



A Kansas Corporation
Address: P.O Box 1000
Humboldt, Kansas 66748

Telephone: (620) 473-2222
Corporate Website: www.monarchcement.com
Company Email: shareholder.relations@monarchcement.com

SIC Code: 3241 – Cement, Hydraulic
3273 – Ready-Mixed Concrete

Quarterly Report
For the Period Ending: March 31, 2026

The number of shares outstanding of our Common Stock is 2,611,880 and Class B Common Stock is 1,123,070 as of March 31, 2026

The number of shares outstanding of our Common Stock is 2,613,099 and Class B Common Stock is 1,123,668 as of December 31, 2025 (end of previous reporting period)

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

Item 1 **Exact name of the issuer and the address of its principal executive offices.**

The Monarch Cement Company; no name changes to date.

- A. Address: 449 1200 Street, P.O. Box 1000, Humboldt, KS 66748
- B. Telephone: (620) 473-2222
- C. Website: www.monarchcement.com
- D. Investor Relations:
Attn: Walter H. Wulf, Jr.
Telephone: (620) 473-2222
Email: shareholder.relations@monarchcement.com
Address: 449 1200 Street, P.O. Box 1000, Humboldt, KS 66748

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

Item 2 **Shares outstanding.**

COMMON STOCK:

	03/31/2026	12/31/2025	12/31/2024
Number of shares authorized:	10,000,000	10,000,000	10,000,000
Number of shares outstanding:	2,611,880	2,613,099	2,629,366
Freely tradable shares (public float)	2,217,981	2,219,200	2,222,972
Number of beneficial shareholders owning at least 100 shares:	250	247	245
Total number of shareholders of record:	254	254	250

CLASS B COMMON STOCK:

	03/31/2026	12/31/2025	12/31/2024
Number of shares authorized:	10,000,000	10,000,000	10,000,000
Number of shares outstanding:	1,123,070	1,123,668	1,127,643
Freely tradable shares (public float)	0	0	0
Number of beneficial shareholders owning at least 100 shares:	170	169	162
Total number of shareholders of record:	170	169	165

MATERIAL CONTRACTS:

No changes since the previous filing for the period ending 12/31/2025.

Item 3 Interim financial statements.

Refer to the Company's financial statements which are incorporated by reference within this Disclosure Statement:

A. Audit Letter	Page N/A*
B. Balance Sheet	Page 7
C. Statement of Income	Page 8
D. Statement of Changes in Stockholders' Equity	Page N/A*
E. Statement of Cash Flows	Page 10
F. Financial Notes	Page 11

**Only required at year-end*

Item 4 Management's Discussion and Analysis or Plan of Operation.

A. Plan of Operation

The Company has had revenues from operations in each of the last two years for which the financial statements are furnished.

B. Management's Discussion and Analysis of Financial Condition and Results of Operation

1. **LIQUIDITY**

At March 31, 2026, the Company had working capital of \$161.7 million compared to \$158.6 million at December 31, 2025, an increase of \$3.1 million. Total current assets increased by \$4.8 million at the end of March 31, 2026 compared to the end of December 31, 2025, primarily driven by an increase in inventories of \$4.8 million and an increase of \$3.2 million in receivables, and a \$6.7 million decrease in cash, cash equivalents and restricted cash. Total current liabilities increased \$1.7 million at the end of March 31, 2026 compared to the end of December 31, 2025, primarily driven by an increase in other accrued liabilities due to timing differences.

The Company's cash position on March 31, 2026 was \$33.0 million compared to \$50.7 million on March 31, 2025. The difference in these two periods was a result of several factors: 1) net cash provided by operating activities increased \$11.1 million during the three months ended March 31, 2026 compared to the three months ended March 31, 2025, primarily due to a \$13.3 million increase in unrealized holding gain on equity investments. 2) net cash used for investing activities decreased \$18.9 million during the three months ended March 31, 2026 compared to the three months ended March 31, 2025, primarily due to the \$13.1 million decrease in proceeds from disposals of equity investments. 3) net cash used for financing activities increased \$0.7 million during the three months ended March 31, 2026 compared to the three months ended March 31, 2025, due to an increase in cash dividends paid and retirement of capital stock.

The Company typically pays a dividend four times during the year in March, June, September and December.

Property, plant and equipment cash purchases through the first quarter of 2026 included \$7.1 million primarily related to our cement production facilities and \$4.0 million related to routine equipment purchases in our Ready-Mixed Concrete Business. The Company plans to invest a total of \$35.2 million in property, plant and equipment in the year 2026.

2. RESULTS OF OPERATIONS - FIRST QUARTER OF 2026 COMPARED TO FIRST QUARTER OF 2025

Construction activity, and thus demand for our products, decreases substantially during periods of cold weather, when it snows or when heavy or sustained rains fall. Consequently, demand for our products is significantly lower during the winter, when winter weather significantly curtails construction activity. Our operations are seasonal, with sales generally peaking during the second and third quarters when weather conditions are more conducive to the construction process. However, high levels of rainfall can adversely impact our operations during these periods as well. Such adverse weather conditions can materially and adversely affect our results of operations and profitability if they occur with unusual intensity, during abnormal periods, or last longer than usual, especially during peak construction periods.

Consolidated net sales for the three months ended March 31, 2026, increased by \$10.7 million from the three months ended March 31, 2025. Sales in our Cement Business were higher by \$7.3 million and sales in our Ready-Mixed Concrete Business were higher by \$3.4 million. Cement Business sales increased \$6.7 million because of a 27.1% increase in volume sold and increased \$0.5 million because of price increases. Ready-mixed concrete sales in our Ready-Mixed Concrete Business increased \$2.9 million due to a 28.1% increase in cubic yards sold which were offset by \$0.1 million in price decreases. Sales of brick, block and other sundry items increased by \$0.6 million.

Consolidated cost of sales for the three months ended March 31, 2026, increased by \$4.3 million when compared to the three months ended March 31, 2025. Cost of sales in our Cement Business increased by \$1.6 million and cost of sales in our Ready-Mixed Concrete Business increased by \$2.7 million. Cement Business cost of sales increased \$3.7 million due to the 27.1% increase in volume sold which was offset by a \$2.1 million decrease in production costs. Ready-mixed concrete cost of sales increased \$2.8 million due to the 28.1% increase in cubic yards of ready-mixed concrete sold which was offset by a \$0.2 million decrease in material costs. Increased sales volumes of brick, block and other sundry items increased cost of sales an additional \$0.1 million.

Our overall gross profit rate for the three months ended March 31, 2026 was 36.6% versus 30.2% for the three months ended March 31, 2025. As a result of the above sales and cost of sales factors, the gross profit rate for the Cement Business increased from 44.3% for the three months ended March 31, 2025 to 51.9% for the three months ended March 31, 2026. The gross profit rate for the Ready-Mixed Concrete Business increased from 5.8% for the three months ended March 31, 2025 to 8.9% for the three months ended March 31, 2026.

Selling, general and administrative expenses were relatively unchanged for the three months ended March 31, 2026, compared to the same period of 2025. Selling, general and administrative expenses are normally considered fixed costs that do not vary significantly with changes in sales volumes.

Unrealized gain (loss) on equity investments increased \$13.3 million during the three months ended March 31, 2026, compared to the three months ended March

31, 2025. Sales of equity investments during the three months ended March 31, 2026 decreased \$9.5 million compared to the three months ended March 31, 2025.

The effective tax rates for the three months ended March 31, 2026 and 2025 were 21.8% and 21.5%, respectively. The Company's effective tax rate differs from the federal and state statutory income tax rate primarily due to the effects of percentage depletion and the dividends received deduction. Taxes for the current year are estimated based on prior years' effective tax rates.

C. Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements to disclose.

Item 5 Legal proceedings

Any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator. State the names of the principal parties, the nature and current status of the matters, and the amounts involved:

None

Item 6 Defaults upon senior securities.

None.

Item 7 Other information.

No Current Updates.

Item 8 Exhibits.

No new exhibits required to be disclosed; no updates to exhibits previously disclosed (Articles of Incorporation; and, Bylaws).

Item 9 Certifications.

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

1. I have reviewed this quarterly disclosure statement 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.

May 8, 2026

/s/ Walter H. Wulf, Jr.

Chairman of the Board and
Chief Executive Officer

I, Bonnie Lilly certify that:

1. I have reviewed this quarterly disclosure statement 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.

May 8, 2026

/s/ Bonnie Lilly
Chief Financial Officer
Secretary-Treasurer

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
MARCH 31, 2026 (UNAUDITED) AND DECEMBER 31, 2025

ASSETS	2026	2025
CURRENT ASSETS:		
Cash, cash equivalents and restricted cash (including \$6,357,760 and \$6,519,460 of restricted cash at March 31, 2026 and December 31, 2025)	\$ 33,025,030	\$ 39,719,674
Receivables, less allowances of \$387,250 in 2026 and \$373,750 in 2025 for credit losses	32,579,976	29,378,980
Inventories		
Finished cement	14,036,334	12,224,727
Work in process	11,941,757	8,756,420
Building products	3,684,902	3,278,692
Fuel, gypsum, paper sacks and other	14,946,707	14,041,207
Operating and maintenance supplies	30,882,906	32,347,654
Total inventories	75,492,606	70,648,700
Short-term investments	33,554,199	33,521,166
Derivative financial instruments	2,660,716	595,522
Prepaid expenses	3,788,574	2,414,818
Total current assets	181,101,101	176,278,860
PROPERTY, PLANT AND EQUIPMENT, at cost, less accumulated depreciation and depletion of \$311,281,956 in 2026 and \$307,132,981 in 2025	189,942,251	183,960,013
PREPAID PENSION	9,166,476	9,132,455
INVESTMENTS	65,348,221	61,601,924
INVESTMENTS IN AFFILIATES	54,001,640	53,112,895
OTHER ASSETS	6,248,436	9,013,310
TOTAL ASSETS	\$ 505,808,125	\$ 493,099,457
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	8,159,412	8,441,053
Accrued liabilities		
Dividends	-	3,101,517
Compensation and benefits	3,465,663	4,064,088
Federal and state income taxes	3,695,820	726,731
Miscellaneous taxes	497,387	101,386
Other	3,576,005	1,275,624
Total current liabilities	19,394,287	17,710,399
DEFERRED INCOME TAXES	33,731,967	33,573,800
ACCRUED COMPENSATION AND BENEFITS	186,040	186,040
ACCRUED POSTRETIREMENT BENEFITS	10,839,540	10,870,754
STOCKHOLDERS' EQUITY:		
Capital stock, par value \$2.50 per share, one vote per share - Authorized 10,000,000 shares, Issued and Outstanding 2,611,880 shares at 03/31/2026 and 2,613,099 shares at 12/31/2025	6,529,700	6,532,747
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 1,123,070 shares at 03/31/2026 and 1,123,668 shares at 12/31/2025	2,807,675	2,809,170
Additional paid-in-capital	28,689,144	28,689,144
Retained earnings	405,315,504	394,415,676
Accumulated other comprehensive loss	(1,685,732)	(1,688,273)
TOTAL STOCKHOLDERS' EQUITY	\$ 441,656,291	\$ 430,758,464
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 505,808,125	\$ 493,099,457

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 ENDED MARCH 31, 2026 AND 2025 (UNAUDITED)

	2026	2025
NET SALES	\$ 49,372,996	\$ 38,716,041
COST OF SALES	31,289,309	27,007,245
Gross profit from operations	\$ 18,083,687	\$ 11,708,796
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	6,478,533	6,622,553
Gain (loss) from operations	\$ 11,605,154	\$ 5,086,243
OTHER INCOME (EXPENSE):		
Interest income	\$ 461,382	\$ 515,544
Interest expense	(57,379)	(302)
Gain on sale of equity investments	-	9,547,423
Unrealized gain (loss) on equity investments	1,020,000	(12,290,000)
Dividend income	66,186	62,236
Other, net	74,690	(91,721)
	<u>\$ 1,564,879</u>	<u>\$ (2,256,820)</u>
Equity in affiliate earnings, net of tax	1,321,098	593,042
Income before income taxes	14,491,131	3,422,465
PROVISION FOR INCOME TAXES	3,165,000	735,000
NET INCOME	\$ 11,326,131	\$ 2,687,465
RETAINED EARNINGS, beginning of period	\$ 394,415,676	\$ 368,506,150
Less cash dividends	(1,508)	-
Less purchase and retirement of capital stock	427,811	-
RETAINED EARNINGS, end of period	<u>\$ 405,315,504</u>	<u>\$ 371,193,615</u>
Basic earnings per share:	<u>\$ 3.03</u>	<u>\$ 0.72</u>

See accompanying Notes to the Condensed Consolidated Financial Statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025 (UNAUDITED)

	2026	2025
NET INCOME	\$ 11,326,131	\$ 2,687,465
OTHER COMPREHENSIVE INCOME, net of deferred tax		
AMORTIZATION OF PENSION AND POSTRETIREMENT, PRIOR SERVICE COST (Net of deferred tax benefit of \$-0- and \$-0- for 2026 and 2025, respectively)	1,062	1,749
AMORTIZATION OF PENSION AND POSTRETIREMENT LOSS (Net of deferred tax expense of \$-0- and \$16,000 for 2026 and 2025, respectively)	1,479	45,425
OTHER COMPREHENSIVE INCOME, net of deferred tax	\$ 2,541	\$ 47,174
COMPREHENSIVE INCOME	\$ 11,328,672	\$ 2,734,639

See accompanying Notes to the Condensed Consolidated Financial Statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025 (UNAUDITED)

	2026	2025
OPERATING ACTIVITIES:		
Net income	\$ 11,326,131	\$ 2,687,465
Adjustments to reconcile net income (loss) to net cash used for operating activities:		
Depreciation, depletion and amortization	5,139,722	3,940,994
Change in fair value of derivative financial instruments	(2,065,194)	(99,716)
Income from equity in affiliate investments, net of dividends	(888,745)	(593,042)
(Increase) decrease in long-term notes receivable	388,770	(629,833)
Deferred income taxes	158,167	(4,557,381)
Gain on disposal of assets	(132,133)	(48,184)
Realized gain on sale of equity investments	-	(9,547,423)
Unrealized holding (gain) loss on equity investments	(1,020,000)	12,290,000
Postretirement benefit and pension expense	(62,694)	846,351
Change in assets and liabilities:		
Receivables, net	(3,200,996)	(3,957,730)
Inventories	(4,843,906)	(6,278,217)
Prepaid expenses	(1,373,756)	(2,143,386)
Other assets	2,376,104	(7,851)
Accounts payable and accrued liabilities	4,862,613	7,706,846
Net cash provided by (used for) operating activities	<u>\$ 10,664,083</u>	<u>\$ (391,107)</u>
INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	\$ (11,199,168)	\$ (10,022,921)
Proceeds from disposals of property, plant and equipment	132,133	75,000
(Increase) decrease in short-term investments	(33,033)	3,060,548
Payment for purchases of equity investments	(2,726,297)	(1,157,474)
Proceeds from disposals of equity investments	-	13,150,567
Net cash provided by (used for) investing activities	<u>\$ (13,826,365)</u>	<u>\$ 5,105,720</u>
FINANCING ACTIVITIES:		
Cash dividends paid	\$ (3,100,009)	\$ (2,823,969)
Purchase of capital stock	(432,353)	-
Net cash used for financing activities	<u>\$ (3,532,362)</u>	<u>\$ (2,823,969)</u>
Net increase (decrease) in cash and cash equivalents	\$ (6,694,644)	\$ 1,890,644
Cash and Cash Equivalents, beginning of year	39,719,674	48,806,876
Cash and Cash Equivalents, end of period	<u>\$ 33,025,030</u>	<u>\$ 50,697,520</u>
Supplemental disclosure:		
Interest paid, net of amount capitalized	\$ 57,379	\$ 302
Income taxes paid	-	2,500,000
Income tax refund	-	251,557
Capital equipment additions included in accounts payable and accrued	75,406	161,870
Capital stock repurchases included in accrued liabilities	-	4,650

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 March 31, 2026, the amount of accounts payable related to property, plant and equipment was approximately \$75,000 compared to December 31, 2025 which was approximately \$153,000.

(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

The Company groups its operations into two segments ("lines of business") - Cement Business and Ready-Mixed Concrete Business, which were determined based on the management approach, reflecting the internal reporting used by the Chief Operating Decision Maker ("CODM"), the Company's President, to evaluate performance and make strategic decisions. The Company's business lines are separate business units that offer different products.

The CODM evaluates the performance of each line of business and decides how to allocate resources based on line of business income from operations which includes the revenue and expenses that are directly attributable to management of each line of business, as well as the total assets per line of business. The CODM uses line of business income from operations and line of business total assets to assess the income generated by each reportable segment and to decide which reportable segment to reinvest profits, if at all, or pay dividends. Line of business income from operations is also used to analyze performance against the budget and the Company's competitors.

The adjustments and eliminations amounts reflect intercompany eliminations that are not allocated or aggregated to the reportable segments.

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 03/31/2026				
Sales to unaffiliated customers	\$ 31,848,965	\$ 17,524,031	\$ -	\$ 49,372,996
Intersegment sales	3,452,101	500,906	(3,953,007)	-
Total net sales	<u>\$ 35,301,066</u>	<u>\$ 18,024,937</u>	<u>\$ (3,953,007)</u>	<u>\$ 49,372,996</u>
Cost of sales	<u>\$ 15,325,902</u>	<u>\$ 15,963,407</u>		<u>\$ 31,289,309</u>
Gross profit from operations	\$ 16,523,063	\$ 1,560,624		\$ 18,083,687
Selling, general and administrative expenses	4,615,479	1,863,054		6,478,533
Income from operations	<u>\$ 11,907,584</u>	<u>\$ (302,430)</u>		<u>\$ 11,605,154</u>
Other income, net				1,564,879
Equity in affiliate, net of tax				1,321,098
Income before income taxes				<u>\$ 14,491,131</u>
Capital Expenditures	\$ 7,115,145	\$ 4,006,815		<u>\$ 11,121,960</u>
For the Three Months Ended 03/31/2025				
Sales to unaffiliated customers	\$ 24,590,265	\$ 14,125,776	\$ -	\$ 38,716,041
Intersegment sales	5,703,947	251,043	(5,954,990)	-
Total net sales	<u>\$ 30,294,212</u>	<u>\$ 14,376,819</u>	<u>\$ (5,954,990)</u>	<u>\$ 38,716,041</u>
Cost of sales	<u>\$ 13,698,639</u>	<u>\$ 13,308,606</u>		<u>\$ 27,007,245</u>
Gross profit from operations	\$ 10,891,626	\$ 817,170		\$ 11,708,796
Selling, general and administrative expenses	4,734,464	1,888,089		6,622,553
Income from operations	<u>\$ 6,157,162</u>	<u>\$ (1,070,919)</u>		<u>\$ 5,086,243</u>
Other loss, net				(2,256,820)
Equity in affiliate, net of tax				593,042
Income before income taxes				<u>\$ 3,422,465</u>
Capital Expenditures	\$ 7,132,948	\$ 2,944,756		<u>\$ 10,077,704</u>
Balance at 03/31/2026				
Identifiable Assets	<u>\$ 250,016,833</u>	<u>\$ 51,786,574</u>		\$ 301,803,407
Corporate Assets				204,004,718
				<u>\$ 505,808,125</u>
Balance at 12/31/2025				
Identifiable Assets	<u>\$ 237,680,754</u>	<u>\$ 48,721,757</u>		\$ 286,402,511
Corporate Assets				206,696,946
				<u>\$ 493,099,457</u>

Total sales by line of business before adjustments and eliminations include both sales to unaffiliated customers (as reported in the Company's consolidated statements of income, comprehensive income and stockholders' equity) and intersegment sales. Intersegment sales are accounted for by the same method as sales to unaffiliated customers.

(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>March 31, 2026</u>	<u>December 31, 2025</u>
Futures Contracts (Level 2)	Derivative financial instruments	\$ 2,660,716	\$ 595,522

The net effect of derivatives not designated as hedges on the Statement of Income for the three months ended March 31, 2026 and 2025:

<u>Derivatives Not Designated As Hedging Instruments</u>	<u>Income Statement Classification</u>	<u>March 31, 2026</u>	<u>March 31, 2025</u>
Futures Contracts (Level 2)	Cost of Sales	\$ 2,065,194	\$ 99,716

(8) INVESTMENTS

Short-term Investments

These investments consist of Certificates of Deposit and Treasury Bills. They are all Level 1 fair value investments.

<u>Balance Sheet Classification</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Short-term Investments	\$ 33,554,199	\$ 33,521,166

Equity Investments

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

	<u>March 31, 2026</u>	<u>March 31, 2025</u>
Cement industry	\$ (1,715,000)	\$ (2,210,000)
General building materials industry	(115,000)	(10,020,000)
Oil & gas refining and marketing industry	2,905,000	185,000
Residential construction industry	15,000	(245,000)
Engineering & construction industry	(70,000)	-
Total	<u>\$ 1,020,000</u>	<u>\$ (12,290,000)</u>

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Cement industry	\$ 23,413,134	\$ 25,127,760
General building materials industry	15,492,867	14,407,252
Oil & gas refining and marketing industry	16,456,105	12,929,872
Residential construction industry	5,751,129	5,628,480
Engineering & construction industry	4,234,986	3,508,560
Total	<u>\$ 65,348,221</u>	<u>\$ 61,601,924</u>

Equity Method Investments

GFI

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>March 31, 2026</u>	<u>December 31, 2025</u>
Carrying value	\$ 18,825,167	\$ 18,488,887
Ownership percentage	36.14%	36.14%
Cash dividends received	-	131,052
Undistributed earnings	14,049,655	13,713,375
Difference between carrying amount and the underlying equity in net assets*	(102,930)	(102,930)
	<u>March 31, 2026</u>	<u>March 31, 2025</u>
Equity in earnings	336,280	438,700

* 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 March 31, 2026 and 2025, the Company purchased \$0.4 million and \$0.4 million, respectively, of brick from GFI in arm's length transactions in the normal course of business for resale to third parties. Amounts due to GFI for Company purchases were not significant at March 31, 2026 and 2025.

RMCMO Holdings, LLC

Pursuant to a Contribution Agreement among the Company, AYG, Inc. ("AYG") and RMCMO Holdings, LLC (the "JV"), on December 31, 2024 the Company contributed 100% of the issued and outstanding membership interests in Springfield Ready Mix, LLC, City Wide Constructions Products, LLC, and Kay Concrete Materials, LLC, and 114,618 shares of Monarch capital stock, each of which is valued at \$217.4926 per share, to the Joint Venture (JV). This contribution equates to 49% ownership of the JV. On June 30, 2025, there was an adjustment to the cost basis of the stock purchase by \$1,276,400 and a decrease of 5,869 shares of Monarch capital stock. On January 14, 2026, RMCMO Holdings, LLC issued a dividend. In lieu of the dividend, the Company received and retired 1,817 shares of Monarch capital stock.

Pertinent information about the Company's investment in RCMCO Holdings, LLC. is as follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Carrying value	\$ 35,176,473	\$ 34,624,008
Ownership percentage	49.00%	49.00%
Cash dividends received	432,353	164,150
Undistributed earnings	3,570,846	2,586,028
	<u>March 31, 2026</u>	<u>March 31, 2025</u>
Equity in earnings	984,818	154,342

During the three months ended March 31, 2026 and 2025, RCMCO made purchases of \$3 million and \$2.3 million from the Company. Amounts due to the Company for RCMCO purchases were \$1.2 million at March 31, 2026 and \$1.1 million at March 31, 2025.

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 to be impaired at March 31, 2026 or December 31, 2025.

(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 March 31, 2026 and 2025:

	<u>Pension Benefits</u>		<u>Other Benefits</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Service Cost	\$ 42,755	\$ 236,839	\$ 29,297	\$ 33,961
Interest Cost	219,323	636,423	155,989	182,861
Less: Expected return on plan assets	296,099	970,029	-	-
Amortization of prior service cost	1,062	1,749	-	-
Recognized net actuarial loss	-	83,520	1,479	(22,094)
Net periodic (benefit) expense	<u>\$ (32,959)</u>	<u>\$ (11,498)</u>	<u>\$ 186,765</u>	<u>\$ 194,728</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, 2025, there are no minimum expected contributions to the pension plans for the year 2026. As of March 31, 2026, 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, 2025, Monarch expects expenditures of approximately \$914,000 for this plan in 2026. As of March 31, 2026, we have contributed approximately \$217,000 and anticipate contributing an additional \$697,000 to this plan in 2026 for a total of \$914,000.

(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 March 31, 2026 and 2025:

Reclassification for	2026	2025
Net periodic pension and postretirement costs in:		
Other, net	\$ 2,541	\$ 63,174
Tax benefit (expense)	-	(16,000)
Net of tax	\$ 2,541	\$ 47,174

(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 3,735,212 and 3,757,009, respectively, for the first quarter of 2026 and 2025. 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 2021. 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 March 31, 2026 or March 31, 2025.

(14) SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 8, 2026, which is the date the financial statements were issued.