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

Annual Report

For the Period Ending: December 31, 2022

Outstanding Shares
The number of shares outstanding of our Common Stock was:

2,578,451 of our Common Stock as of December 31, 2022
1,130,425 of our Class B Common Stock as of December 31, 2022
2,624,310 of our Common Stock as of December 31, 2021
1,137,649 of our Class B Common Stock as of December 31, 2021

Shell Status
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: ☒

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 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:

The Company issued 15,239 of Capital Stock in August 2022 as part of the consideration paid by the Company for the acquisition of American Concrete Company.

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
Address: 449 1200 Street
P.O. Box 1000
Humboldt, KS 66748-0900
Phone: 620-473-2222
Email: shareholder.relations@monarchcement.com

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

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 December 31, 2022
Total shares outstanding:	2,578,451 as of December 31, 2022

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 December 31, 2022
Total shares outstanding:	1,130,425 as of December 31, 2022

Number of shares in the Public Float:	3,212,650 as of December 31, 2022
Total number of shareholders of record:	310 as of December 31, 2022

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 or 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

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 total of 7,224 shares of Monarch's Capital Stock were issued in the twelve-month ended December 31, 2022, 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 01/01/2020	Opening Balance: Capital: 2,646,859 Class B: 1,213,930								
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?**
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						
12/15/21	Conversion	200	Class B to Capital						

12/21/21	Retirement	260	Capital						
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						
Shares Outstanding on 12/31/2022:	Ending Balance: Capital: 2,578,451 Class B: 1,130,425								

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. The Company issued 15,239 of Capital Stock in August 2022 as part of the consideration paid by the Company for the acquisition of American Concrete Company. Except as described above, Monarch did not issue or sell any shares of its Capital Stock or Class B Capital Stock during the year ended December 31, 2022.

B. Promissory and Convertible Notes

The Company has a current credit agreement with BOKF, NA dba Bank of Oklahoma which provides for a $15.0 million revolving note maturing on December 31, 2024; the previous agreement matured on December 31, 2021. As of December 31, 2022, and December 31, 2021, there was nothing borrowed against the revolving loan.

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

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

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) Issuer's Business, Products and Services

A. <u>Summarize the issuer's business operations</u>

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 2800º 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) 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	Names of control person(s) if a corporate entity
Walter H. Wulf, Jr.	Officer/Director	Humboldt, KS	169,452 195,525	Capital Class B	6.57% 17.30%	
Kent A. Webber	Officer/Director	Chanute, KS	4,100	Capital	*	
Robert M. Kissick	Officer/Director	Leawood, KS	14,182 39,903	Capital Class B	* 3.53%	
Tony D. Kasten	Officer	Chanute, KS	100	Capital	*	
Lisa J. Fontaine	Officer	Iola, KS	2,500	Capital	*	
Kenneth G. Miller	Officer	Humboldt, KS	2,200	Capital	*	
Douglas W. Sommers	Officer	Chanute, KS	691	Capital	*	
Mark A. Callaway	Director	Wichita, KS	100	Capital	*	
David L. Deffner	Director	Gulf Shores, AL	11,863	Class B	1.05%	
Gayle C. McMillen	Director	Salina, KS	34,610	Class B	3.06%	
Byron J. Radcliff	Director	Steamboat Springs, CO	4,250 1,000	Capital 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	1,600 600	Capital Class B	* *	
Walter H. Wulf, III	Director	Birmingham, MI	3,800 4,500	Capital Class B	* *	
Paula D. Radcliff	Owner of more than 5%	Dexter, KS	199,760 211,960	Capital Class B	7.75% 18.75%	

*Less than one percent.

7) 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

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) 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

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.

March 15, 2023

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

Principal Financial Officer:

I, Tony Kasten certify that:

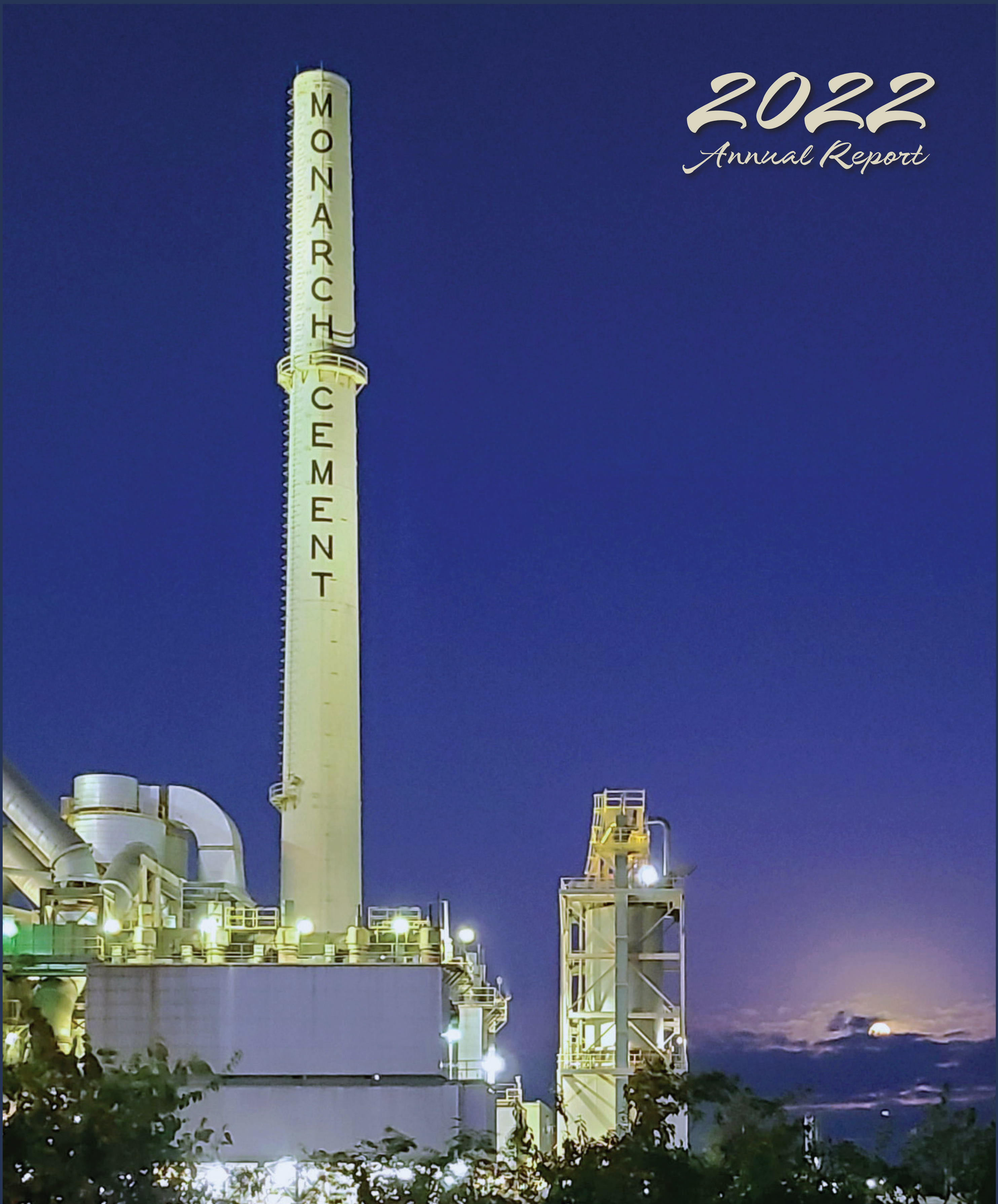
1. I have reviewed this Disclosure Statement for The Monarch Cement Company;

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.

March 15, 2023

/s/ Tony Kasten
Chief Financial Officer
Secretary-Treasurer



2022
Annual Report

The Monarch Cement Company

To Our Shareholders

March 15, 2023

To Our Valued Shareholders:

In the midst of historic economic, societal and geopolitical change, I am delighted to report another excellent year for The Monarch Cement Company. Our team has done an exceptional job of navigating the challenges encountered in 2022, including disruptions in the labor force, a shortage of drivers, weakness in our supply chains, and a 40-year high inflation rate. By capitalizing on the unique opportunities these challenges created, Monarch was able to record another record year. I am pleased to announce that we set the following record highs in 2022:

- Tons Shipped: 1,282,458
- Net Sales: $232,596,000
- Net Income from Operations: $50,010,839

Monarch's financial performance is a reflection of the many talented, hard-working members of our team, and we thank each and every one for their dedication and resilience.

In 2021 we reported that we were planning to produce a new product, Portland Limestone Cement (PLC), in an effort to reduce our carbon dioxide emissions. We were successful in implementing this plan and are on track to completely replace our Type I/II production with PLC by the end of April 2023. The addition of PLC and the accompanying need for a new blending silo to increase production efficiencies and allow for production of a higher quality cement has resulted in another significant change at our Humboldt plant.

On the cover of our Annual Report is a picture of the "Monarch Stack" that was built and put into service in the late 1940's. Even though the stack has been inoperable for the last 20 years, it has remained an iconic landmark in the local area. After much study and consideration, the best location for installation of the new blending silo was determined to be the site of the old stack. Our management team made the tough decision to begin demolition of the stack which is depicted in the time-lapse photos on the back cover. While we are incredibly proud of our heritage, we can assure you we are passionate about our future!

We also want to recognize the retirement of Joan Perez and thank her for 55 years of service to The Monarch Cement Company. Joan served as Vice President of Sales from 2005 to 2020 and retired in October as Vice President of Marketing. Joan's tenure serves as a testament to Monarch as it is people like Joan who make it the great company it is today.

Finally, we want to thank you, our shareholders, for your continued support and investment in The Monarch Cement Company. We consider it a privilege that you have entrusted us with these responsibilities. With the blessings and support of our Heavenly Father, we remain deeply committed to the success of this great American company.

Walter H. Wulf, Jr.
CEO and Chairman of the Board

2022 Financial Results

in thousands, except per share data	2022	(As adjusted) 2021	(As adjusted) 2020
FOR THE YEAR			
Net sales	$ 232,596	$ 211,848	$ 188,825
Net income	40,876	59,703	34,837
PER SHARE INFORMATION			
Basic earnings per share	$ 10.86	$ 15.81	$ 9.03
Cash dividends declared per share	4.83	5.60	2.00
Stockholders' equity per share	77.57	69.23	56.69
YEAR END POSITION			
Total assets	$ 324,189	$ 297,796	$ 260,434
Long-term debt obligations	-	-	-

Consolidated net sales for the year ended December 31, 2022, were approximately $232.6 million, an increase of $20.8 million as compared to the year ended December 31, 2021. Sales in our Cement Business were higher by $19.4 million and sales in our Ready-Mixed Concrete Business were also higher by $1.4 million. Cement Business sales increased $9.7 million due to an 8.0% increase in volume sold and increased $9.7 million due to price increases. Ready-mixed concrete sales decreased $2.4 million due to a 3.4% decrease in cubic yards sold and increased $4.7 million due to price increases. Sales for brick, block, aggregates and other sundry items decreased $0.9 million.

Consolidated cost of sales for 2022 were $13.8 million higher than cost of sales for 2021. Cost of sales in our Cement Business increased $11.3 million and cost of sales in our Ready-Mixed Concrete Business increased $2.5 million. Cement Business cost of sales increased $5.3 million due to the 8.0% increase in volume sold and $6.0 million due to the increases in production costs. Ready-Mixed Concrete Business cost of sales decreased $2.2 million due to the 3.4% decrease in cubic yards of ready-mixed concrete sold and increased $5.6 million due to increases in material, production and delivery costs. Cost of sales for brick, block, aggregates and other sundry items decreased $0.9 million.

As a result of the above sales and cost of sales factors, our overall gross profit rate for the year ended December 31, 2022, was 30.9% compared to 30.6% for the year ended December 31, 2022. The Cement Business gross profit rate decreased from 44.6% for 2021 to 44.2% for 2022. The gross profit rate for Ready-Mixed Concrete Business decreased from 12.2% for 2021 to 10.8% for 2022.

Selling, general and administrative expenses increased by $1.7 million for the year ended December 31, 2022, as compared to the year ended December 31, 2021. These costs are normally considered fixed costs that do not vary significantly with changes in sales volume.

Unrealized gain (loss) on equity investments decreased $23.5 million for the year ended December 31, 2022, compared to the year ended December 31, 2021. Other, net contains miscellaneous non-operating income (expense) items excluding interest income, interest expense, gains (losses) on sale of equity investments, pension and postretirement benefit income, unrealized gains (losses) on equity investments and dividend income.

The effective tax rates for 2022 and 2021 were 22.8% and 20.0%, 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 state tax credits. During 2022 and 2021, percentage depletion decreased the effective tax rate by 2.3% and 1.6%, respectively. During 2022 and 2021, state tax credits decreased the effective tax rate by 3.2% and 2.4%, respectively.

Certain statements in this Annual Report constitute "forward-looking statements". Except for historical information, the statements made in this report are forward-looking statements that involve risks and uncertainties. You can identify these statements by forward-looking words such as "should", "anticipate", "believe", "intend", "may", "forecast" or similar words. In particular, statements with respect to the timing, scope, cost and benefits of our proposed and recently completed capital improvements and expansion plans, including potential fuel savings, projected installation costs and other cash needs, and our forecasted cement sales are all forward-looking statements. You should be aware that forward-looking statements involve known and unknown risks, uncertainties, and other factors that may affect the actual results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others: general economic and business conditions; competition; raw material and other operating costs; costs of capital equipment; changes in business strategy or expansion plans; demand for our Company's products; cyclical and seasonal nature of our business; the affect weather has on our business; the effect of environmental and other government regulation; and the effect of federal and state funding on demand for our products

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Stockholders
The Monarch Cement Company

Opinion
We have audited the consolidated financial statements of The Monarch Cement Company (a Kansas corporation) (and subsidiaries) (the “Company”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of income, comprehensive income, changes in stockholders’ equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion
We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter
As discussed in Note 1 to the consolidated financial statements, the Company has elected to change its method of accounting for valuing finished cement and work in process from the last-in, first-out (LIFO) method to the average cost method in all periods presented in the consolidated financial statements. Our opinion is not modified with respect to this matter.

Other matter
The consolidated financial statements of The Monarch Cement Company as of and for the year ended December 31, 2020, before the effects of the adjustments to retrospectively apply the change in accounting described in Note 1, were audited by other auditors. Those auditors expressed an unmodified opinion on those 2020 consolidated financial statements (not presented herein) in their report dated March 15, 2021.

Grant Thornton

As part of our audit of the 2022 consolidated financial statements, we also audited the aforementioned adjustments to the 2020 consolidated financial statements to retrospectively apply the change in accounting described in Note 1 to the consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2020 consolidated financial statements of the Company other than with respect to such adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2020 consolidated financial statements as a whole.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other information included in the annual report
Management is responsible for the other information included in the annual report. The other information comprises the 2022 financial results and the Chairman of the Board's statement but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

/s/ GRANT THORNTON LLP

Kansas City, Missouri
March 15, 2023

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

ASSETS	2022	(As adjusted) 2021
CURRENT ASSETS:		
Cash, cash equivalents and restricted cash (including $1,918,736 and $533,400 of restricted cash at December 31, 2022 and 2021, respectively)	$ 55,908,662	$ 53,719,765
Receivables, less allowances of $403,500 in 2022 and $388,000 in 2021 for doubtful accounts	22,528,265	22,772,751
Inventories		
Finished cement	6,242,794	6,161,816
Work in process	4,696,724	5,230,686
Building products	3,090,572	3,018,382
Fuel, gypsum, paper sacks and other	9,651,643	7,116,266
Operating and maintenance supplies	23,000,051	21,029,668
Total inventories	46,681,784	42,556,818
Derivative financial instruments	1,869,466	834,411
Prepaid expenses	2,985,587	833,015
Total current assets	**129,973,764**	**120,716,760**
PROPERTY, PLANT AND EQUIPMENT, at cost, less accumulated depreciation and depletion of $294,443,621 in 2022 and $282,920,247 in 2021	123,660,153	104,630,226
PREPAID PENSION	9,827,053	29,527
INVESTMENTS	42,158,560	55,490,313
INVESTMENTS IN AFFILIATES	13,643,815	11,995,580
OTHER ASSETS	4,925,833	4,933,300
TOTAL ASSETS	**$ 324,189,178**	**$ 297,795,706**
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 8,402,305	$ 8,764,097
Accrued liabilities		
Dividends	2,262,414	2,069,077
Compensation and benefits	4,221,621	3,967,036
Federal and state income taxes	549,268	1,002,872
Miscellaneous taxes	674,232	548,673
Other	2,557,229	856,085
Total current liabilities	**18,667,069**	**17,207,840**
DEFERRED INCOME TAXES	6,495,845	4,307,053
ACCRUED COMPENSATION AND BENEFITS	211,104	-
ACCRUED POSTRETIREMENT BENEFITS	11,125,917	15,858,583
STOCKHOLDERS' EQUITY		
Capital stock, par value $2.50 per share, one vote per share - Authorized 10,000,000 shares, Issued and Outstanding 2,578,451 shares at 12/31/2022 and 2,624,310 shares at 12/31/2021	6,446,128	6,560,775
Class B capital stock, par value $2.50 per share, supervoting rights of ten votes per share, restricted transferability, convertible at all times into Capital Stock on a share-for-share basis - Authorized 10,000,000 shares, Issued and Outstanding 1,130,425 shares at 12/31/2022 and 1,137,649 shares at 12/31/2021	2,826,063	2,844,123
Additional paid-in capital	4,047,123	2,485,125
Retained earnings	280,297,580	264,635,013
Accumulated other comprehensive loss	(5,927,651)	(16,102,806)
TOTAL STOCKHOLDERS' EQUITY	**$ 287,689,243**	**$ 260,422,230**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 324,189,178**	**$ 297,795,706**

See accompanying Notes to the Consolidated Financial Statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	2022	(As adjusted) 2021	(As adjusted) 2020
NET SALES	$ 232,595,948	$ 211,847,901	$ 188,825,253
COST OF SALES	160,829,359	146,976,215	128,582,625
Gross profit from operations	**71,766,589**	**64,871,686**	**60,242,628**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	21,755,750	20,079,595	18,852,970
Income from operations	**50,010,839**	**44,792,091**	**41,389,658**
OTHER INCOME (EXPENSE)			
Interest income	335,736	28,636	174,957
Interest expense	(6,822)	(610)	(1,292)
Gain on sale of equity investments	6,846,441	9,640,932	715,296
Unrealized gain (loss) on equity investments	(9,330,000)	14,180,000	(3,550,000)
Dividend income	1,369,005	2,882,599	429,219
Pension and Postretirement benefits	1,914,476	684,382	1,248,803
Other, net	264,424	751,892	1,191,654
	1,393,260	28,167,831	208,637
Income before income taxes	**51,404,099**	**72,959,922**	**41,598,295**
PROVISION FOR INCOME TAXES	11,710,000	14,570,000	8,058,000
Equity in affiliate earnings, net of tax	1,182,077	1,313,258	1,296,417
NET INCOME	**$ 40,876,176**	**$ 59,703,180**	**$ 34,836,712**
Basic earnings per share	**$ 10.86**	**$ 15.81**	**$ 9.03**

See accompanying Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	2022	(As adjusted) 2021	(As adjusted) 2020
NET INCOME	**$ 40,876,176**	**$ 59,703,180**	**$ 34,836,712**
OTHER COMPREHENSIVE INCOME (LOSS), net of deferred tax			
PENSION AND POSTRETIREMENT, CURRENT YEAR ACTUARIAL GAIN (LOSS) (Net of deferred tax expense (benefit) of $3,610,000, $3,309,000 and $(2,340,000), for 2022, 2021 and 2020, respectively)	10,265,438	9,442,962	(6,660,520)
PENSION AND POSTRETIREMENT, CURRENT YEAR PRIOR SERVICE CREDIT (LOSS) (Net of deferred tax (benefit) expense of $(5,000), $-0- and $-0-, for 2022, 2021 and 2020, respectively)	(9,559)	-	-
AMORTIZATION OF PENSION AND POSTRETIREMENT PRIOR SERVICE COST (Net of deferred tax benefit of $(405,000), $(550,000) and $(610,000), for 2022, 2021 and 2020, respectively)	(1,151,194)	(1,589,346)	(1,757,113)
AMORTIZATION OF PENSION AND POSTRETIREMENT LOSS (Net of deferred tax expense of $375,000, $780,000, and $620,000, for 2022, 2021 and 2020, respectively)	1,070,470	2,219,829	1,794,417
OTHER COMPREHENSIVE INCOME (LOSS), net of deferred tax	**$ 10,175,155**	**$ 10,073,445**	**$ (6,623,216)**
COMPREHENSIVE INCOME	**$ 51,051,331**	**$ 69,776,625**	**$ 28,213,496**

See accompanying Notes to the Consolidated Financial Statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Company Stockholders						
	Capital Stock	Class B Capital Stock	Additional Paid-In Capital	Retained Earnings (As adjusted)	Treasury Stock	Accumulated Other Comprehensive Income (Loss), Net of Tax	Total (As adjusted)
BALANCE JANUARY 1, 2020	**$ 6,617,148**	**$ 3,034,825**	**$ 2,485,125**	**$ 204,924,373**	**$ -**	**$ (19,553,035)**	**$ 197,508,436**
Net income	-	-	-	34,836,712	-	-	34,836,712
Cumulative effect of change				1,702,000			1,702,000
Dividends declared ($2.00 per share)	-	-	-	(7,721,578)	-	-	(7,721,578)
Transfer of shares	59,680	(59,680)	-	-	-	-	-
Repurchase of capital stock	-	-	-	-	(72,800)	-	(72,800)
Repurchase of capital stock due to modified Dutch tender offer	-	-	-	-	(4,404,400)	-	(4,404,400)
Retirement of capital stock	(154,068)	(5,832)	-	(4,317,300)	4,477,200	-	-
Pension and Postretirement current year actuarial loss	-	-	-	-	-	(6,660,520)	(6,660,520)
Amortization of Pension and Postretirement prior service cost	-	-	-	-	-	(1,757,113)	(1,757,113)
Amortization of Pension and Postretirement loss	-	-	-	-	-	1,794,417	1,794,417
BALANCE DECEMBER 31, 2020	**$ 6,522,760**	**$ 2,969,313**	**$ 2,485,125**	**$ 229,424,207**	**$ -**	**$ (26,176,251)**	**$ 215,225,154**
Net income	-	-	-	59,703,180	-	-	59,703,180
Dividends declared ($5.60 per share)	-	-	-	(21,055,339)	-	-	(21,055,339)
Transfer of shares	38,665	(38,665)	-	-	-	-	-
Retirement of capital stock	(650)	(86,525)	-	(3,437,035)	-	-	(3,524,210)
Pension and Postretirement current year actuarial gain	-	-	-	-	-	9,442,962	9,442,962
Amortization of Pension and Postretirement prior service cost	-	-	-	-	-	(1,589,346)	(1,589,346)
Amortization of Pension and Postretirement loss	-	-	-	-	-	2,219,829	2,219,829
BALANCE DECEMBER 31, 2021	**$ 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 of $105.00 per share	38,098	-	1,561,998	-	-	-	1,600,096
Pension and Postretirement current year actuarial gain	-	-	-	-	-	10,265,438	10,265,438
Pension and Postretirement current year prior service credit	-	-	-	-	-	(9,559)	(9,559)
Amortization of Pension and Postretirement prior service cost	-	-	-	-	-	(1,151,194)	(1,151,194)
Amortization of Pension and Postretirement loss	-	-	-	-	-	1,070,470	1,070,470
BALANCE DECEMBER 31, 2022	**$ 6,446,128**	**$ 2,826,063**	**$ 4,047,123**	**$ 280,297,580**	**$ -**	**$ (5,927,651)**	**$ 287,689,243**

See accompanying Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	2022	(As adjusted) 2021	(As adjusted) 2020
OPERATING ACTIVITIES:			
Net income	$ 40,876,176	$ 59,703,180	$ 34,836,712
Adjustments to reconcile net income to			
net cash provided by operating activities:			
Depreciation, depletion and amortization	15,927,494	15,035,081	15,660,518
Gain on derivative financial instruments	(3,635,055)	(1,738,561)	(378,583)
Income from equity method investments, net of dividends	(1,104,735)	(1,239,828)	(1,222,989)
Decrease in long-term notes receivable	13,113	29,913	23,640
Deferred income taxes	(1,723,208)	4,293,854	(181,595)
Gain on disposal of assets	(1,689,093)	(287,554)	(1,192,655)
Realized gain on sale of equity investments	(6,846,441)	(9,640,932)	(715,296)
Unrealized holding (gain) loss on equity investments	9,330,000	(14,180,000)	3,550,000
Postretirement benefits and pension expense	(844,036)	(42,305)	(376,668)
Change in assets and liabilities:			
Receivables, net	688,772	(3,284,371)	(551,924)
Inventories	(4,013,300)	1,788,112	(1,234,181)
Income taxes refundable/payable	(453,604)	(28,354)	(2,558,291)
Prepaid expenses	(2,152,572)	(85,962)	825,353
Other assets	2,598,741	2,109,073	(732,342)
Accounts payable and accrued liabilities	2,054,534	1,142,629	1,482,949
Net cash provided by operating activities	$ 49,026,786	$ 53,573,975	$ 47,234,648
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	$ (33,964,885)	$ (23,955,356)	$ (23,540,849)
Proceeds from disposals of property, plant and equipment	1,929,259	375,200	1,514,529
Payment for acquisition of business, net of cash acquired	84,121	-	-
Payment for purchases of equity investments	(4,628,549)	(3,077,395)	(7,728,449)
Proceeds from sale of equity investments	15,476,742	20,619,759	1,931,127
Payment for acquisition of equity method investments	(543,500)	-	-
Net cash used for investing activities	$ (21,646,812)	$ (6,037,792)	$ (27,823,642)
FINANCING ACTIVITIES:			
Payments on other long-term debt	$ -	$ -	$ (721,154)
Cash dividends paid	(17,960,321)	(20,916,657)	(7,722,028)
Purchase of capital stock	(7,230,756)	(3,524,210)	(4,488,450)
Net cash used for financing activities	$ (25,191,077)	$ (24,440,867)	$ (12,931,632)
Net increase in cash, cash equivalents and restricted cash	**$ 2,188,897**	**$ 23,095,316**	**$ 6,479,374**
Cash, cash equivalents and restricted cash, beginning of year	**53,719,765**	**30,624,449**	**24,145,075**
Cash, cash equivalents and restricted cash, end of year	**$ 55,908,662**	**$ 53,719,765**	**$ 30,624,449**
Supplemental disclosures:			
Interest paid, net of amount capitalized	$ 6,822	$ 610	$ (451)
Income taxes paid	13,915,148	10,413,162	10,826,020
Income tax refund	24,032	108,775	29,984
Capital equipment additions included in accounts payable and accrued liabilities	174,245	482,023	252,088
Capital stock repurchases included in accrued liabilities	4,650	4,650	4,650
Dividends payable included in accrued liabilities	2,262,414	2,069,077	1,930,395

See accompanying Notes to the Consolidated Financial Statements

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

a) **Nature of Operations**--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.

b) **Principles of Consolidation**--Monarch has direct control of certain operating companies that have been deemed to be subsidiaries within the meaning of accounting principles generally accepted in the United States of America. Accordingly, the financial statements of such companies have been consolidated with Monarch's financial statements. All significant intercompany transactions have been eliminated in consolidation.

We use the equity method to account for investments in companies if the investment provides the ability to exercise significant influence, but not control, over operating and financial policies of the companies in which we invest. Investments accounted for under the equity method are recorded initially at cost and subsequently adjusted for our share of the net income or loss and cash contributions and distributions to or from these entities. Our proportionate share of the net income or loss of these companies is included in consolidated net income. Our equity method investment involves an entity for which it is not practical to determine fair value.

c) **Use of Estimates**--The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

d) **Cash, Cash Equivalents and Restricted Cash**--The Company considers all liquid investments with original maturities of three months or less which we do not intend to roll over beyond three months to be cash equivalents. At December 31, 2022 and 2021, cash equivalents consisted primarily of money market investments and repurchase agreements with various banks.

The Federal Deposit Insurance Corporation's (FDIC) standard maximum deposit insurance amount fully guarantees all deposit accounts up to $250,000. At times, cash in banks may be in excess of the FDIC limits. At December 31, 2022, the Company had $13.1 million in overnight investment accounts (including money market mutual funds – Level 1) that were not covered by FDIC's general deposit insurance in addition to $44.9 million in general deposits that exceeded FDIC limits. The investment accounts assets are normally 80% invested in U.S. Treasury securities and repurchase agreements for those securities. We have not experienced any losses in our accounts due to exceeding FDIC insurance limits or lack of FDIC coverage.

The Company's wholly-owned captive insurance company, Lion's Share Insurance, Inc., maintains certain operating bank accounts, working trust accounts, and investment accounts. The cash and cash equivalents within these accounts are restricted by insurance regulations to fund the insurance claim losses to be paid by the captive insurance companies and are included in "Cash and cash equivalents" in the consolidated balance sheets.

e) **Investments**--Equity securities for which the Company has no immediate plan to sell but that may be sold in the future are classified as available for sale. Our equity securities are carried at fair value and unrealized gains and losses, are recorded in net income. Realized gains and losses, based on the specifically identified cost of the security, are included in net income.

f) **Receivables**--Accounts receivable are stated at the amount billed to customers. The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

At December 31, 2022, the Company had no customers that comprised more than ten percent (10%) of total outstanding accounts receivable. At December 31, 2021, the Company had one customer that comprised approximately ten percent (10%) of total outstanding accounts receivable.

g) **Inventori**es--During the fourth quarter of the fiscal year ended December 31, 2022, the Company elected to change its method for valuing finished cement and work in process from the last-in, first-out (LIFO) method to the average cost method, whereas in all prior years, inventory was valued using the LIFO method. The Company believes that the average cost method of inventory valuation is preferable because (1) the costs of the Company's inventories have remained fairly level during the past several years, which has substantially negated the financial reporting benefits of the LIFO method, which provides a better matching of current costs with current revenues in periods of rising costs, (2) the average cost method results in the valuation of inventories at more current costs on the consolidated balance sheet, which provides a more meaningful presentation for investors and (3) average cost method is prevalent in the industry in which the Company operates and provides more comparable information to other entities within the industry for investors' consideration. Comparative financial statements of prior years have been adjusted to apply the new method retrospectively. The following financial statement line items for fiscal years 2021 and 2020 were affected by the change in accounting method.

Balance Sheets

	As of December 31, 2021		
	As Computed Under Average Cost	As Reported Under LIFO	Effect of Change
Finished cement	$ 6,161,816	$ 4,061,816	$ 2,100,000
Work in process	5,230,686	4,730,686	500,000
Total inventories	42,556,818	39,956,818	2,600,000
Total current assets	120,716,760	118,116,760	2,600,000
Total assets	297,795,706	295,195,706	2,600,000
Deferred Tax Liability	4,307,053	3,631,053	676,000
Retained Earnings	264,635,013	262,711,013	1,924,000
Total Stockholders' Equity	260,422,230	258,498,230	1,924,000
Total Liabilities and Stockholders' Equity	297,795,706	295,195,706	2,600,000

Statements of Income and Comprehensive Income

	Year Ended December 31, 2021		
	As Computed Under Average Cost	As Reported Under LIFO	Effect of Change
Cost of Sales	$ 146,976,215	$ 145,976,215	$ 1,000,000
Gross Profit from Operations	64,871,686	65,871,686	(1,000,000)
Income from Operations	44,792,091	45,792,091	(1,000,000)
Income before Income Taxes	72,959,922	73,959,922	(1,000,000)
Provision for Income Taxes	14,570,000	14,830,000	(260,000)
Net Income	59,703,180	60,443,180	(740,000)
Basic earnings per share	15.81	16.01	(0.20)
Comprehensive Income	69,776,625	70,516,625	(740,000)

	Year Ended December 31, 2020		
	As Computed Under Average Cost	As Reported Under LIFO	Effect of Change
Cost of Sales	$ 128,582,625	$ 129,882,625	$ (1,300,000)
Gross Profit from Operations	60,242,628	58,942,628	1,300,000
Income from Operations	41,389,658	40,089,658	1,300,000
Income before Income Taxes	41,598,295	40,298,295	1,300,000
Provision for Income Taxes	8,058,000	7,720,000	338,000
Net Income	34,836,712	33,874,712	962,000
Basic earnings per share	9.03	8.78	0.25
Comprehensive Income	28,213,496	27,251,496	962,000

Statements of Stockholders' Equity

	Year Ended December 31, 2021		
	As Computed Under Average Cost	As Reported Under LIFO	Effect of Change
Net Income	$ 59,703,180	$ 60,443,180	$ (740,000)
Retained Earnings	264,635,013	262,711,013	1,924,000
Total Stockholders' Equity	260,422,230	258,498,230	1,924,000

	Year Ended December 31, 2020		
	As Computed Under Average Cost	As Reported Under LIFO	Effect of Change
Net Income	$ 34,836,712	$ 33,874,712	$ 962,000
Cumulative effect of change	1,702,000	-	1,702,000
Retained Earnings	229,424,207	226,760,207	2,664,000
Total Stockholders' Equity	215,225,154	212,561,154	2,664,000

Statements of Cash Flows

	Year Ended December 31, 2021		
	As Computed Under Average Cost	As Reported Under LIFO	Effect of Change
Net Income	$ 59,703,180	$ 60,443,180	$ (740,000)
Deferred Income Taxes	4,293,854	4,553,854	(260,000)
Inventories	1,788,112	788,112	1,000,000

	Year Ended December 31, 2020		
	As Computed Under Average Cost	As Reported Under LIFO	Effect of Change
Net Income	$ 34,836,712	$ 33,874,712	$ 962,000
Deferred Income Taxes	(181,595)	(519,595)	338,000
Inventories	(1,234,181)	65,819	(1,300,000)

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.

h) **Property, Plant and Equipment**--Property, plant and equipment are stated at cost of acquisition or construction. The Company capitalizes the cost of interest on borrowed funds used to finance the construction of property, plant and equipment. The Company did not capitalize any interest in 2022, 2021 or 2020.

The Company records depreciation, depletion and amortization related to manufacturing operations in Cost of Sales; those related to general operations are recorded in Selling, General and Administrative Expenses; and those related to non-operational activities are in Other, net on the Consolidated Statements of Income. The approximate amounts included in each line item as of December 31, 2022, 2021 and 2020 are as follows:

	2022	2021	2020
Cost of Sales	$ 14,700,000	$ 13,900,000	$ 14,600,000
Selling, General and Administrative Expenses	1,000,000	800,000	900,000
Other, net	300,000	300,000	200,000
Total	$ 16,000,000	$ 15,000,000	$ 15,700,000

Depreciation of property, plant and equipment is provided by charges to operations over the estimated useful lives of the assets using accelerated methods. The majority of the Company's buildings, machinery and equipment are depreciated using 200% (double) declining balance depreciation. Some of the assets used in the Cement Business manufacturing process are depreciated using 150% declining balance depreciation. The Company switches to straight line depreciation once it exceeds the amount computed under the declining balance method being used until the asset is fully depreciated. The Company does not depreciate construction in process. Depletion rates for quarry lands are designed to amortize the cost over the estimated recoverable reserves. Expenditures for improvements that significantly increase the assets' useful lives are capitalized while maintenance and repairs are charged to expense as incurred.

The Company continually evaluates whether events or changes in circumstances have occurred that would indicate that the carrying amount of long-lived assets may not be recoverable. An impairment loss would be recognized and the asset cost would be adjusted to fair value when undiscounted estimated future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. The impairment loss would be the amount by which the carrying amount of a long-lived asset exceeds its fair value. Various factors that the Company considers in its review include changes in expected use of the assets, changes in technology, changes in operating performance and changes in expected future cash flows. No asset impairment was recognized in 2022, 2021 and 2020.

i) **Income Taxes**--Deferred tax assets and liabilities are recognized for the tax effects of differences between the financial statement and tax bases of assets and liabilities. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized. The Company uses the specific identification (or portfolio) method for reclassifying material stranded tax effects in accumulated other comprehensive loss (AOCL) to earnings.

j) **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. See Note 12 "Lines of Business" for the Company's revenue disaggregated by segment for 2022, 2021 and 2020.

k) **Cost of Sales**--The Company considers all production and shipping costs, (gain) loss on disposal of operating assets, inbound freight charges, purchasing and receiving costs, inspection costs, warehousing costs, internal transfer costs and derivative financial instruments as cost of sales.

l) **Selling, General and Administrative Expenses**--Selling, general and administrative expenses consist of sales personnel salaries and expenses, promotional costs, accounting and IT personnel salaries and expenses, director and administrative officer salaries and expenses, legal and professional expenses and other expenses related to overall corporate costs.

m) **Other, net**--Other, net contains miscellaneous nonoperating income (expense) items excluding interest income, interest expense, gains (losses) on sale of equity investments, pension and postretirement benefit income, unrealized gains (losses) on equity investments and dividend income.

n) **Earnings per Share**--Basic earnings per share is based on the weighted average common shares outstanding during each year. Diluted earnings per share are based on the weighted average common and common equivalent shares outstanding each year. Monarch has no common stock equivalents or participating securities and therefore does not report diluted earnings per share. The weighted average number of shares outstanding was 3,763,222 in 2022, 3,775,297 in 2021 and 3,858,342 in 2020.

o) **Taxes Collected from Customers and Remitted to Governmental Authorities**--Taxes collected from customers and remitted to governmental authorities are presented in the accompanying consolidated statements of income on a net basis.

p) **Self Insurance**--The Company has elected to self-insure certain costs related to employee and retiree health and accident benefits programs. Costs resulting from self-insured losses are charged to income when incurred. Health benefits provided to employees in the Ready-Mixed Concrete Business and health and accident benefits provided to employees in the Cement Business are totally self-insured but are subject to an individual stop loss of $100,000 and $200,000 for the Ready-Mixed Concrete Business and the Cement Business, respectively, with an aggregate stop loss of 120% for both lines of business.

The Company also has established a wholly owned captive insurance company, Lion's Share Insurance, Inc., to mitigate the rising costs and risks associated with property and casualty insurance. Loss reserves consist of provisions for unpaid losses and loss adjustment expenses which are determined using individual case-basis valuation and actuarial projection of costs using industry sources. These estimates are subject to the effects of trends in loss severity and frequency, the impact of changes in the regulatory environment and economic conditions, and changes in such estimates may be material. Although considerable variability is inherent in such estimates, management believes the reserves for losses and loss adjustment expenses are adequate. These estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations. Management believes the statute of limitations in various states, which runs from the date of incident, limits the Company's exposure. The following is a summary of changes in the liability for loss reserves for the year ended December 31, 2022:

	2022
Balance at January 1	$ -
Incurred related to:	
Current year	1,257,000
Prior years	-
Total incurred	1,257,000
Paid related to:	
Current year	333,592
Prior years	-
Total paid	333,592
Balance at December 31	$ 923,408

Approval from the Nevada Division of Insurance was obtained to begin operating as a captive insurance company effective January 1, 2022. As 2022 was the first year of operations for the Company's captive, there was no activity that related to prior years.

q) **Disclosure about Fair Value of Financial Instruments**--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. Cash and cash equivalents, receivables, accounts payable and short and long-term debt have carrying values that approximate fair values. Investment fair values equal quoted market prices, if available. If quoted market prices are not available, fair value is estimated based on quoted market prices of similar securities.

r) **Intangibles - Goodwill and Other**--Goodwill represents the excess of cost over the fair value of net assets of businesses acquired. Goodwill acquired in a purchase business combination is not amortized but is tested for impairment on an annual basis or whenever events or circumstances indicate such asset may be impaired. The Company performed a qualitative assessment of its goodwill during the fourth quarter of 2022, 2021 and 2020 and determined that its goodwill is not impaired and therefore no impairment was required.

Goodwill is approximately $4.9 million at December 31, 2022 and 2021, and is included in Other Assets.

(2) 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.

(3) 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 2) of the Company's derivative financial instruments not designated as hedging instruments:

Derivatives Not Designated as Hedging Instruments	Balance Sheet Classification	2022	2021
Futures Contracts (Level 2)	Derivative financial instruments	$ 1,869,466	$ 834,411

The net effect of derivatives not designated as hedges on the Statements of Income for the years ended December 31, 2022, 2021 and 2020:

Derivatives Not Designated as Hedging Instruments	Income Statement Classification	2022	2021	2020
Futures Contracts (Level 2)	Cost of Sales	$ (3,635,055)	$ (1,738,561)	$ (378,583)

(4) INVESTMENTS

Equity Investments

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

	2022	2021	2020
Cement industry	$ (6,620,000)	$ 4,660,000	$ 1,465,000
General building materials industry	(5,350,000)	7,225,000	(1,275,000)
Oil & gas refining and marketing industry	3,320,000	1,540,000	(4,540,000)
Residential construction industry	(680,000)	755,000	800,000
Total	$ (9,330,000)	$ 14,180,000	$ (3,550,000)

The Company's equity investments are measured using quoted prices in active markets for identical assets (Level 1). The following table shows the fair value of the Company's investments aggregated by investment category at:

	2022	2021
Cement industry	$ 14,568,743	$ 21,274,026
General building materials industry	14,100,667	19,728,058
Oil & gas refining and marketing industry	9,423,321	9,875,417
Residential construction industry	4,065,829	4,612,812
Total	$ 42,158,560	$ 55,490,313

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:

	2022	2021	2020
Carrying value	$ 13,643,815	$ 11,995,580	$ 10,755,752
Ownership percentage	36.14%	32.46%	32.46%
Cash dividends received	$ 77,342	$ 73,429	$ 73,429
Undistributed earnings	8,540,114	7,357,520	6,044,263
Difference between carrying amount and the underlying equity in net assets*	225,775	(240,382)	(166,953)
Equity in earnings	1,182,077	1,313,258	1,296,417

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

During 2022, 2021 and 2020, the Company purchased \$0.9 million, \$0.9 million and \$1.0 million, respectively, of brick from GFI. 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 December 31, 2022 and 2021.

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 December 31, 2022 or 2021.

(5) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and their estimated useful lives at December 31, 2022 and 2021 consisted of:

	Lives (Years)	2022	2021
Quarry land		\$ 2,004,549	\$ 2,004,549
Other land		11,146,484	10,602,058
Buildings and improvements	15 – 39	39,283,610	38,526,067
Cement manufacturing equipment	15 – 25	169,491,697	167,812,724
Ancillary equipment	5 – 10	14,603,644	14,467,712
Ready-mix and concrete production machinery and equipment	5 – 15	42,986,718	42,164,418
Transportation and mobile equipment	3 – 7	70,833,601	64,339,403
Office machinery, equipment, furniture and fixtures	3 – 10	9,120,444	8,815,582
Construction in process		58,633,027	38,817,960
		\$ 418,103,774	\$ 387,550,473
Less: Accumulated depreciation and depletion		294,443,621	282,920,247
		\$ 123,660,153	\$ 104,630,226

(6) REVOLVING LOAN AND LONG-TERM DEBT

On October 20, 2021, the Company entered into a new credit agreement with its current lender, BOKF, NA dba Bank of Oklahoma (Bank of Oklahoma), which amended and restated its revolving loan. The Company's current agreement provides for a \$15.0 million revolving loan maturing on December 31, 2024; the previous agreement matured on December 31, 2021. Interest rates on the Company's revolving loan are variable and based on the rate of interest regularly published by the Wall Street Journal and designated as the U.S. Prime Rate (hereto referred to as the WSJ prime rate) less 1.50% with a 1.50% interest rate minimum or floor. The agreement requires the Company to pledge its investment account, receivable accounts and inventory to Bank of Oklahoma as collateral for the revolving loan. The Company is obligated to maintain at least \$12.0 million in its pledged investment account. The carrying value of receivables, inventory and the investment account pledged as collateral was \$22.5 million, \$46.7 million and \$25.4 million, respectively as of December 31, 2022. The agreement also contains financial covenants requiring the Company, as of the end of any fiscal quarter, to maintain a minimum tangible net worth before accumulated other comprehensive income (loss) of $195.0 million and a minimum tangible net worth after accumulated other comprehensive income (loss) of $175.0 million. The Company was in compliance with these requirements at year end.

As of December 31, 2022 and 2021, there was nothing borrowed against the revolving loan.

At December 31, 2022 and 2021, there was no other long-term debt.

As of December 31, 2022, there was no aggregate annual maturities of long-term debt.

(7) INCOME TAXES

The components of the provision for federal and state income taxes in the accompanying consolidated statements of income are as follows:

	2022	(As adjusted) 2021	(As adjusted) 2020
Current income tax expense	$ 13,433,208	$ 10,276,000	$ 8,240,000
Deferred income taxes	(1,723,208)	4,294,000	(182,000)
Provision for income taxes	$ 11,710,000	$ 14,570,000	$ 8,058,000

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax expense is as follows:

	2022	(As adjusted) 2021	(As adjusted) 2020
Computed at statutory rate (21%)	$ 10,795,000	$ 15,322,000	$ 8,736,000
Increase (decrease) resulting from:			
State income taxes, net of federal tax benefit	3,163,000	3,049,000	454,000
Percentage depletion	(1,306,000)	(1,075,000)	(978,000)
Current year tax credits	(2,150,000)	(1,088,503)	70,000
Dividends received deduction	(155,000)	(280,000)	(55,000)
Other	1,363,000	(1,357,497)	(169,000)
Provision for income taxes	$ 11,710,000	$ 14,570,000	$ 8,058,000

The tax effects of significant temporary differences relating to deferred taxes, net of valuation allowances, on the balance sheets were:

	2022	2021
Allowance for doubtful accounts	$ 105,000	$ 101,000
Accrued vacation	496,000	483,000
Depreciation	(291,000)	7,000
Postretirement benefits	3,023,000	4,265,000
Pension liability	(2,404,000)	138,000
Unrealized holding gains	(7,683,000)	(10,110,000)
Net operating loss carryforwards	175,000	117,000
Tax carryforwards	1,686,000	1,308,000
Impairment on investments	83,000	141,000
Accounting change to average cost	(676,000)	(676,000)
Other, net	(1,009,845)	(81,053)
Net deferred tax assets (liabilities)*	$ (6,495,845)	$ (4,307,053)

*Net of valuation allowance of $1,136,000 and $1,155,000 for 2022 and 2021, respectively.

Some of the Company's subsidiaries file separate state income tax returns resulting in net operating loss carryforwards. In addition, some subsidiaries separately filed federal income tax returns in prior years which also resulted in net operating loss carryforwards. The provision for income taxes and income tax liabilities recorded in the financial statements include those separate calculations. The deferred taxes resulting from these and other tax carryforwards are included in the above table net of valuation allowances. The valuation allowance has been used to reduce the tax benefit associated with the tax carryforwards. The following table presents the expiration dates of the Company's carryforwards, net of valuation allowances, for tax purposes as of December 31, 2022:

Expiration Date	Tax Carryforwards
2025	$ 116,000
2029	60,000
2037	1,641,000
	$ 1,817,000

The Company uses a recognition threshold of "more likely than not" that a tax position would be sustained upon examination before any part of the benefit of that position is recognized in the Company's financial statements.

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 2019. 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 years ended December 31, 2022, 2021 and 2020.

(8) PENSION AND OTHER POSTRETIREMENT BENEFITS

Gains or losses affecting the Benefit obligation can be the result of the difference between expected and actual return on plan assets or from changes in actuarial assumptions. The expected return on assets assumption for the 2023 fiscal year was updated from 6.25% to 6.00% and the assumed discount rate was updated from 2.75% to 5.25%.

Postretirement Benefits

Monarch provides certain postretirement health and life insurance benefits to all retired employees in the Cement Business who, as of their retirement date, meet the eligibility requirements. These benefits are self-insured by Monarch and are paid out of Monarch's general assets. Monarch expects 2023 cash expenditures for this plan to be approximately $927,000 which is equal to the net expected benefit payments for the year.

Monarch uses a December 31 measurement date for the plans. At December 31, 2022 and 2021, the current portion of the accrued benefit cost of approximately $927,000 and $991,000, respectively, is recorded in compensation and benefits. Information about the plans' funded status and postretirement cost follows:

	2022	2021
Change in benefit obligation:		
Beginning of year	$ 16,849,582	$ 18,075,660
Service cost	319,309	344,709
Interest cost	449,540	402,223
Actuarial (gain) loss	(4,763,632)	(1,123,451)
Benefits paid	(801,882)	(849,558)
Benefit obligation at end of year	$ 12,052,917	$ 16,849,583

	2022	2021
Change in fair value of plan assets:		
Beginning of year	$ -	$ -
Employer contributions	801,882	849,558
Benefits paid	(801,882)	(849,558)
Fair value of plan asset at end of year	$ -	$ -

Weighted Average Assumptions used to determine benefit obligations:		
Discount rate	5.25%	2.75%
Trend rate	N/A	N/A
Funded status, end of year:		
Fair value of plan assets	$ -	$ -
Benefit obligations	(12,052,917)	(16,849,583)
Funded status = year-end benefit liability	$ (12,052,917)	$ (16,849,583)

Accrued Postretirement Benefits represents the accumulated difference between actual contributions and actual expenses from past years. It is updated from the prior year as follows:

	2022	2021
A. Accrued postretirement benefits at beginning of year	$ (12,043,305)	$ (13,733,502)
B. Net periodic postretirement benefit income	(399,208)	(840,638)
C. Employer contributions	801,882	849,558
D. Accrued postretirement benefits at end of year (A) - (B) + (C)	$ (10,842,215)	$ (12,043,306)

Following are the components of net periodic benefit cost:

	2022	2021	2020
Components of net periodic benefit cost:			
Service cost	$ 319,309	$ 344,709	$ 301,089
Interest cost	449,540	402,223	495,198
Amortization of prior service cost	(1,563,067)	(2,171,288)	(2,431,958)
Recognized net actuarial loss	395,010	583,718	517,202
Net periodic benefit income	$ (399,208)	$ (840,638)	$ (1,118,469)
Weighted Average Assumptions used to determine net periodic postretirement benefit cost:			
Discount rate	2.75%	2.25%	3.00%
Trend rate	N/A	N/A	N/A

Amounts recognized in the balance sheets consist of:

	2022	2021
Current liability	$ (927,000)	$ (991,000)
Noncurrent liability	(11,125,917)	(15,858,583)
Net amount recognized	$ (12,052,917)	$ (16,849,583)

Amounts recognized in accumulated other comprehensive income consist of:

	2022	2021
Net actuarial loss	$ 1,523,316	$ 6,681,958
Prior service credit	(312,614)	(1,875,681)
	$ 1,210,702	$ 4,806,277

Other changes in benefit obligations recognized in other comprehensive income:

	2022	2021	2020
Current year actuarial (gain)/loss	$ (4,763,632)	$ (1,123,451)	$ 1,815,721
Amortization of actuarial loss	(395,010)	(583,718)	(517,202)
Current year prior service credit	-	-	-
Amortization of prior service credit	1,563,067	2,171,288	2,431,958
Total recognized in other comprehensive income	$ (3,595,575)	$ 464,119	$ 3,730,477

The amortization schedule for prior service costs is as follows:

Description	Date Established	Initial Amount	Initial Period	12/31/2022 Outstanding Balance	Annual Amortization
Change in Benefit Structure	12/31/2017	(8,127,949)	5.20 years	(312,614)	(312,614)

The accumulated postretirement benefit obligation as of December 31, 2022 is shown below:

HRA Plan Provisions	$ 12,052,917

Expected benefit payments and expenses shown separately for the next five fiscal years and in the aggregate for the subsequent five-year period are presented below:

December 31, 2023	$ 926,679
December 31, 2024	928,159
December 31, 2025	937,044
December 31, 2026	928,032
December 31, 2027	923,057
Five fiscal years ending December 31, 2032	4,545,927

Pension Plans

Monarch has noncontributory defined benefit pension plans covering substantially all employees in the Cement Business who meet the eligibility requirements. Monarch's funding policy is to contribute annually an amount within the minimum/maximum range of tax deductible contributions. In 2022, there are no minimum expected contributions to the plans.

Monarch uses a December 31 measurement date for the plans. Information about the plans' funded status and pension cost follows:

	2022	2021
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 66,337,631	$ 67,488,215
Service cost	1,553,013	1,646,926
Interest cost	1,792,668	1,526,154
Actuarial (gain) loss	(18,066,306)	(1,591,889)
Plan amendment	14,559	-
Benefits paid	(2,706,026)	(2,731,775)
Benefit obligation at end of year	$ 48,925,539	$ 66,337,631

	2022	2021
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 66,367,158	$ 55,089,069
Actual return on plan assets	(4,908,540)	13,509,864
Employer contributions	-	500,000
Benefits paid	(2,706,026)	(2,731,775)
Fair value of plan assets at end of year	$ 58,752,592	$ 66,367,158
Funded status, end of year:		
Fair value of plan assets	$ 58,752,592	$ 66,367,158
Benefit obligation	48,925,539	66,337,631
Funded status = pension asset (liability), end of year	$ 9,827,053	$ 29,527

The actuarial formula used to calculate the projected benefit obligation takes into account future increases in pension contributions that would take place as the employees' salaries increase. The accumulated benefit obligation uses an actuarial formula to calculate the projected benefit obligation which assumes that the employees cease to work for the Company at the time the estimation is made. The plans' accumulated benefit obligation follows:

	2022	2021
Accumulated benefit obligation, end of year	$ 45,802,107	$ 61,237,020

Amounts recognized in the balance sheets consist of:

	2022	2021
Noncurrent asset	$ 9,827,053	$ 29,527
Noncurrent liability	-	-
Net amount recognized	$ 9,827,053	$ 29,527

Amounts recognized in accumulated other comprehensive income not yet recognized as components of net periodic benefit cost consist of:

	2022	2021
Net actuarial loss	$ 7,687,348	$ 17,849,614
Prior service cost	39,601	31,915
	$ 7,726,949	$ 17,881,529
Less: Deferred tax	2,010,000	4,650,000
Additional pension liability, net of deferred tax	$ 5,716,949	$ 13,231,529

Other changes in plan assets and benefit obligations recognized in other comprehensive income:

	2022	2021	2020
Current year actuarial (gain)/loss	$ (9,111,806)	$ (11,628,511)	$ 7,184,799
Amortization of actuarial loss	(1,050,460)	(2,416,111)	(1,897,215)
Current year prior service loss	14,559	-	-
Amortization of prior service cost	(6,873)	(31,942)	(64,845)
	$ (10,154,580)	$ (14,076,564)	$ 5,222,739
Less: Deferred tax	(2,640,000)	(3,660,000)	1,360,000
Minimum pension liability, net of deferred tax	$ (7,514,580)	$ (10,416,564)	$ 3,862,739

The amortization schedule for prior service costs is as follows:

Description	Established Dec. 31 of:	Initial Amount	Initial Period	12/31/2022 Outstanding Balance	2022 Amortization Amount
Unrecognized Prior Service Cost	2009	55,026	12.50 years	-	-
	2015	21,393	11.14 years	7,953	1,920
	2019	25,342	9.21 years	17,089	2,751
	2022	14,559	6.26 years	14,559	2,326
				$ 39,601	$ 6,997

Cumulative employer contributions in excess of net periodic pension cost are as follows:

	2022	2021
A. Cumulative balance at beginning of year	$ 17,911,086	$ 19,558,947
B. Net periodic pension cost	357,054	2,147,891
C. Contributions	-	500,000
D. Cumulative balance at end of year (A) - (B) + (C)	$ 17,554,032	$ 17,911,056

The weighted average assumptions used to determine net pension cost and benefit obligations as of December 31, 2022, 2021 and 2020 are as follows:

	2022	2021	2020
Benefit obligation:			
Discount rate	5.25%	2.75%	2.25%
Expected return on plan assets	6.00%	6.25%	6.50%
Rate of compensation increase (Staff plan only)	5.00%	5.00%	3.50%
Pension cost:			
Discount rate	2.75%	2.25%	3.00%
Expected return on plan assets	6.25%	6.50%	6.75%
Rate of compensation increase (Staff plan only)	5.00%	3.50%	3.50%

The following table presents the components of net periodic pension cost as of December 31, 2022, 2021 and 2020:

	2022	2021	2020
Service cost	$ 1,553,013	$ 1,646,926	$ 1,364,829
Interest cost	1,792,668	1,526,154	1,821,192
Expected return on plan assets	(4,045,960)	(3,473,242)	(3,612,497)
Amortization of prior service cost	6,873	31,942	64,845
Recognized net actuarial loss	1,050,460	2,416,111	1,897,215
Net periodic pension expense	$ 357,054	$ 2,147,891	$ 1,535,584

The Company has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets as well as current facts and circumstances.

Plan assets are held by a trustee bank. A fund manager has been retained to make investment decisions within guidelines specified by Monarch. The guidelines permit investment in both equities and fixed income securities including common stocks, corporate bonds and debentures and U.S. Government securities. An investment committee appointed by the Board also invests a portion of the funds in equity securities. Asset allocation is primarily based on a strategy to provide stable earnings through investing in interest-generating or fixed income investments while still permitting the plan to recognize potentially higher returns through investments in equity securities. Focusing on balancing the risks and rewards of each broad asset class, the percentage of allocation between fixed income and equity investments for 2022 and 2021 are as follows:

Equities	60%
Fixed Income	40%

The pension investment guidelines strive for diversification of equity securities among the various market sectors and do not permit participation in higher risk investment strategies involving hedging activities and the use of derivative instruments.

The plan allows a 5% fluctuation before assets are rebalanced. During periods of extreme market volatility, the fluctuation may exceed 5% before rebalancing is complete. At December 31, 2022 and 2021, plan assets by category were as follows:

	2022	2021
Equities	50%	54%
Debt Securities	31%	33%
Other	19%	13%

Following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

Fair value prices for all securities in the pension plan portfolio are provided by our trustee bank which utilizes an internationally recognized independent pricing service. Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include equity securities which were priced at the market close. Level 2 assets have observable inputs other than Level 1 prices. Plan assets are classified within Level 3 of the hierarchy when relevant observable inputs for a security are not available.

We have established control procedures in which we independently assess the pricing obtained from the trustee bank which utilizes the pricing service. These internal processes include obtaining and reviewing available reports on controls at the trustee bank and pricing service, evaluating the prices for reasonableness given market changes, investigating anomalies and confirming determinations through discussions with the trustee bank.

The fair value of Monarch's pension plan assets by asset category at December 31, 2022 and 2021 are as follows:

		Fair Value Measurements Using:		
2022	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 10,932,627	$ 10,932,627	$ -	$ -
Equity securities:				
Consumer discretion	2,945,594	2,945,594	-	-
Consumer staples	3,045,999	3,045,999	-	-
Energy	3,882,549	3,882,549	-	-
Equity funds	2,276,279	2,276,279	-	-
Financials	1,986,792	1,986,792	-	-
Healthcare	1,774,872	1,774,872	-	-
Industrials	2,356,534	2,356,534	-	-
Information technology	1,349,600	1,349,600	-	-
International	1,813,030	1,813,030	-	-
Materials	2,679,276	2,679,276	-	-
Miscellaneous	773,630	773,630	-	-
Real Estate	2,467,787	2,467,787	-	-
Telecommunication	1,347,822	1,347,822	-	-
Utilities	1,104,115	1,104,115	-	-
Fixed income securities:				
Corporate bonds	2,417,540	2,417,540	-	-
Intermediate Duration Fund	14,202,964	14,202,964	-	-
U.S. Government Obligation/Federal Agencies	1,395,582	1,395,582	-	-
Total	$ 58,752,592	$ 58,752,592	$ -	$ -

		Fair Value Measurements Using:		
2021	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 8,874,438	$ 8,874,438	$ -	$ -
Equity securities:				
Consumer discretion	4,674,461	4,674,461	-	-
Consumer staples	2,978,250	2,978,250	-	-
Energy	5,004,655	5,004,655	-	-
Equity funds	2,359,650	2,359,650	-	-
Financials	2,567,522	2,567,522	-	-
Healthcare	1,796,225	1,796,225	-	-
Industrials	2,720,166	2,720,166	-	-
Information technology	2,219,919	2,219,919	-	-
International	2,337,086	2,337,086	-	-
Materials	2,611,100	2,611,100	-	-
Miscellaneous	687,548	687,548	-	-
Real Estate	3,236,088	3,236,088	-	-
Telecommunication	1,930,373	1,930,373	-	-
Utilities	1,145,721	1,145,721	-	-
Fixed income securities:				
Corporate bonds	3,349,703	3,349,703	-	-
Intermediate Duration Fund	16,634,044	16,634,044	-	-
U.S. Government Obligation/Federal Agencies	1,240,209	1,240,209	-	-
Total	$ 66,367,158	$ 66,367,158	$ -	$ -

The plans' expected benefit payments as of December 31, 2022, shown separately for the next five fiscal years and in the aggregate for the subsequent five-year period, are presented below:

2023	$ 3,172,734
2024	3,214,794
2025	3,268,094
2026	3,294,807
2027	3,330,816
Five fiscal years ending December 31, 2032	17,205,093

The Company has defined contribution plans covering substantially all permanent employees. These plans allow the Company, at its discretion, to match the employee's contributions. The Company contributed $382,404, $276,866 and $245,593 to these plans for the years 2022, 2021 and 2020, respectively. The Company expects to contribute approximately $383,000 to these plans in 2023.

The Company contributes to multiemployer defined benefit pension plans under the terms of collective bargaining agreements that cover its union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

a) Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.

b) If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

c) If the Company chooses to stop participating in one of its multiemployer plans, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company's participation in these plans for the annual period ended December 31, 2022, is outlined in the table below. The Company considers only one plan it contributes to under collective bargaining agreements to be significant. The "EIN/Pension Plan Number" column provides the plan's Employer Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2022 and 2021 is for the plan's year-end at December 31, 2021 and 2020, respectively. The zone status is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration dates of the collective bargaining agreements to which the plan is subject. There have been no significant changes that affect the comparability of 2022, 2021 and 2020 contributions.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Contributions by Company			Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
		2022	2021		2022	2021	2020		
Central States, Southeast & Southwest Areas Pension Plan	36-6044243/001	Red	Red	Yes	$315,444	$354,741	$367,229	Yes	3/31/2025 & 4/30/2025 [a]
Other Funds					104,068	108,167	115,298		
					$419,512	$462,908	$482,527		

[a] The Company is party to two collective bargaining agreements that require contributions to Central States, Southeast & Southwest Areas Pension Plan. In 2022, 36% of the Company's contributions were required by a collective bargaining agreement that expires 3/31/2025 and 64% were required by an agreement that expires 04/30/2025.

The Company was not listed in any of its multiemployer plans' Forms 5500 as providing more than 5% of the total contributions. Forms 5500 were not available for the plan year ending in 2022.

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

The following table presents the reclassifications out of accumulated other comprehensive income (loss) for the periods indicated and the affected line item in the statements where net income is presented:

Reclassification for	2022	2021	2020
Net periodic pension and postretirement costs in:			
Other, net	$ (110,724)	$ 860,483	$ 47,304
Tax benefit (expense)	30,000	(230,000)	(10,000)
Net of tax	$ (80,724)	$ 630,483	$ 37,304

See Note 8, "Pension and Other Postretirement Benefits", for discussion of pension and postretirement amounts yet to be reclassed in accumulated other comprehensive income.

(10) SIGNIFICANT ESTIMATES AND CERTAIN CONCENTRATIONS

Thirty-five percent (35%) of the Company's employees are covered by various collective bargaining agreements. One of the union contracts expires in 2023. The Company believes it has a good working relationship with its employees and has been successful in negotiating multi-year union contracts without work stoppages.

The Company has noncontributory defined benefit pension plans and defined contribution postretirement health plans that provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to services rendered prior to the valuation date based on the Entry Age Actuarial Cost Method and the Projected Unit Credit Actuarial Cost Method, respectively. It is reasonably possible that events could occur that would change the estimated amount of these liabilities materially in the near term. The financial statements have been prepared using values and information currently available to the Company.

Economic and financial market conditions could adversely affect our results of operations in future periods. Instability in the financial markets may make it difficult for certain of our customers to obtain financing, which may significantly impact the volume of future sales and adversely impact the Company's future operating results.

In addition, volatility of economic conditions could rapidly change the values of assets and liabilities recorded in the financial statements, resulting in material future adjustments in investment values (including defined benefit pension plan investments), allowances for accounts, net realizable value of inventory and realization of deferred tax assets that could negatively impact the Company's ability to meet debt covenants or maintain sufficient liquidity.

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. There are not any matters pending that we currently believe are reasonably possible of having a material impact to our business, consolidated balance sheets, consolidated statements of income or cash flows.

The Company invests in various equity securities which are exposed to market risks. Due to the level of risk associated with certain equity securities, it is at least reasonably possible that changes in the values of equity securities will occur in the near term and that those changes could materially affect the amounts reported in the accompanying balance sheet.

(11) STOCKHOLDERS' EQUITY

Capital Stock and Class B Capital Stock have the same rights except as follows: Class B Capital Stock has voting rights of ten votes per share and restricted transferability; Class B Capital Stock is convertible at all times into Capital Stock on a share-for-share basis; and Capital Stock has one vote per share and is freely transferable.

(12) LINES OF BUSINESS

The Company groups its operations into two lines of business - Cement Business and Ready-Mixed Concrete Business. The Company's business lines are separate business units that offer different products. The accounting policies for each line are the same as those described in the summary of significant accounting policies. Corporate assets include cash and cash equivalents, investments, deferred income taxes and other assets for 2022, 2021 and 2020.

Following is information for each line for the years ended December 31, 2022, 2021 and 2020:

	Cement Business	Ready-Mixed Concrete Business	Adjustments and Eliminations	Consolidated
For the Year Ended December 31, 2022				
Sales to unaffiliated customers	$ 139,972,926	$ 92,623,022	$ -	$ 232,595,948
Intersegment sales	18,320,055	1,467,944	(19,787,999)	-
Total net sales	$ 158,292,981	$ 94,090,966	$ (19,787,999)	$ 232,595,948
Income from operations	$ 49,167,734	$ 843,105		$ 50,010,839
Other income, net				1,393,260
Income before income taxes				$ 51,404,099
Identifiable assets at December 31, 2022	$ 148,348,955	$ 47,506,834		$ 195,855,789
Corporate assets				128,333,389
Total assets at December 31, 2022				$ 324,189,178
For the Year Ended December 31, 2021				
Sales to unaffiliated customers	$ 120,621,752	$ 91,226,149	$ -	$ 211,847,901
Intersegment sales	18,542,002	253,839	(18,795,841)	-
Total net sales	$ 139,163,754	$ 91,479,988	$ (18,795,841)	$ 211,847,901
Income from operations	$ 42,398,414	$ 2,393,677		$ 44,792,091
Other income, net				28,167,831
Income before income taxes				$ 72,959,922
Identifiable assets at December 31, 2021	$ 128,140,610	$ 42,652,200		$ 170,792,810
Corporate assets				127,002,896
Total assets at December 31, 2021				$ 297,795,706
For the Year Ended December 31, 2020				
Sales to unaffiliated customers	$ 104,880,779	$ 83,944,474	$ -	$ 188,825,253
Intersegment sales	17,069,802	312,437	(17,382,239)	-
Total net sales	$ 121,950,581	$ 84,256,911	$ (17,382,239)	$ 188,825,253
Income from operations	$ 38,412,037	$ 2,977,621		$ 41,389,658
Other income, net				208,637
Income before income taxes				$ 41,598,295
Identifiable assets at December 31, 2020	$ 120,997,798	$ 39,150,227		$ 160,148,025
Corporate assets				100,285,883
Total assets at December 31, 2020				$ 260,433,908

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.

Income from operations is total net sales less operating expenses. In computing income from operations, none of the following items have been added or deducted: general corporate income and expenses; interest expense; and income taxes. Depreciation and depletion for the Cement Business and Ready-Mixed Concrete Business, respectively, was approximately: $8.1 million and $7.9 million in 2022; $8.4 million and $6.6 million in 2021; and $8.5 million and $7.2 million in 2020. Capital expenditures for the Cement Business and Ready-Mixed Concrete Business, respectively, were: $24.1 million and $9.6 million in 2022; $16.2 million and $7.9 million in 2021; and $17.9 million and $5.6 million in 2020. Identifiable assets by line of business are those assets that are used in the Company's operations in each industry.

During 2022, 2021 and 2020, there were no sales to any one customer in excess of 10% of consolidated net sales.

(13) OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the changes in each component of accumulated other comprehensive income (loss), net of estimated tax:

	2021	Change	2022
Pension liability adjustment	$ (13,231,529)	$ 7,514,580	$ (5,716,949)
Postretirement liability adjustment	(2,871,277)	2,660,575	(210,702)
	$ (16,102,806)	$ 10,175,155	$ (5,927,651)

	2020	Change	2021
Pension liability adjustment	$ (23,648,093)	$ 10,416,564	$ (13,231,529)
Postretirement liability adjustment	(2,528,158)	(343,119)	(2,871,277)
	$ (26,176,251)	$ 10,073,445	$ (16,102,806)

(14) SHARE REPURCHASES

On November 16, 2020, the Company commenced a modified Dutch auction tender offer for up to $5.0 million in shares of either our Capital or Class B shares at a price within the range of $60.00 to $70.00 per share. The tender offer expired on December 18, 2020. Through the tender offer, we accepted 62,920 shares at a price of $70.00 per share, for a total cost of $4.4 million. The shares purchased through the tender offer were immediately retired.

In addition to the equity tender offer described above, during the fourth quarter of 2020, we executed a repurchase for 1,040 shares of our Capital shares totaling $72,800. These repurchased shares were immediately retired.

On May 19, 2021, the Company purchased and immediately retired 34,610 Class B shares for $101.00 per share, for a total of $3.5 million.

On December 12, 2022, the Company purchased and immediately retired 58,186 Class B shares for $106.00 per share, for a total of $6.2 million.

(15) ACQUISITION

Pursuant to a Stock Exchange Agreement among the Company and the owners of American Concrete Co., Inc., ("American Concrete"), on July 29, 2022, the Company acquired all of the issued and outstanding shares of common stock of American Concrete, a ready-mix concrete company located in southeast Kansas. The purpose of the acquisition was to expand our ready-mixed concrete business in the region. The aggregate consideration paid by the Company at closing was approximately $1.6 million consisting of 15,239 shares of the Company's capital stock valued at $1.6 million based on the July 29, 2022, price per share of $105.00.

In accordance with Accounting Standards Codification (ASC) 805, the Company determined the assets and liabilities acquired constituted a business and applied purchase accounting to the assets acquired and the liabilities assumed. Since American Concrete is not a substantial subsidiary, pro forma information is not provided for the combined entity. The following table summarizes the consideration paid for acquisition of the assets acquired and the liabilities assumed at the acquisition date as well as the fair value at the acquisition date:

Consideration:		
Cash paid, gross	$	18,939
Fair value of Monarch stock given		
15,239 shares at $105.00 per share		1,600,095
		1,619,034
Fair Value of assets acquired and liabilities assumed:		
Assets		
Cash	$	103,060
Prepaids		4,192
Accounts receivable		444,286
Inventories		111,665
Other current assets		195
Property, plant and equipment		1,540,480
Liabilities		
Accounts payable		(215,299)
Accrued liabilities		(32,545)
Deferred taxes		(337,000)
Total:	$	1,619,034

(16) SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 15, 2023, which is the date the financial statements were issued.

Corporate Information

DIRECTORS

Mark A. Callaway

David L. Deffner

Robert M. Kissick

Gayle C. McMillen

Byron J. Radcliff

Robert K. Radcliff

Steve W. Sloan

Michael R. Wachter

Kent A. Webber

Walter H. Wulf, Jr.

Walter H. Wulf, III

OFFICERS

Walter H. Wulf, Jr.
CEO and Chairman of the Board

Kent A. Webber
President

***Robert M. Kissick**
Vice Chairman of the Board and Vice President

Tony D. Kasten
Chief Financial Officer and Secretary-Treasurer

Lisa J. Fontaine
Assistant Secretary

Kenneth G. Miller
Vice President - Cement Manufacturing

Douglas W. Sommers
Vice President - Sales

*Not actively involved in the daily affairs of the Company

Shareholder Information

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Phone: (620) 473-2222
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AUDITORS
Grant Thornton LLP
Kansas City, Missouri

ANNUAL MEETING
The annual meeting of the stockholders of The Monarch Cement Company is held the second Wednesday in April of each year at the Company's corporate offices.

TRANSFER AGENT AND REGISTRAR
The Monarch Cement Company
P.O. Box 1000
Humboldt, KS 66748-0900
shareholder.relations@monarchcement.com

STOCK TRADING INFORMATION
Trading Symbol: MCEM
Over-the-Counter (OTC) Market

INVESTOR RELATIONS
Inquiries may be directed to Tony D. Kasten, Chief Financial Officer and Secretary-Treasurer, at the corporate address shown above.

FINANCIAL INFORMATION
The Company's financial statements are available on the Company's website, http://www.monarchcement.com
and on the OTC Market's website, https://www.otcmarkets.com.


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