**Amazon Financial Report as at 31st December, 2022.**

Liquidity Ratio

1. Current Ratio

The current ratio is 1.14 and 0.94 for year 2021 and 2022 respectively.

The ratio is greater than 1 in the year 2021 indicating that the company has more current assets than current liabilities, further suggesting it can meet its short-term obligations. However, the ratio falls less than 1 in 2022 suggesting that Amazon may have difficulty meeting its short-term liabilities with its current assets.

Furthermore, for every $1 of current liabilities, the company has $1.14 and $0.94 of current assets available to cover those liabilities for year 2021 and 2022 respectively.

1. Quick Ratio

The quick ratio is 0.91 and 0.72 for 2021 and 2022 respectively implying that for $1 of current liabilities, the company has $0.91 and $0.72 of quick assets available to cover those liabilities.

1. Cash Ratio

With Cash ratio of 0.68 and 0.45 for 2021 and 2022 respectively, Amazon has $0.68 in cash and cash equivalents for every $1 of current liabilities in 2021 and $0.45 for every $1 of current liability in 2022.

1. Defensive Interval

From the calculated ratios of 114.65 and 89.21, Amazon could theoretically continue operating for 114.5 days for year 2021 and 89.21 days for 2022 without needing to access any additional funding or sell any non-current assets.

1. Inventory Days

The inventory days are 43.74 and 43.48 respectively for 2021 and 2022. This means that Amazon takes an average of 43.74 days to sell its inventory in 2021 and 43.48 days the following year.

1. Payable Days

From the calculations in excel, Amazon takes an average of 105.43 days to pay its suppliers in 2021 and 100.59 days in 2022.

1. Receivable Days

The calculations shows that the company takes an average of 25.55 days to collect customer in 2021 and 30.08 days in 2022.

1. Net trading cycle

The ratio are -36.13 and -27.03 respectively for 2021 and 2022. The negative net trading cycle can be a sign of strong financial health and efficiency because the company is able to sell its inventory very quickly after purchasing it, reducing storage costs and minimizing the risk of unsold or outdated inventory.

1. Working Capital as a % of Sales

The ratios are 4% and -2% respectively. It means that for every dollar sales, 4% goes to working capital in 2021. However, -2% realized in 2022 may be an indication of over reliance on short-term financing or challenges with inventory management or receivables collection.

**Profitability Ratios**

1. Gross Margin: the company's gross margin is 42% and 44% for 2021 and 2022, meaning that for every dollar of revenue generated, the company retains $0.42 and $0.44 after covering the cost of goods sold for 2021 ad 2022 respectively.
2. EBITDA Margin

The company's EBITDA margin are 13% and 11%, implying that about 13 cents of every dollar of revenue is retained as EBITDA after deducting operating expenses for 2021 and 11 cents for the following year.

1. Net Margin:  
    the company's net margin shows 7% and -1% respectively for 2021 and 2022. The negative net margin of -1% indicates that for every dollar of revenue, the company incurred a loss of 1 cents in 2022. The positive value in 2021 suggests that 7 cents of every dollar of revenue is retained as net income after deducting all expenses.

**Solvency/ debt management**

1. Debt to Equity ratio:  
   From the calculations, the company's debt is doubled her asset as shown by the value of 2.04 and 2.17 for both years which are greater than one implying that it has more debt financing than equity financing, which may further suggest higher financial risk due to increased debt obligations.
2. Debt Coverage: The debt coverage of 0.09 and 0.04 suggests that Amazon may have difficulty meeting its debt obligations from its operating income alone.
3. Free cash flow to equity (FCFE) per share

The amount of cash flow each share of the company is entitled is $25598.28 for year 2022.

**Asset Utilization ratios**

1. Asset Turnover

For a dollar worth of asset employed by Amazon, it generate 1.11 and 1.12 for year 2022 and 2021 respectively. A declining asset turnover ratio as shown above may indicate declining sales efficiency or over-investment in assets.

1. Inventory turnover

The value calculated in year 2022 suggest that it takes Amazon about 8.4 times to sell and replaced it inventory in a year while it took her 8.34 times the previous year.

1. Return on Asset

A negative ROA as in the case of -1% in 2022 may implies that the company is not generating sufficient profits to cover the costs associated with its assets. This could be as a result of operating loss as in this case or high debt and economic downturn.

**Investor/market ratios**

1. Return on capital employed

ROCE which measures the efficiency with which a company generates profits from the capital invested in the business. In this case, Amazon generates profit about 9% from capital employed in 2021, however, this drops to 4% the following year.