

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

The Monarch Cement Company

A Kansas Corporation

P.O Box 1000, Humboldt, Kansas

620-473-2222

www.monarchcement.com

shareholder.relations@monarchcement.com

3241 – Cement, Hydraulic
3273 – Ready-Mixed Concrete

Quarterly Report

For the Period Ending: June 30, 2021

As of June 30, 2021, the number of shares outstanding of our Common Stock was: 2,624,370

As of June 30, 2021, the number of shares outstanding of our Class B Common Stock was: 1,137,849

As of March 31, 2021, the number of shares outstanding of our Common Stock was: 2,610,374

As of March 31, 2021, the number of shares outstanding of our Class B Common Stock was: 1,186,455

As of December 31, 2020, the number of shares outstanding of our Common Stock was: 2,609,104

As of December 31, 2020, the number of shares outstanding of our Class B Common Stock was: 1,187,725

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:

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

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

The Monarch Cement Company

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years: Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Monarch was organized as a corporation under the laws of the State of Kansas on July 29, 1913 and is currently active.

Describe any trading suspension orders issued by the SEC 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

						control disclosed).			
6/19/19	Conversion	1,700	Class B to Capital						
6/28/19	Conversion	1,000	Class B to Capital						
3/30/20	Conversion	19,072	Class B to Capital						
11/12/20	Conversion	3,300	Class B to Capital						
12/4/20	Conversion	1,500	Class B to Capital						
12/28/20	Retirement	60,587	Capital						
12/28/20	Retirement	2,333	Class B						
12/31/20	Retirement	1,040	Capital						
1/28/21	Conversion	670	Class B to Capital						
2/5/21	Conversion	600	Class B to Capital						
4/1/21	Conversion	25	Class B to Capital						
5/19/21	Retirement	34,610	Class B						
6/15/21	Conversion	13,971	Class B to Capital						
Shares Outstanding on 6/30/2021:	Ending Balance: Capital: 2,624,370 Class B: 1,137,849								

The Company received no payment in connection with the issuances of such shares. No underwriters were involved with the issuance of such shares and no commissions were paid in connection with such issuances. There was no advertisement or general solicitation made in connection with the issuance of such shares. Except as described above, Monarch did not issue or sell any shares of its Capital Stock or Class B Capital Stock during the first six months ended June 30, 2021.

B. Debt Securities, Including Promissory and Convertible Notes

The Company has a credit agreement with BOKF, NA dba Bank of Oklahoma which provides for a \$15.0 million revolving note maturing on December 31, 2021. As of June 30, 2021 and December 31, 2020, there was nothing borrowed against the revolving loan.

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 (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
_____	_____	_____	_____	_____	_____	_____	_____

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

5) 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. Describe any subsidiaries, parents, or affiliated companies.

Subsidiaries of Monarch include: 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., 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.

6) 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.

7) Officers, Directors, and Control Persons

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	Note
Walter H. Wulf, Jr.	Officer/Director	Humboldt, KS	169,452	Capital	6.46%	
			193,542	Class B	17.01%	
Kent A. Webber	Officer/Director	Chanute, KS	3,850	Capital	*	
Robert M. Kissick	Officer/Director	Leawood, KS	14,782	Capital	*	
			39,903	Class B	3.51%	
Tony D. Kasten	Officer	Chanute, KS	75	Capital	*	
Lisa J. Fontaine	Officer	Iola, KS	2,500	Capital	*	
Kenneth G. Miller	Officer	Humboldt, KS	600	Capital	*	
N. Joan Perez	Officer	Humboldt, KS	6,400	Capital	*	
Douglas W. Sommers	Officer	Chanute, KS	675	Capital	*	
Mark A. Callaway	Director	Wichita, KS	100	Capital	*	
David L. Deffner	Director	Gulf Shores, AL	11,863	Class B	1.04%	
Gayle C. McMillen	Director	Salina, KS	34,610	Class B	3.04%	
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	Grand Rapids, MI	3,800	Capital	*	
			4,300	Class B	*	
Paula D. Radcliff	Owner of more than 5%	Dexter, KS	199,760	Capital	7.61%	
			211,960	Class B	18.63%	

*Less than one percent.

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

Securities Counsel

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

Accountant or Auditor

Firm: BKD, LLP
Address 1: 1201 Walnut Street, Suite 1700
Address 2: Kansas City, MO 64106-2246
Phone: (816) 221-6300

Investor Relations Consultant

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

10) Issuer Certification

Principal Executive Officer:

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

1. I have reviewed this Quarterly Report of 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.

August 4, 2021

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

Principal Financial Officer:

I, Tony D. Kasten certify that:

1. I have reviewed this Quarterly Report of 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.

August 4, 2021

/s/ Tony D. Kasten
Chief Financial Officer
Secretary-Treasurer

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
JUNE 30, 2021 (UNAUDITED) AND DECEMBER 31, 2020

ASSETS	2021	2020
Current Assets:		
Cash and cash equivalents	\$ 32,839,065	\$ 30,624,449
Receivables, less allowances of \$570,000 in 2021 and \$536,000 in 2020 for doubtful accounts	26,492,000	19,488,380
Inventories, priced at cost which is not in excess of market-		
Finished cement	\$ 5,910,723	\$ 5,254,600
Work in process	3,851,193	6,849,123
Building products	2,944,862	2,586,956
Fuel, gypsum, paper sacks and other	8,013,614	6,695,701
Operating and maintenance supplies	19,603,185	19,358,550
Total inventories	\$ 40,323,577	\$ 40,744,930
Derivative financial instruments	2,650,765	1,215,546
Prepaid expenses	1,470,557	747,053
Total current assets	\$ 103,775,964	\$ 92,820,358
Property, Plant and Equipment, at cost, less accumulated depreciation and depletion of \$275,981,084 in 2021 and \$270,152,181 in 2020	102,820,543	95,567,662
Deferred Income Taxes	982,301	4,461,801
Investments	59,856,763	49,211,744
Investments in Affiliates	11,088,573	10,755,752
Other Assets	4,937,776	4,952,591
	\$ 283,461,920	\$ 257,769,908
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 8,562,594	\$ 7,220,921
Current portion of other long-term debt	750,000	750,000
Accrued liabilities		
Dividends	-	1,930,395
Compensation and benefits	3,159,746	3,207,719
Federal and state income taxes	4,901,439	1,031,227
Miscellaneous taxes	958,287	797,066
Other	710,719	785,620
Total current liabilities	\$ 19,042,785	\$ 15,722,948
Accrued Postretirement Benefits	17,060,678	17,086,660
Accrued Pension Expense	12,223,611	12,399,146
Stockholders' Equity:		
Capital stock, par value \$2.50 per share, one vote per share - Authorized 10,000,000 shares, Issued and Outstanding 2,624,370 shares at 06/30/2021 and 2,609,104 shares at 12/31/2020	\$ 6,560,925	\$ 6,522,760
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 1,137,849 shares at 06/30/2021 and 1,187,725 shares at 12/31/2020	2,844,623	2,969,313
Additional paid-in-capital	2,485,125	2,485,125
Retained earnings	249,430,099	226,760,207
Accumulated other comprehensive loss	(26,185,926)	(26,176,251)
Total Stockholders' Equity	\$ 235,134,846	\$ 212,561,154
	\$ 283,461,920	\$ 257,769,908

See accompanying Notes to the Condensed Consolidated Financial Statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE THREE MONTHS AND THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020 (UNAUDITED)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
NET SALES	\$ 59,836,893	\$ 52,306,031	\$ 92,884,314	\$ 83,114,770
COST OF SALES	39,259,227	33,905,968	67,699,360	59,748,740
Gross profit from operations	\$ 20,577,666	\$ 18,400,063	\$ 25,184,954	\$ 23,366,030
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	4,693,798	4,430,894	9,473,788	9,012,523
Income from operations	\$ 15,883,868	\$ 13,969,169	\$ 15,711,166	\$ 14,353,507
OTHER INCOME (EXPENSE):				
Interest income	\$ 23,942	\$ 50,574	\$ 34,740	\$ 172,069
Interest expense	(64)	(53)	438	(1,206)
Gain on sale of equity investments	2,010,756	4,869	2,551,613	4,869
Unrealized gain (loss) on equity investments	1,640,000	5,050,000	13,480,000	(11,520,000)
Dividend income	2,375,172	169,849	2,427,564	330,634
Other, net	445,087	376,842	972,672	734,968
	\$ 6,494,893	\$ 5,652,081	\$ 19,467,027	\$ (10,278,666)
Income before income taxes	\$ 22,378,761	\$ 19,621,250	\$ 35,178,193	\$ 4,074,841
PROVISION FOR INCOME TAXES	4,700,000	4,121,000	7,388,000	856,000
Equity in affiliate earnings, net of tax	174,970	97,942	345,060	395,873
NET INCOME	\$ 17,853,731	\$ 15,598,192	\$ 28,135,253	\$ 3,614,714
RETAINED EARNINGS, beg. of period	\$ 237,073,709	\$ 192,940,895	\$ 226,760,207	\$ 204,924,373
Less cash dividends	2,088,256	1,930,395	2,056,276	1,930,395
Less purchase and retirement of capital stock	3,409,085	-	3,409,085	-
RETAINED EARNINGS, end of period	\$ 249,430,099	\$ 206,608,692	\$ 249,430,099	\$ 206,608,692
Basic earnings per share	\$ 4.72	\$ 4.04	\$ 7.43	\$ 0.94
Cash dividends per share	\$ 0.55	\$ 0.50	\$ 0.55	\$ 0.50

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020 (UNAUDITED)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
NET INCOME	\$ 17,853,731	\$ 15,598,192	\$ 28,135,253	\$ 3,614,714
OTHER COMPREHENSIVE INCOME (LOSS), net of deferred tax				
AMORTIZATION OF PENSION AND POSTRETIREMENT, PRIOR SERVICE COST (Net of deferred tax expense of \$154,000, \$139,000, \$308,000 and \$292,000, respectively)	(438,867)	(391,937)	(876,656)	(829,013)
AMORTIZATION OF PENSION AND POSTRETIREMENT LOSS (Net of deferred tax benefit of \$(147,000), \$(128,000), \$(304,000) and \$(281,000), respectively)	420,376	371,235	866,981	795,891
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), net of deferred tax	\$ (18,491)	\$ (20,702)	\$ (9,675)	\$ (33,122)
COMPREHENSIVE INCOME	\$ 17,835,240	\$ 15,577,490	\$ 28,125,578	\$ 3,581,592

See accompanying Notes to the Condensed Consolidated Financial Statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020 (UNAUDITED)

	2021	2020
OPERATING ACTIVITIES:		
Net income	\$ 28,135,253	\$ 3,614,714
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation, depletion and amortization	6,904,870	7,384,448
(Income) loss from derivative financial instruments	(1,435,219)	74,485
Income from equity method investments, net of dividends received	(332,821)	(383,635)
Decrease in long-term notes receivable	14,770	7,587
Deferred income taxes	3,483,500	(3,048,000)
Gain on disposal of assets	(214,070)	(50,128)
Realized gain on sale of equity investments	(2,551,613)	(4,869)
Unrealized holding (gain) loss	(13,480,000)	11,520,000
Postretirement benefits and pension expense	(215,192)	(190,001)
Change in assets and liabilities:		
Receivables, net	(7,003,620)	(5,135,632)
Inventories	421,353	(1,454,626)
Refundable income taxes	-	-
Prepaid expenses	(723,504)	39,709
Other assets	45	22,785
Accounts payable and accrued liabilities	5,454,141	2,024,155
Net cash provided by operating activities	<u>\$ 18,457,893</u>	<u>\$ 14,420,992</u>
INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	\$ (14,444,070)	\$ (11,588,109)
Proceeds from disposals of property, plant and equipment	296,480	164,009
Payment for purchases of equity investments	(1,444,368)	(4,373,301)
Proceeds from disposals of equity investments	6,830,962	315,398
Payment for purchases of derivative financial instruments	-	(838,851)
Net cash used for investing activities	<u>\$ (8,760,996)</u>	<u>\$ (16,320,854)</u>
FINANCING ACTIVITIES:		
Cash dividends paid	\$ (3,986,671)	\$ (3,861,240)
Purchases of capital stock	(3,495,610)	(6,000)
Net cash used for financing activities	<u>\$ (7,482,281)</u>	<u>\$ (3,867,240)</u>
Net increase (decrease) in cash and cash equivalents	\$ 2,214,616	\$ (5,767,102)
CASH AND CASH EQUIVALENTS, beginning of year	<u>30,624,449</u>	<u>24,145,075</u>
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 32,839,065</u>	<u>\$ 18,377,973</u>
Supplemental disclosures:		
Interest paid, net of amount capitalized	\$ (438)	\$ 1,206
Income taxes paid	34,288	3,120,016
Capital equipment additions included in accounts payable and accrued liabilities	48,179	11,748
Capital stock repurchases included in accrued liabilities	4,650	9,900

See accompanying Notes to the Condensed Consolidated Financial Statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2021 (UNAUDITED) AND YEARS ENDED DECEMBER 31, 2020 AND 2019

Company Stockholders									
	Capital Stock	Class B Capital Stock	Additional Paid-In- Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss), Net of Tax	Total		
Balance									
January 01, 2019	\$ 6,610,398	\$ 3,041,575	\$ 2,485,125	\$ 178,952,905	\$ -	\$ (15,037,431)	\$		176,052,572
Net income	-	-	-	33,113,928	-	-			33,113,928
Dividends declared (\$1.85 per share)	-	-	-	(7,142,460)	-	-			(7,142,460)
Transfer of shares	6,750	(6,750)	-	-	-	-			-
Pension and Postretirement current year actuarial loss	-	-	-	-	-	(4,457,062)			(4,457,062)
Pension and Postretirement current year prior service loss	-	-	-	-	-	(8,860)			(8,860)
Amortization of Pension and Postretirement prior service cost	-	-	-	-	-	(1,745,303)			(1,745,303)
Amortization of Pension and Postretirement loss	-	-	-	-	-	1,695,621			1,695,621
Balance									
December 31, 2019	\$ 6,617,148	\$ 3,034,825	\$ 2,485,125	\$ 204,924,373	\$ -	\$ (19,553,035)	\$		197,508,436
Net Income	-	-	-	33,874,712	-	-			33,874,712
Dividends declared (\$2.00 per share)	-	-	-	(7,721,578)	-	-			(7,721,578)
Transfer of shares	59,680	(59,680)	-	-	-	-			-
Repurchase of capital stock	-	-	-	-	(72,800)	-			(72,800)
Repurchases of capital stock due to modified Dutch tender offer	-	-	-	-	(4,404,400)	-			(4,404,400)
Retirement of capital stock	(154,068)	(5,832)	-	(4,317,300)	4,477,200	-			-
Pension and Postretirement current year actuarial loss	-	-	-	-	-	(6,660,520)			(6,660,520)
Amortization of Pension and Postretirement prior service cost	-	-	-	-	-	(1,757,113)			(1,757,113)
Amortization of Pension and Postretirement loss	-	-	-	-	-	1,794,417			1,794,417
Balance									
December 31, 2020	\$ 6,522,760	\$ 2,969,313	\$ 2,485,125	\$ 226,760,207	\$ -	\$ (26,176,251)	\$		212,561,154
Net Income	-	-	-	28,135,253	-	-			28,135,253
Dividends declared	-	-	-	(2,056,276)	-	-			(2,056,276)
Transfer of shares	38,165	(38,165)	-	-	-	-			-
Retirement of capital stock	-	(86,525)	-	(3,409,085)	-	-			(3,495,610)
Amortization of Pension and Postretirement prior service cost	-	-	-	-	-	(876,656)			(876,656)
Amortization of Pension and Postretirement loss	-	-	-	-	-	866,981			866,981
Balance									
June 30, 2021	\$ 6,560,925	\$ 2,844,623	\$ 2,485,125	\$ 249,430,099	\$ -	\$ (26,185,926)	\$		235,134,846

See accompanying Notes to the Condensed 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 June 30, 2021, the amount of accounts payable related to property, plant and equipment was approximately \$48,000 compared to December 31, 2020 which was approximately \$252,000.

(3) INVENTORIES

During the second quarter and six months ended June 30, 2021, we incurred approximately \$65,000 and \$169,000, respectively, temporary last-in, first-out (LIFO) liquidation gain due to the reductions in work in process inventory. During the second quarter ended June 30, 2020, we restored approximately \$113,000, LIFO liquidation incurred in the first three months of 2020 because of reductions in work in process inventory, while in the six months ended June 30, 2020, we did not incur a temporary last-in, first-out (LIFO) liquidation gain. The temporary LIFO liquidation gain has been deferred as a component of accrued liabilities.

(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 2021 and 2020 include cash and cash equivalents, deferred income taxes, 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
For the Three Months Ended 06/30/2021				
Sales to unaffiliated customers	\$ 34,524,906	\$ 25,311,987	\$ -	\$ 59,836,893
Intersegment sales	5,335,895	65,731	(5,401,626)	-
Total net sales	<u>\$ 39,860,801</u>	<u>\$ 25,377,718</u>	<u>\$ (5,401,626)</u>	<u>\$ 59,836,893</u>
Income from operations	<u>\$ 13,642,842</u>	<u>\$ 2,241,026</u>		<u>\$ 15,883,868</u>
Other income, net				6,494,893
Income before income taxes				<u>\$ 22,378,761</u>
Capital Expenditures	\$ 3,505,408	\$ 813,438		<u>\$ 4,318,846</u>

	Cement Business	Ready-Mixed Concrete Business	Adjustments and Eliminations	Consolidated
For the Three Months Ended 06/30/2020				
Sales to unaffiliated customers	\$ 29,243,688	\$ 23,062,343	\$ -	\$ 52,306,031
Intersegment sales	4,800,349	60,226	(4,860,575)	-
Total net sales	<u>\$ 34,044,037</u>	<u>\$ 23,122,569</u>	<u>\$ (4,860,575)</u>	<u>\$ 52,306,031</u>
Income from operations	<u>\$ 12,035,022</u>	<u>\$ 1,934,147</u>		<u>\$ 13,969,169</u>
Other income, net				5,652,081
Income before income taxes				<u>\$ 19,621,250</u>
Capital Expenditures	\$ 4,320,910	\$ 771,452		\$ 5,092,362
For the Six Months Ended 06/30/2021				
Sales to unaffiliated customers	\$ 51,841,799	\$ 41,042,515	\$ -	\$ 92,884,314
Intersegment sales	8,195,344	132,731	(8,328,075)	-
Total net sales	<u>\$ 60,037,143</u>	<u>\$ 41,175,246</u>	<u>\$ (8,328,075)</u>	<u>\$ 92,884,314</u>
Income from operations	<u>\$ 14,078,763</u>	<u>\$ 1,632,403</u>		<u>\$ 15,711,166</u>
Other income, net				19,467,027
Income before income taxes				<u>\$ 35,178,193</u>
Capital Expenditures	\$ 7,107,841	\$ 7,132,320		\$ 14,240,161
For the Six Months Ended 06/30/2020				
Sales to unaffiliated customers	\$ 45,586,189	\$ 37,528,581	\$ -	\$ 83,114,770
Intersegment sales	7,735,194	132,968	(7,868,162)	-
Total net sales	<u>\$ 53,321,383</u>	<u>\$ 37,661,549</u>	<u>\$ (7,868,162)</u>	<u>\$ 83,114,770</u>
Income from operations	<u>\$ 14,047,085</u>	<u>\$ 306,422</u>		<u>\$ 14,353,507</u>
Other loss, net				(10,278,666)
Income before income taxes				<u>\$ 4,074,841</u>
Capital Expenditures	\$ 8,268,839	\$ 3,055,267		\$ 11,324,106
Balance at 06/30/2021				
Identifiable Assets	<u>\$ 123,697,051</u>	<u>\$ 47,409,626</u>		\$ 171,106,677
Corporate Assets				112,355,243
				<u>\$ 283,461,920</u>
Balance at 12/31/2020				
Identifiable Assets	<u>\$ 117,397,798</u>	<u>\$ 39,150,227</u>		\$ 156,548,025
Corporate Assets				101,221,883
				<u>\$ 257,769,908</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:

Derivatives Not Designated as Hedging Instruments	Balance Sheet Classification	June 30, 2021	December 31, 2020
Futures Contracts (Level 2)	Derivative financial instruments	\$ 2,650,765	\$ 1,215,546

The net effect of derivatives not designated as hedges on the Statement of Income for the three months ended June 30, 2021 and 2020:

Derivatives Not Designated as Hedging Instruments	Balance Sheet Classification	June 30, 2021	June 30, 2020
Futures Contracts (Level 2)	Cost of Sales	\$ (838,715)	\$ (245,012)

The net effect of derivatives not designated as hedges on the Statement of Income for the six months ended June 30, 2021 and 2020:

Derivatives Not Designated as Hedging Instruments	Balance Sheet Classification	June 30, 2021	June 30, 2020
Futures Contracts (Level 2)	Cost of Sales	\$ (1,437,018)	\$ 74,485

(8) INVESTMENTS

Equity Investments

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

	June 30, 2021	June 30, 2020
Cement industry	\$ 5,100,000	\$ (4,210,000)
General building materials industry	6,775,000	(4,940,000)
Oil & gas refining and marketing industry	1,150,000	(2,795,000)
Residential construction industry	455,000	425,000
Total	<u>\$ 13,480,000</u>	<u>\$ (11,520,000)</u>

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

	June 30, 2021	December 31, 2020
Cement industry	\$ 23,483,227	\$ 19,569,886
General building materials industry	21,657,388	17,478,816
Oil & gas refining and marketing industry	11,310,980	8,967,850
Residential construction industry	3,405,168	3,195,192
Total	<u>\$ 59,856,763</u>	<u>\$ 49,211,744</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:

	June 30, 2021	December 31, 2020
Carrying value	\$ 11,088,573	\$ 10,755,752
Ownership percentage	32.46%	32.46%
Cash dividends received	\$ 12,238	\$ 73,429
Undistributed earnings	6,389,323	6,044,263
Difference between carrying amount and the underlying equity in net assets*	(179,191)	(166,953)
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Equity in earnings	\$ 345,060	\$ 395,873

* 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 June 30, 2021 and 2020, the Company purchased \$0.2 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 six months ended June 30, 2021 and 2020, the Company purchased \$0.4 million and \$0.5 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 June 30, 2021 and 2020.

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 June 30, 2021 or December 31, 2020.

(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 June 30, 2021 and 2020:

	Pension Benefits		Other Benefits	
	2021	2020	2021	2020
Service Cost	\$ 315,170	\$ 279,481	\$ 75,253	\$ 67,376
Interest Cost	420,554	372,932	123,767	110,812
Less: Expected return on plan assets	804,776	713,646	-	-
Amortization of prior service cost	14,964	13,270	(607,831)	(544,207)
Recognized net actuarial loss	438,110	388,500	129,266	115,735
Net periodic (benefit) expense	<u>\$ 384,022</u>	<u>\$ 340,537</u>	<u>\$ (279,545)</u>	<u>\$ (250,284)</u>

The following table presents the components of net periodic pension and postretirement benefit costs for the six months ended June 30, 2021 and 2020:

	Pension Benefits		Other Benefits	
	2021	2020	2021	2020
Service Cost	\$ 656,377	\$ 554,043	\$ 150,525	\$ 121,904
Interest Cost	875,852	905,744	247,567	255,985
Less: Expected return on plan assets	1,676,038	1,584,594	-	-
Amortization of prior service cost	31,165	31,184	(1,215,821)	(1,152,197)
Recognized net actuarial loss	912,414	861,668	258,567	215,223
Net periodic (benefit) expense	<u>\$ 799,770</u>	<u>\$ 768,045</u>	<u>\$ (559,162)</u>	<u>\$ (559,085)</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, 2020, there are no minimum expected contributions to the pension plans for the year 2021. As of June 30, 2021, 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, 2020, Monarch expects expenditures of approximately \$989,000 for this plan in 2021. As of June 30, 2021, we have contributed approximately \$424,000 and anticipate contributing an additional \$565,000 to this plan in 2021 for a total of \$989,000.

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

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 three months ended June 30, 2021 and 2020:

Reclassification for	2021	2020
Net periodic pension and postretirement costs in:		
Other, net	\$ 25,491	\$ 26,702
Tax benefit (expense)	(7,000)	(6,000)
Net of tax	<u>\$ 18,491</u>	<u>\$ 20,702</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 six months ended June 30, 2021 and 2020:

Reclassification for	2021	2020
Net periodic pension and postretirement costs in:		
Other, net	\$ 13,675	\$ 44,122
Tax benefit (expense)	(4,000)	(11,000)
Net of tax	<u>\$ 9,675</u>	<u>\$ 33,122</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 3,780,475 and 3,788,607 in the second quarter and first six months of 2021, respectively. The weighted average number of shares outstanding was 3,860,789 and 3,860,789 in the second quarter and first six months of 2020, 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 2017. 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 June 30, 2021 or June 30, 2020.