

## ABSTRACT

*This study aims to determinate the effect of Key Audit Matters (KAM) disclosure on stock mispricing. KAM disclosure is proxied by three dimensions: KAM Word, KAM Number and KAM Readability. This study is grounded in the implementation of ISA 701 audit standards, which are expected to reduce information asymetry and enhance the communicative value of auditor reports in the capital market.*

*The population in this study comprises consumer cyclicals companies listed on the Indonesia Stock Exchange (IDX) during the 2022-2024 period. The sample was determined using the purposive sampling method, resulting in a total of 249 panel data observations.*

*The result of this study indicate that KAM disclosure, whether in terms of narrative (Word), quantity (Number), or readability (Readability), does not have a significant effect on stock mispricing. These findings suggest that investors have not utilized Key Audit Matters information as a basis for investment decisions affecting stock valuation. This is presumably because investors focus more on quantitative financial performance indicators than audit risk narratives, alongside constraints related to language complexity in auditor reports.*

*Keywords: Stock Mispricing, Key Audit Matters, Information Asymmetry, Readability, Consumer Cyclicals, Indonesia Stock Exchange (IDX).*

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