**Ratio Interpretation of Amazon Inc.**

Liquidity ratios

The current and quick ratios show decline from year 2021 to 2022 while the cash ratio showed growth over the period under review.

This was attributed to decrease in marketable securities while cash increased as a result of conversion of marketable securities to cash. Hence there is improvement in Amazon meeting its short –time obligations.

There was also improvement of Amazon cash conversion days from 53 days to 27 days which indicates improvement in availability of cash to pay short-term debt.

Also the decrease in the payable days over the period will give confidence on creditors

Profitability ratios

The business made a net profit of 5% from sales in 2020 and improved to 7% in 2021.However, there was a loss of 0.53% in 2022.Though there was increase in sales, there also was as a significant increase in Operating expense and income expense resulting in Loss.

Hence there is need for the company to reduce its operating expense.

Solvency/ Debt Management

The company has a Debt to equity (D/E) of over 2 showing the business is mostly financed by term debt. This is within the industry average of 2.15.The significant increase in term debt contributed to this.

The business also have a fluctuating times interest earned which is lower in 2022 due to increased interest expense which is function of interest term debt.

 Asset utilization

The assets turnover of 1.11 is low compared to industry average. This measures the efficiency of the business and its ability to convert its assets to sales.

This can be attributed to increase in CAPEX. The investment in capex is expected to increase sales in subsequent year.

Investor/market ratios

The business has not paid dividend for the 3 years under review.

However, they was significant improvement of ROCE .