**Introduction**

This report comprehensively analyses Amazon Inc.'s financial health across various key metrics. These metrics include liquidity, profitability, solvency/debt management, asset utilization, and investor/market ratios.

**1. Liquidity Analysis**

It is observed that Amazon's liquidity position shows a weakening trend from 2021 to 2022. The current ratio decreased from 1.14 in 2021 to 0.94 in 2022, this implies that the firm has fewer current assets available to cover its current liabilities. In the same way, the quick ratio (which excludes inventory) and the cash ratio (which considers only cash and cash equivalents) also decreased. These ratios in 2021 were higher compared to 2022. This is a sign of a lower short-term financial strength, which could impact Amazon’s ability to meet its obligations if this trend continues. The defensive interval decreased significantly from 3.90 in 2021 to 2.65 in 2022, this suggests that the firm now has fewer days of operational expenses covered by its liquid assets. Inventory days and payable days remained relatively stable for the two years. However, the nettradingcycle improved, indicating a faster cash conversion process in 2022 than the company had in 2021.

**2. Profitability Analysis**

A notable decline in the firm's profitability ratio is noticed. The gross margin increased slightly from 42.03 to 43.81. EBITDA margin (26.65 to 16.20) and EBIT margin (8.12 to 0.95) declined significantly indicating a reduction in operational efficiency or increased operating expenses. In addition, the netmargin declined from 7.10 in 2021 to -0.53 in 2022, it turned negative in 2022 which indicates that the company reported a net loss in 2022. This may be due to higher costs, lower revenues, or other financial distress experienced by the firm in that year.

**3. Solvency/Debt Management Analysis**

The solvency ratios indicate an increase in the financial leverage of the firm, as the debt-to-equity ratio goes up from 2.04 in 2021 to 2.17 in 2022, indicating that the firm has taken on more debt relative to its equity. The debt to total assets ratio remained stable, nonetheless, the long-term debt to capital ratio rose slightly, signifying better management of long-term debt obligations. The times interest earned ratio fell sharply from 34.74 in 2021 to 3.12 in 2022, suggesting a reduction in earnings relative to interest expenses. This may perhaps raise concerns about the company's ability to cover its interest payments with operating income when it is due.

**4. Asset Utilization Analysis**

The company’s total asset turnover remained stable, indicating that Amazon maintained its efficiency in using its assets to generate revenue. Nevertheless, the fixed asset turnover ratio declined from 2.93 in 2021 to 2.75 in 2022. Inventoryturnover only increased slightly. These ratios suggest that there is a slight reduction in the firm's asset utilization efficiency. This could be due to capital investments that have not yet translated into revenue.

**5. Investor/Market Ratios Analysis**

The company’s price-to-equity (P/E) ratio turned negative in 2022. This reflects investor concerns and the company’s net loss during the period. Earnings per share also became negative, implying a loss to shareholders. The price-to-book value (PBV) ratio decreased significantly, which suggests that the market is undervaluing the company relative to its book value. Return on equity (ROE) and return on assets (ROA) both turned negative in 2022, indicating that the company did not generate a positive return on its equity and assets. This could reduce investor confidence and affect stock performance in the long run.

**Conclusion**

Generally speaking, Amazon’s financial health weakened in 2022 compared to 2021. Although liquidity and asset utilization remained relatively stable, profitability and solvency metrics decreased significantly. The reduced interest coverage and negative net margin raise concerns about the company's ability to generate sustainable profits and service its debt. Also, the company did not pay any dividends in 2021 and 2022. Thus, this analysis suggests that Amazon needs to focus on improving its profitability and reducing its debt to ensure long-term financial stability and regain investor confidence.

<https://www.macrotrends.net/stocks/charts/AMZN/amazon/common-stock-dividends-paid>

Amazon's annual common stock dividends paid for 2022 were $0B, a NAN% decline from 2021.

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