**Introduction**

The purpose of this report is to provide financial analysis of Amazon Inc. based on its two annual report for 2021 and 2022. It has been prepared after analysing the balance sheet, income statement and statement of cash flows. Financial ratio can be reviewed and assessed to check overall financial health, whether they are improving over time. To evaluate the financial health, the areas that would be examined are Liquidity, Profitability, Solvency, Asset utilization and Investor/Market.

**Liquidity**

It is the amount of cash a company owns to manage its short term debt obligations. It is important in any type of business. The quick ratio/acid test is one of the most common metrics used.

Quick ratio

It shows the ability to meet cash obligations within a short period of time. A quick ratio lower than 1.0 is not a good sign because it means liabilities exceed current assets. In both years under review, this is a warning sign because in FY2021 having a quick ratio 0.91:1, it further fell to 0.72:1 in FY2022

**Profitability**

Profitability is the purpose of the business and it is measured from the income and expenses. A good metric for evaluating profitability is net margin.

Net Margin

The net margin had a significant reduction from 7% in 2021 to (-1%) in 2022 which indicates a loss. This is due to increase in total expenses.

**Solvency**

This measures ability to meets its debt obligations not only on a short term but also on long term debt. The Debt to equity and Debt to Assets are the ratios mostly used. The D/E in FY 2021 is 2.04 while in FY 2022 is 2.17 indicating a decline in shareholder’s equity as against debt. It implies that the operations are financed by creditors.

**Asset Utilization**

Total Asset turnover shows the efficiency which the assets is used to generate revenue. A review of the years (2021 and 2022), show there is an increase in in utilizing its assets to generate revenue.

**Investor/Market**

Price-Earnings ratio determines growth in stock by investors. In 2021 which has a positive compared to 2022 where there is a loss. Also, the earnings per share in FY 2022 is a loss to the investors.