers, which is the point in time when the Company's performance obligation with the customer is satisfied. In the event the Company receives advance payment on orders, we defer revenue recognition until the product is delivered.

**(5) LINES OF BUSINESS**

Corporate assets for 2024 and 2023 include cash and cash equivalents, investments and other assets. Following is a summary of the Company's business segment results for the periods indicated:

	Cement Business	Ready-Mixed Concrete Business	Adjustments and Eliminations	Consolidated
<b>For the Three Months Ended 09/30/2024</b>				
Sales to unaffiliated customers	\$ 47,751,713	\$ 32,282,815	\$ -	\$ 80,034,528
Intersegment sales	6,784,497	726,442	(7,510,939)	-
Total net sales	<u>\$ 54,536,210</u>	<u>\$ 33,009,257</u>	<u>\$ (7,510,939)</u>	<u>\$ 80,034,528</u>
Income from operations	<u>\$ 23,393,354</u>	<u>\$ 2,666,237</u>		<u>\$ 26,059,591</u>
Other income, net				6,764,263
Income before income taxes				<u>\$ 32,823,854</u>
Capital Expenditures	\$ 8,510,974	\$ 989,984		\$ 9,500,958
<b>For the Three Months Ended 09/30/2023</b>				
Sales to unaffiliated customers	\$ 44,187,302	\$ 28,511,433	\$ -	\$ 72,698,735
Intersegment sales	5,883,339	931,231	(6,814,570)	-
Total net sales	<u>\$ 50,070,641</u>	<u>\$ 29,442,664</u>	<u>\$ (6,814,570)</u>	<u>\$ 72,698,735</u>
Income from operations	<u>\$ 18,883,710</u>	<u>\$ 3,172,350</u>		<u>\$ 22,056,060</u>
Other loss, net				(3,932,131)
Income before income taxes				<u>\$ 18,123,929</u>
Capital Expenditures	\$ 16,574,406	\$ 3,717,243		\$ 20,291,649
<b>For the Nine Months Ended 09/30/2024</b>				
Sales to unaffiliated customers	\$ 118,389,421	\$ 84,092,637	\$ -	\$ 202,482,058
Intersegment sales	17,666,631	2,263,289	(19,929,920)	-
Total net sales	<u>\$ 136,056,052</u>	<u>\$ 86,355,926</u>	<u>\$ (19,929,920)</u>	<u>\$ 202,482,058</u>
Income from operations	<u>\$ 50,172,227</u>	<u>\$ 6,165,021</u>		<u>\$ 56,337,248</u>
Other income, net				11,306,701
Income before income taxes				<u>\$ 67,643,949</u>
Capital Expenditures	\$ 26,694,824	\$ 10,874,664		\$ 37,569,488
<b>For the Nine Months Ended 09/30/2023</b>				
Sales to unaffiliated customers	\$ 115,973,203	\$ 78,666,344	\$ -	\$ 194,639,547
Intersegment sales	15,972,772	1,842,926	(17,815,698)	-
Total net sales	<u>\$ 131,945,975</u>	<u>\$ 80,509,270</u>	<u>\$ (17,815,698)</u>	<u>\$ 194,639,547</u>
Income from operations	<u>\$ 43,742,663</u>	<u>\$ 6,624,054</u>		<u>\$ 50,366,717</u>
Other income, net				11,526,552
Income before income taxes				<u>\$ 61,893,269</u>
Capital Expenditures	\$ 29,667,906	\$ 7,006,062		\$ 36,673,968
<b>Balance at 09/30/2024</b>				
Identifiable Assets	<u>\$ 214,315,764</u>	<u>\$ 59,384,305</u>		\$ 273,700,069
Corporate Assets				154,621,285
				<u>\$ 428,321,354</u>
<b>Balance at 12/31/2023</b>				
Identifiable Assets	<u>\$ 185,484,180</u>	<u>\$ 49,231,624</u>		\$ 234,715,804
Corporate Assets				146,626,629
				<u>\$ 381,342,433</u>

**(6) FAIR VALUE**

Realized gains (losses) on equity investments are computed using the specific identification method. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company applies mark-to-market accounting to derivative instruments that are not accounted for as hedges.



Cash and cash equivalents, receivables, accounts payable and short and long-term debt have carrying values that approximate fair values. The Company's valuation techniques used to measure the fair value of its marketable equity securities were derived from quoted prices in active markets for identical assets. Equity investments that do not have readily determinable market prices were remeasured to fair value upon the occurrence of an observable price change.

The Company has no liabilities at either date requiring remeasurement to fair value on a recurring basis in the balance sheet. The Company has no additional assets or liabilities at either date requiring remeasurement to fair value on a non-recurring basis in the balance sheet.

## (7) DERIVATIVE FINANCIAL INSTRUMENTS

The Company has entered into derivative transactions to hedge its exposures to commodity price fluctuations. The Company does not enter into derivative transactions for trading purposes.

The Company enters into energy commodity-based derivatives in order to protect cash flows from fluctuations caused by volatility in the commodity prices in order to protect gross margins from potentially adverse effects of market and price volatility on diesel fuel. These hedges are not designated as effective hedges for accounting purposes. For derivative instruments that are not accounted for as hedges, the Company applies mark-to-market accounting with the change in fair value that is recorded through earnings in the period of change. Derivative fair market gains and losses are included in the results of operations and are included in cost of sales.

As part of the hedging activity, the Company is required to maintain certain levels of cash (margin deposits) with the clearing broker. The net of the margin deposits and equity value of the open positions must be a positive balance or additional cash is required. At times, this balance will be negative, thus requiring additional cash deposits within a specified time period. If the balance is negative as of the date of the balance sheets, this is reported as a current liability on the balance sheets. The corresponding market value of the open positions is reported as a current asset (or liability) on the consolidated balance sheets.

The following table provides the fair value (see Note 6) of the Company's derivative financial instruments not designated as hedging instruments:

<u>Derivatives Not Designated as Hedging Instruments</u>	<u>Balance Sheet Classification</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Futures Contracts (Level 2)	Derivative financial instruments	\$ 505,872	\$ 517,510

The net effect of derivatives not designated as hedges on the Statement of Income for the three months ended September 30, 2024 and 2023:

<u>Derivatives Not Designated as Hedging Instruments</u>	<u>Income Statement Classification</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Futures Contracts (Level 2)	Cost of Sales	\$ 657,694	\$ (1,469,546)

The net effect of derivatives not designated as hedges on the Statement of Income for the nine months ended September 30, 2024 and 2023:

<u>Derivatives Not Designated as Hedging Instruments</u>	<u>Income Statement Classification</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Futures Contracts (Level 2)	Cost of Sales	\$ 311,638	\$ (436,190)

## (8) INVESTMENTS

### Equity Investments

The following table shows the gross unrealized gains (losses) recorded in the income statement aggregated by investment category at:

	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Cement industry	\$ 5,630,000	\$ 3,420,000
General building materials industry	1,075,000	1,765,000
Oil & gas refining and marketing industry	(1,555,000)	1,275,000
Residential construction industry	350,000	1,440,000
Total	<u>\$ 5,500,000</u>	<u>\$ 7,900,000</u>

The following table shows the fair value of the Company's investments aggregated by investment category at:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Cement industry	\$ 27,526,435	\$ 21,895,193
General building materials industry	19,772,171	18,694,607
Oil & gas refining and marketing industry	8,999,024	10,493,734
Residential construction industry	6,143,084	6,131,268
Total	<u>\$ 62,440,714</u>	<u>\$ 57,214,802</u>

### Equity Method Investments

The Company owns common stock of GFI, a privately-owned company in the brick industry. The Company has determined that it has the ability to exercise significant influence, but not control, over the operating and financial policies of GFI. Consequently, the equity method of accounting is used for the investment.

Pertinent information about the Company's investment in GFI is as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Carrying value	\$ 16,561,629	\$ 15,560,406
Ownership percentage	36.14%	36.14%
Cash dividends received	109,568	88,085
Undistributed earnings	11,655,065	10,544,273
Difference between carrying amount and the underlying equity in net assets*	28,123	137,691
	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Equity in earnings	1,110,791	1,520,701

\* The difference between carrying amount and the underlying equity in net assets is in a memo account allocated to goodwill.

During the three months ended September 30, 2024 and 2023, the Company purchased \$0.4 million and \$0.2 million, respectively, of brick from GFI in arm's length transactions in the normal course of business for resale to third parties. During the nine months ended September 30, 2024 and 2023, the Company purchased \$0.9 million and \$0.9 million, respectively, of brick from GFI in arm's length transactions in the normal course of business for resale to third parties. The Company eliminated intra-entity profits or losses for its proportionate share of GFI's common stock for inventory still remaining with the Company until such profits or losses were realized in transactions with third parties. Amounts due to GFI for Company purchases were not significant at September 30, 2024 and 2023.

The Company's equity method investment is reviewed for impairment on a periodic basis or if an event occurs or circumstances change that indicate the carrying amount may be impaired. This assessment is based on a review of the investment's performance and a review of indicators of impairment to determine if there is evidence of a loss in value of the investment. Factors the Company considers include:

- Absence of the Company's ability to recover the carrying amount;
- Inability of the equity affiliate to sustain an earnings capacity which would justify the carrying amount of the investment; and
- Significant litigation, bankruptcy or other events that could impact recoverability.

For an equity investment with impairment indicators, the Company measures fair value on the basis of discounted cash flows or other appropriate valuation methods. If it is probable that the Company will not recover the carrying amount of its investment, the impairment is recorded in earnings, and the equity investment balance is reduced to its fair value accordingly. After review, the Company does not consider its equity method investment, for which fair value approximates carrying value, to be impaired at September 30, 2024 or December 31, 2023.

## (9) PENSION AND OTHER POSTRETIREMENT BENEFITS

The following table presents the components of net periodic pension and postretirement benefit costs for the three months ended September 30, 2024 and 2023:

	Pension Benefits		Other Benefits	
	2024	2023	2024	2023
Service Cost	\$ 269,158	\$ 55,939	\$ 34,184	\$ (7,835)
Interest Cost	639,076	829,985	98,750	198,505
Less: Expected return on plan assets	970,030	716,914	-	-
Amortization of prior service cost	1,749	1,866	156,307	377,124
Recognized net actuarial loss	(125,298)	(122,780)	38,843	(69,230)
Net periodic (benefit) expense	<u>\$ (185,345)</u>	<u>\$ 48,096</u>	<u>\$ 328,084</u>	<u>\$ 498,564</u>

The following table presents the components of net periodic pension and postretirement benefit costs for the nine months ended September 30, 2024 and 2023:

	Pension Benefits		Other Benefits	
	2024	2023	2024	2023
Service Cost	\$ 713,350	\$ 832,445	\$ 106,176	\$ 151,819
Interest Cost	1,917,228	1,726,319	409,640	423,276
Less: Expected return on plan assets	2,684,856	2,739,894	-	-
Amortization of prior service cost	5,247	5,130	-	(404,363)
Recognized net actuarial loss	14,538	402,450	68,364	128,274
Net periodic (benefit) expense	<u>\$ (34,493)</u>	<u>\$ 226,450</u>	<u>\$ 584,180</u>	<u>\$ 299,006</u>

The components of net periodic benefit cost other than the service cost component are included in the line item Other, net in the income statement.

As previously disclosed in our financial statements for the year ended December 31, 2023, there are no minimum expected contributions to the pension plans for the year 2024. As of September 30, 2024, we have made no contributions to the plans.

The other benefits consist of postretirement benefits that are self-insured by Monarch and are paid out of Monarch's general assets. As previously disclosed in our financial statements for the year ended December 31, 2023, Monarch expects expenditures of approximately \$924,000 for this plan in 2024. As of September 30, 2024, we have contributed approximately \$591,000 and anticipate contributing an additional \$333,000 to this plan in 2024 for a total of \$924,000.

The Board of Directors voted to approve a freeze of the pension benefits for participants of the Staff Pension Plan effective July 1, 2024, and subsequently terminated the plan effective July 31, 2024. The Staff pension plan represents \$248,993 of the Net Periodic (benefit) expense discussed above in Footnote 9 for the nine months ended September 30, 2024.

The following table presents the components of net periodic pension costs for the nine months ended September 30, 2024, broken down by each different pension plan:

	Pension Plans			
	Staff	Humboldt - Production	Des Moines - Production	Total
Service Cost	\$ 559,958	\$ 134,159	\$ 18,524	\$ 712,641
Interest Cost	1,277,900	578,112	59,226	1,915,238
Less: Expected return on plan assets	1,664,388	974,585	102,190	2,741,163
Amortization of prior service cost	2,063	-	3,185	5,248
Recognized net actuarial loss	73,459	-	84	73,543
Net periodic (benefit) expense	<u>\$ 248,992</u>	<u>\$ (262,314)</u>	<u>\$ (21,171)</u>	<u>\$ (34,493)</u>

#### (10) RECLASSIFICATION OUT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table presents the reclassifications out of accumulated other comprehensive income (loss) and the affected line item in the statements where net income is presented for the three months ended September 30, 2024 and 2023:

Reclassification for	2024	2023
Net periodic pension and postretirement costs in:		
Other, net	\$ 71,602	\$ 186,979
Tax benefit (expense)	(19,000)	(48,000)
Net of tax	<u>\$ 52,602</u>	<u>\$ 138,979</u>

The following table presents the reclassifications out of accumulated other comprehensive income and the affected line item in the statements where net income is presented for the nine months ended September 30, 2024 and 2023:

Reclassification for	2024	2023
Net periodic pension and postretirement costs in:		
Other, net	\$ 88,150	\$ 131,492
Tax benefit (expense)	(23,000)	(34,000)
Net of tax	<u>\$ 65,150</u>	<u>\$ 97,492</u>

#### (11) OTHER NONOPERATING INCOME OR EXPENSE

Other, net contains miscellaneous nonoperating income (expense) items other than interest income, interest expense, gains on sale of equity investments, unrealized gains (losses) on equity investments and dividend income.

#### (12) EARNINGS PER SHARE

Basic earnings per share of capital stock has been calculated based on the weighted average shares outstanding during each of the reporting periods. The weighted average number of shares outstanding was 3,662,638 and 3,668,042 in the third quarter and first nine months of 2024, respectively. The weighted average number of shares outstanding was 3,692,664 and 3,702,973 in the third quarter and first nine months of 2023, respectively. The Company has no capital stock equivalents and therefore, does not report diluted earnings per share.

#### (13) INCOME TAXES

The Company, or one of its subsidiaries, files income tax returns in the U.S. Federal jurisdiction and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. Federal or state income tax examinations by tax authorities for years before 2020. The Company believes it is not subject to any significant tax risk. The Company does not have any accrued interest or penalties associated with any unrecognized tax benefits, nor were any significant interest expenses recognized during the three months ended September 30, 2024 or September 30, 2023.

#### (14) SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 8, 2024, which is the date the financial statements were issued.