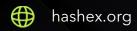


InVaria2222

smart contracts final audit report

September 2022





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1. Disclaimer

This is a limited report on our findings based on our analysis, in accordance with good industry practice at the date of this report, in relation to cybersecurity vulnerabilities and issues in the framework and algorithms based on smart contracts, the details of which are set out in this report. In order to get a full view of our analysis, it is crucial for you to read the full report. While we have done our best in conducting our analysis and producing this report, it is important to note that you should not rely on this report and cannot claim against us on the basis of what it says or doesn't say, or how we produced it, and it is important for you to conduct your own independent investigations before making any decisions. We go into more detail on this in the disclaimer below - please make sure to read it in full.

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2. Overview

HashEx was commissioned by the InVarFinance team to perform an audit of their smart contract. The audit was conducted between 19/08/2022 and 23/08/2022.

The purpose of this audit was to achieve the following:

- Identify potential security issues with smart contracts
- Formally check the logic behind given smart contracts.

Information in this report should be used for understanding the risk exposure of smart contracts, and as a guide to improving the security posture of smart contracts by remediating the issues that were identified.

The code is available at the @InVarFinance/invaria2222 GitHub repository and was audited after the commit <u>81b14fe1</u> (audited file InVaria-staking.sol).

Update: the InVarFinance team has responded to this report. The updated code is located in the GitHub repository after the commit <u>6b5c42d</u>.

Update 2: The audited InVariaStaking contract with additional events was deployed to Ethereum chain at address oxenia/contract with additional events was deployed to Ethereum chain at address oxenia/contract with additional events was deployed to Ethereum chain at address oxenia/contract with additional events was deployed to Ethereum chain at address oxenia/contract/ <a hre

2.1 Summary

Project name	InVaria2222
URL	https://app.invar.finance/
Platform	Ethereum
Language	Solidity

2.2 Contracts

Name	Address
InVariaStaking	0x10a92B12Da3DEE9a3916Dbaa8F0e141a75F07126

3. Found issues



C1. InVariaStaking

ID	Severity	Title	Status
C1-01	High	Exaggerated owner's rights	⊗ Resolved
C1-02	Low	Lack of events	A Partially fixed
C1-03	Low	Lack validation of input parameters	A Partially fixed
C1-04	Low	Division before multiplication	Ø Acknowledged
C1-05	Low	Floating pragma	Ø Acknowledged
C1-06	Low	Gas optimization	A Partially fixed
C1-07	Low	Left to burn amount possible miscalculation	② Open
C1-08	Info	Lack of documentation	Ø Acknowledged
C1-09	Info	No guaranteed rewards	Ø Acknowledged

4. Contracts

C1. InVariaStaking

Overview

The contract allows staking ERC1155 tokens with id1. Users can get rewards in USDC tokens during the staking period. Also, users are able to burn their tokens a year later after staking. As a reward for burning, users will get compensation in USDC tokens.

Issues

C1-01 Exaggerated owner's rights



- a. The contract owner has the ability to change the reward token (USDC) at any time using the **setAddress()** function. If the owner accidentally or maliciously changes the **USDC** address, users will receive rewards in completely different tokens that are worth nothing;
- b. The contract owner has the ability to change staking token at any time using the **setAddress()** function. If the owner accidentally or maliciously change **InVariaNFT** and **InVariaNFTBurn** addresses, users' NFTS will be locked in the contract and won't be available for burning.

Recommendation

- a. Make **USDC** variable constant;
- b. Make InVariaNFT and InVariaNFTBurn variables constant.

C1-02 Lack of events

LowPartially fixed

The functions **setAddress()**, **stakeNFT()**, **unStake()**, **withDraw()**, **BurnNFT()** don't emit events, which complicates the tracking of important off-chain changes.

C1-03 Lack validation of input parameters



Partially fixed

The contract constructor and the **setAddress()** function don't check the addresses for a non-zero value.

We recommend adding validation to prevent incorrect initialization and behavior of the contract.

C1-04 Division before multiplication



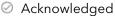
Acknowledged

Division before multiplication can, in some narrow cases, cause calculation errors in integer math. In this contract, division before multiplication is performed on L182 (
StakingReward_Balance() function).

Make sure the calculations work as expected.

C1-05 Floating pragma





A general recommendation is that pragma should be fixed to the version that you are intending to deploy your contracts with. This helps to avoid deploying using an outdated compiler version and shields from possible bugs in future solidity releases.

C1-06 Gas optimization





- a. The state variables AprByMin, BurnReturn, YearInSeconds, WithDrawAddress can be declared as constant to save gas;
- b. The state variable WithDrawAddress is never used in the contract and can be removed, to save gas on deployment;
- c. The USDC_Balance(), BurnNftInfo() functions can be declared as external to save gas;
- d. The variables staketime, unstaketime and isUnstake of the StakingInfo structure can be

packed into one slot (by casting time variables to uint64);

e. The variables **locktime** and **isBurn** of the **BurningInfo** structure can be packed into one slot (by casting time variable to **uint64**);

f. The values stakingInfo[stakingAddress].length (L109, L143, L176) and burningInfo[msg.sender].length (L148) can be stored in a local variable to save gas on every loop step;

g. InVariaNFT and InVariaNFTBurn can be presented by one variable if BurnFunction interface is derived from IERC1155.

C1-07 Left to burn amount possible miscalculation

Low ② Open

NFTs in a burningInfo instance can be burned with BurnNFT() when the records' lockTime parameter is strictly less than block.timestamp. However, while calculating the NFTs amount available for burning in BurnNftInfo(), NFTs of records with lockTime equal to block.timestamp are also summed. This may affect the contracts with burned amount dependent logic. The issue was introduced in the update.

C1-08 Lack of documentation

Info

Acknowledged

We recommend writing documentation using <u>NatSpec Format</u>. This would help in development, as well as simplify user interaction with the contract (including using the block explorer).

C1-09 No guaranteed rewards

Info

Acknowledged

It is assumed that users will receive rewards for staking and burning tokens. But there is no guarantee that there are enough rewards on the balance of the contract at any time, since the source of the rewards is not explicitly known. Thus, before starting to use the contract, users must make sure that the contract has enough rewards for both staking and burning. Also, they

should be informed that the contract owner can withdraw **USDC** tokens before the rewards distribution ends.

5. Conclusion

1 high, 2 medium, 5 low, and 1 informational severity issues were found.

1 high severity issue has been resolved in the update. 3 low severity issues have been partially resolved.

The reviewed contract is highly dependent on the owner's account. As stated in the <u>project</u> <u>description</u>, users can earn rewards by staking, and can also burn NFT after the lock-up period and return the initial mint cost. But taking into account the implementation of the smart contract, the payment of **any reward (including for burning NFT) is not guaranteed**. And also, the owner can withdraw rewards from the contract at any time. Users using the project have to trust the owner and that the owner's account is properly secured.

We strongly suggest adding functional tests for the contract to cover all edge cases.

This audit includes recommendations on improving the code and preventing potential attacks.

Appendix A. Issues' severity classification

• **Critical.** Issues that may cause an unlimited loss of funds or entirely break the contract workflow. Malicious code (including malicious modification of libraries) is also treated as a critical severity issue. These issues must be fixed before deployments or fixed in already running projects as soon as possible.

- **High.** Issues that may lead to a limited loss of funds, break interaction with users, or other contracts under specific conditions. Also, issues in a smart contract, that allow a privileged account the ability to steal or block other users' funds.
- Medium. Issues that do not lead to a loss of funds directly, but break the contract logic.
 May lead to failures in contracts operation.
- **Low.** Issues that are of a non-optimal code character, for instance, gas optimization tips, unused variables, errors in messages.
- **Informational.** Issues that do not impact the contract operation. Usually, informational severity issues are related to code best practices, e.g. style guide.

Appendix B. List of examined issue types

- Business logic overview
- Functionality checks
- Following best practices
- Access control and authorization
- Reentrancy attacks
- Front-run attacks
- DoS with (unexpected) revert
- DoS with block gas limit
- Transaction-ordering dependence
- ERC/BEP and other standards violation
- Unchecked math
- Implicit visibility levels
- Excessive gas usage
- Timestamp dependence
- Forcibly sending ether to a contract
- Weak sources of randomness
- Shadowing state variables
- Usage of deprecated code

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