SAULIDITY

BLOCKCHAIN SECURITY

2023

SMART CONTRACT SECURITY ANALYSIS

PREPARED BY
SAULIDITY

PRESENTED TO
WEBDZN

MADE IN CANADA

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2023

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SECURITY ASSESSMENT

Smart Contract Audit

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INTRODUCTION

Saulidity is a renowned blockchain security firm based in Montreal QC that provides a suite of vital services, including smart contract audits, penetration testing, node audits, and blockchain project development.

In a market where confidence and trust are key, a genuine project may simply increase its user base enormously with an official audit performed by Saulidity. The security of blockchain projects has never been more crucial than it is in today's rapidly expanding digital landscape. In the face of burgeoning technology, the integrity and security of blockchain networks is paramount. The decentralized nature of these networks, while presenting unparalleled opportunities for transparency and disintermediation, also exposes them to unique security threats.

Potential vulnerabilities in smart contracts, nodes, or overall network design could be exploited by malicious actors, leading to significant financial loss, data breaches, and damage to reputation. As such, **comprehensive security audits and assessments are not just beneficial, but essential in preventing such instances, ensuring the long-term success of blockchain projects.**

Saulidity applies extensive expertise and profound understanding of blockchain technology to safeguard your digital assets and maintain the robustness of your blockchain projects to fortify your projects, secure your investments, and empower you with the confidence that your blockchain initiatives are secure and reliable.

The information in this report should be used to understand the smart contract's risk exposure and as a guide to improving the code by addressing the concerns that were discovered. For a thorough understanding of the analysis, please read the entire document.

For a thorough understanding of the audit, please read the entire document.

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The security specialists do complete studies independently of one another in order to uncover any security issues in the contracts as comprehensively as feasible. For optimum security and professionalism, all of our audits are undertaken by at least two independent auditors.

SCOPE & INFO

Available Saulidity audit packages:

- **Essential Audit**
- **Standard Audit**
- **Premium Audit**

- **Platform Pentest**
- **Custom Audit**

We conducted a review on the following smart contract(s):

- Webdzn.sol
- WebManager.sol

WEBDZN engaged Saulidity to conduct a **Custom Audit** of their smart contract. This foundational review can be followed by a more in-depth audit package should the client determine it necessary based on our initial report.

The project's website, logic, or tokenomics have not been vetted by Saulidity.

The security specialists did a complete study independently of one another in order to uncover any security issues in the contracts as comprehensively as feasible within the scope chosen by the client.

During our audit, we conducted an inquiry using automated analysis and manual review approaches. The purpose of this audit is to:

- Identify potential security issues with the smart contracts

Project Name	DZN
Date of Engagement	September 29th, 2023
Commit ID	N/A
Updated Commit ID	N/A
Contract Address	N/A
Report ID	wbSAUL001 V1.0
Website	webdzn.ca
Code language	Solidity

We analyze smart contracts for both well-known and more specific vulnerabilities.

Here are some of the most well-known vulnerabilities:

ITEM	DESCRIPTION
Default Visibility	Functions and state variables visibility should be set explicitly. Visibility levels should be specified consciously.
Integer Overflow and Underflow	If unchecked math is used, all math operations should be safe from overflows and underflows.
Outdated Compiler Version	It is recommended to use a recent version of the Solidity compiler.
Floating Pragma	Contracts should be deployed with the same compiler version and flags that they have been tested thoroughly.
Unchecked Call Return Value	The return value of a message call should be checked.
Access Control & Authorization	Ownership takeover should not be possible. All crucial functions should be protected. Users could not affect data that belongs to other users.
Selfdestruct	The contract should not be destroyed until it has funds belonging to users.
Check-Effect-Interaction	CEI pattern should be followed if the code performs any external call.

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ITEM	DESCRIPTION
Signature Unique Id	Signed messages should always have a unique id. A transaction hash should not be used as a unique id.
Shadowing State Variable	State variables should not be shadowed.
Weak Sources of Randomness	Random values should never be generated from Chain Attributes.
Incorrect Inheritance Order	When inheriting multiple contracts, especially if they have identical functions, a developer should carefully specify inheritance in the correct order.
Calls Only to Trusted Addresses	All external calls should be performed only to trusted addresses.
Presence of unused variables	The code should not contain unused variables if this is not justified by design.

METHODOLOGY

Saulidity conducted a mixture of manual and automated security evaluations. The **Custom Audit** package was carried out using the following steps:

- Smart contract walkthrough
- Formal Verification
- Graphing out functionality and contract logic/connectivity/functions
- Scanning of contracts for vulnerabilities
- Manual Review
- Typical Case Tests
- Static Analysis

APPENDIX

Vulnerabilities can be divided into four threat levels: Critical, High, Medium and Low. The classification is mainly based on the impact, likelihood of utilization and other factors.

Critical flaws can result in the loss of assets or the alteration of data and are often simple to exploit.

High-level vulnerabilities are challenging to exploit, but they can have a big influence on how smart contracts are executed, such as giving the public access to key features.

Although **medium-level** vulnerabilities should be fixed, they generally cannot result in the loss of assets or the manipulation of data.

Low-level and Lowest/Code Style/Optimization flaws are typically caused by code fragments that are out-of-date, useless, etc. and cannot significantly affect execution.

EXECUTIVE SUMMARY

0

CRITICAL SEVERITY

-

1

HIGH SEVERITY

- Integer Underflow

1

MEDIUM

- Zero-Deposit Redelagation Overflow

1

LOW

- Missing Zero Address Validation

0

LOWEST/ CODE STYLE/ OPTIMIZED PRACTICE

-

SEVERITY	FOUND
Critical	0
High	1
Medium	1
Low	1
Lowest / Code Style / Optimized Practice	0

ACCORDING TO THE ANALYSIS, THERE IS A POTENTIAL HIGH SEVERITY VULNERABILITY. FALSE POSITIVES HAVE BEEN ELIMINATED AND THE FINDINGS ARE PRESENTED IN THE ANALYSIS SECTION OF THE REPORT.

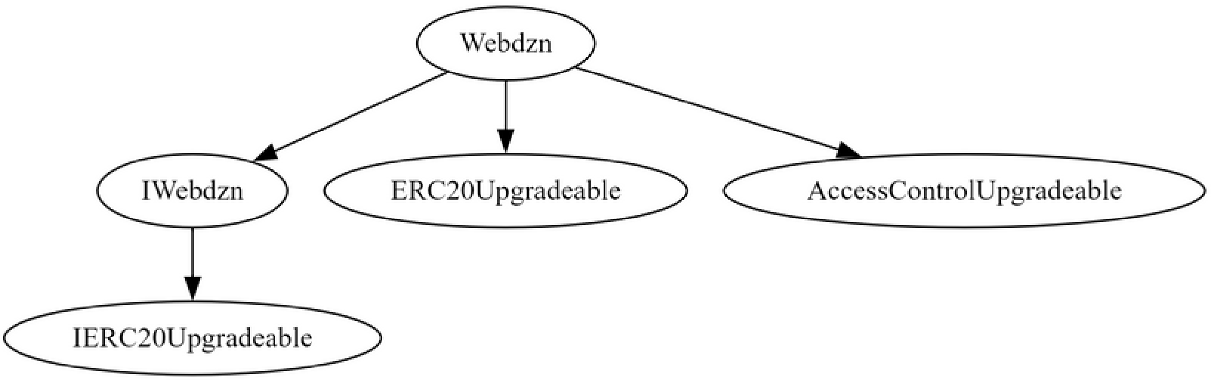
GRAPHING

Inheritance is a fundamental concept in object-oriented programming (OOP) that allows a class (referred to as a child or derived class) to inherit characteristics and functionalities from another class (known as a parent or base class). In the context of smart contracts in Solidity, inheritance is used to establish relationships between contracts, enabling code reuse, responsibility separation, and promoting modularity.

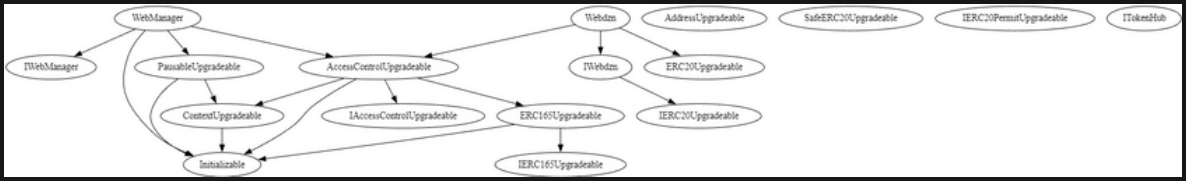
A **call graph** of a smart contract provides a visual representation of the function calls and dependencies within the contract. It illustrates the flow of execution and the relationships between functions. The call graph displays nodes representing individual functions and edges representing the calls made between them.The call graph allows for a comprehensive view of the contract's function hierarchy, enabling the identification of critical functions, entry points, and external dependencies.It highlights the paths of execution, including any loops or recursive calls, which can be crucial for understanding the contract's behavior and potential risks.

A **contract interaction** graph provides a visual representation of the relationships and interactions between different smart contracts within an ecosystem. It shows how contracts interact with each other through function calls, events, and state variables. Readers can visualize the relationships and dependencies between contracts, ensuring a comprehensive analysis of the smart contract ecosystem.The graph can be used to highlight potential security risks, communication challenges, or optimization opportunities arising from the contract interactions.

WEBDZN.SOL

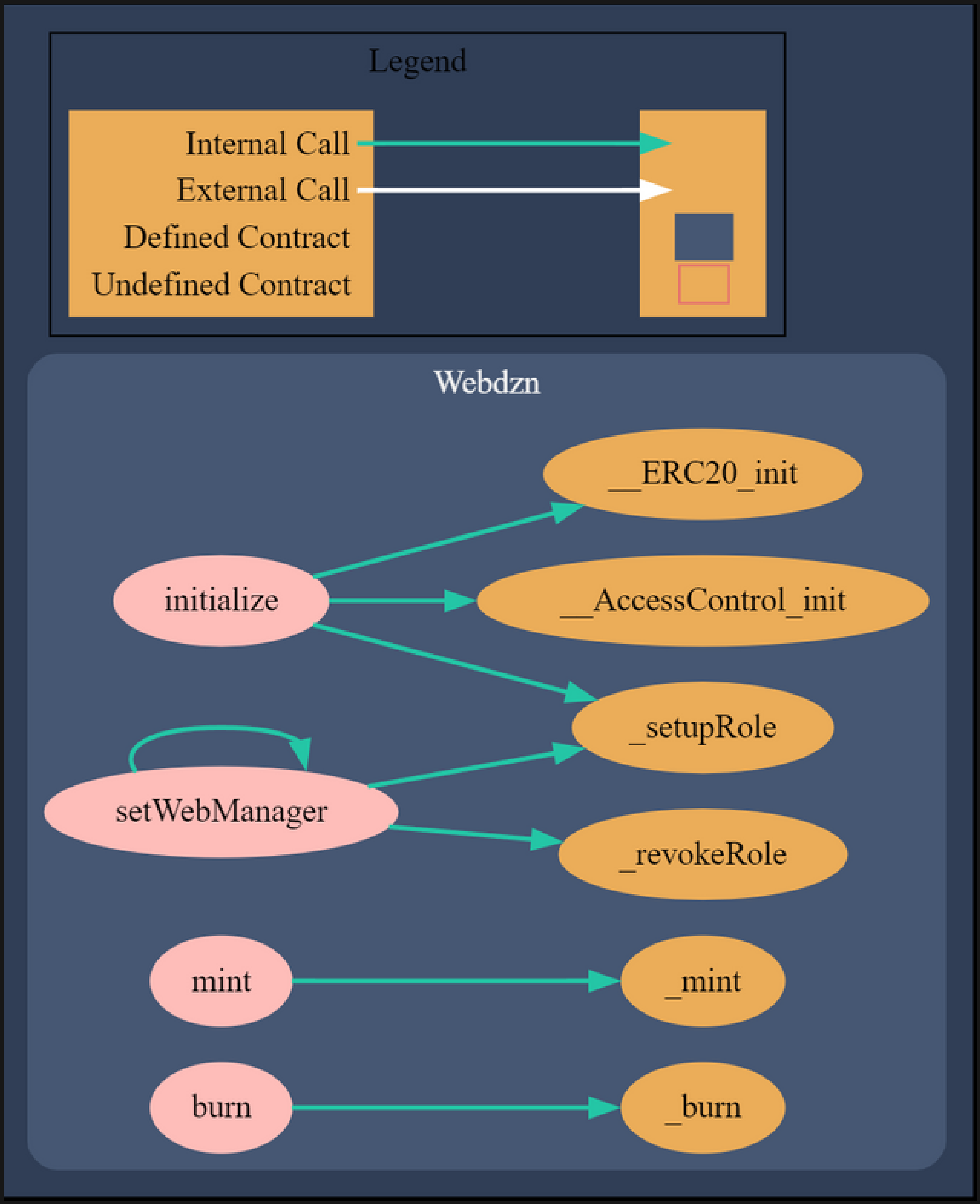

Webdzn
IWebdzn
ERC20Upgradeable
AccessControlUpgradeable
IERC20Upgradeable

WEBMANAGER.SOL



GRAPHING

WEBDZN.SOL



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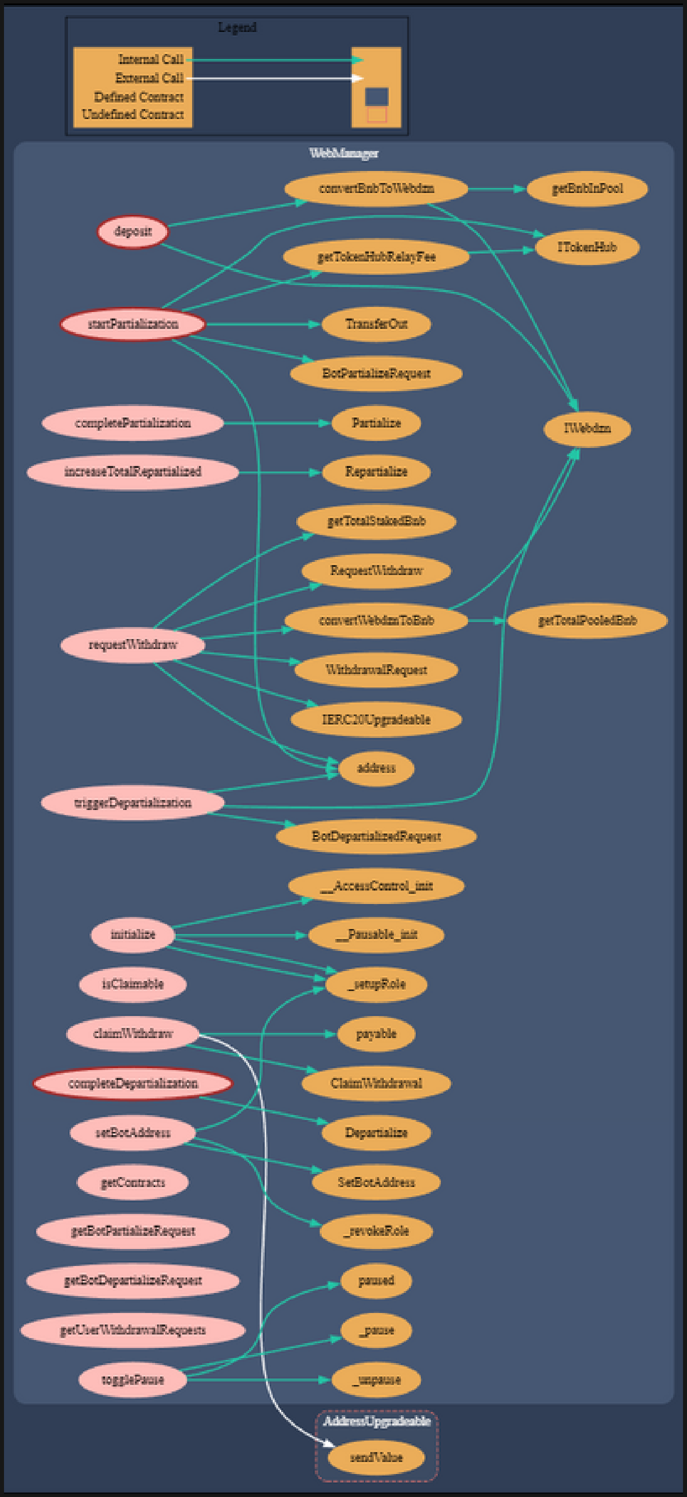

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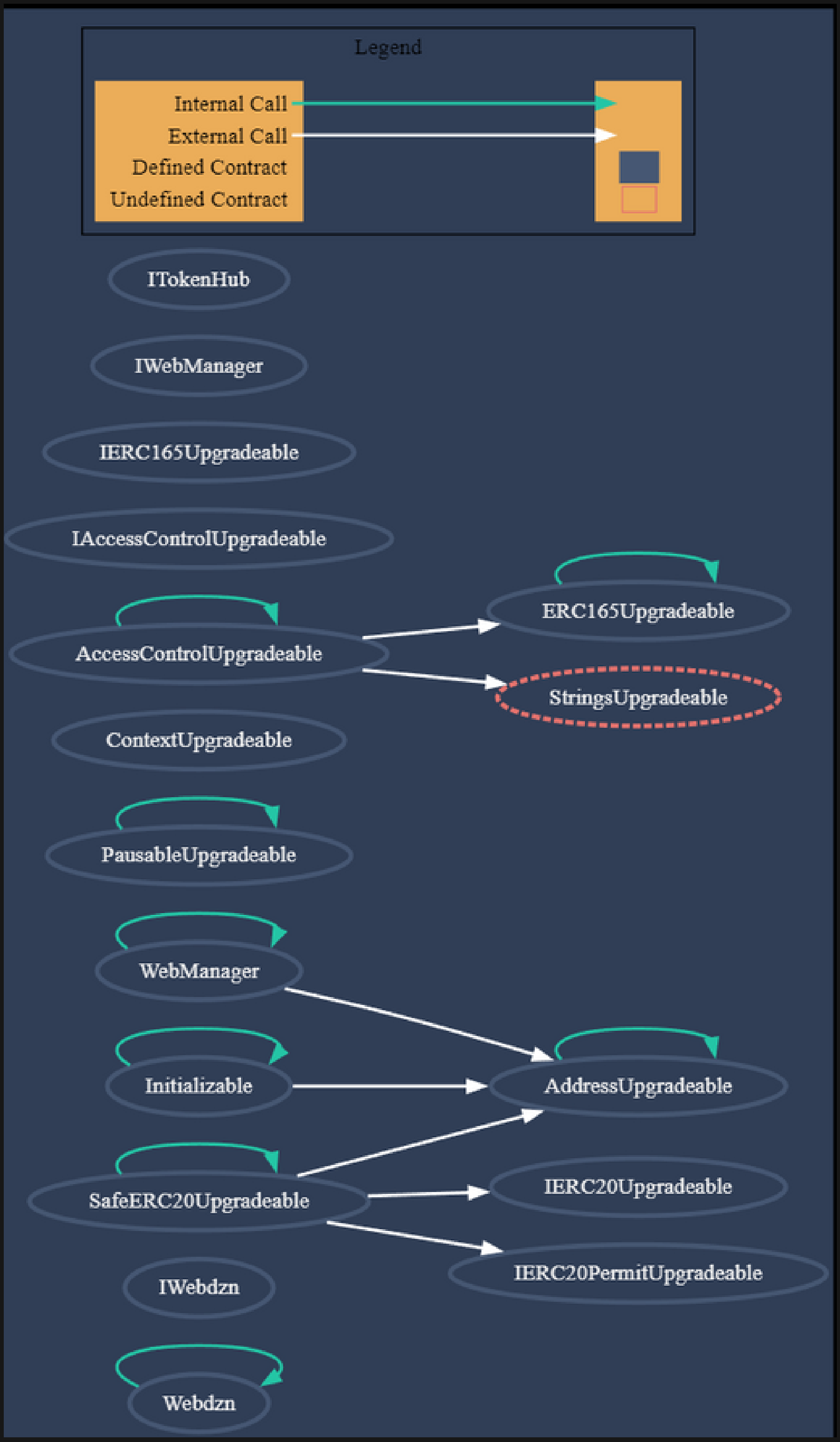
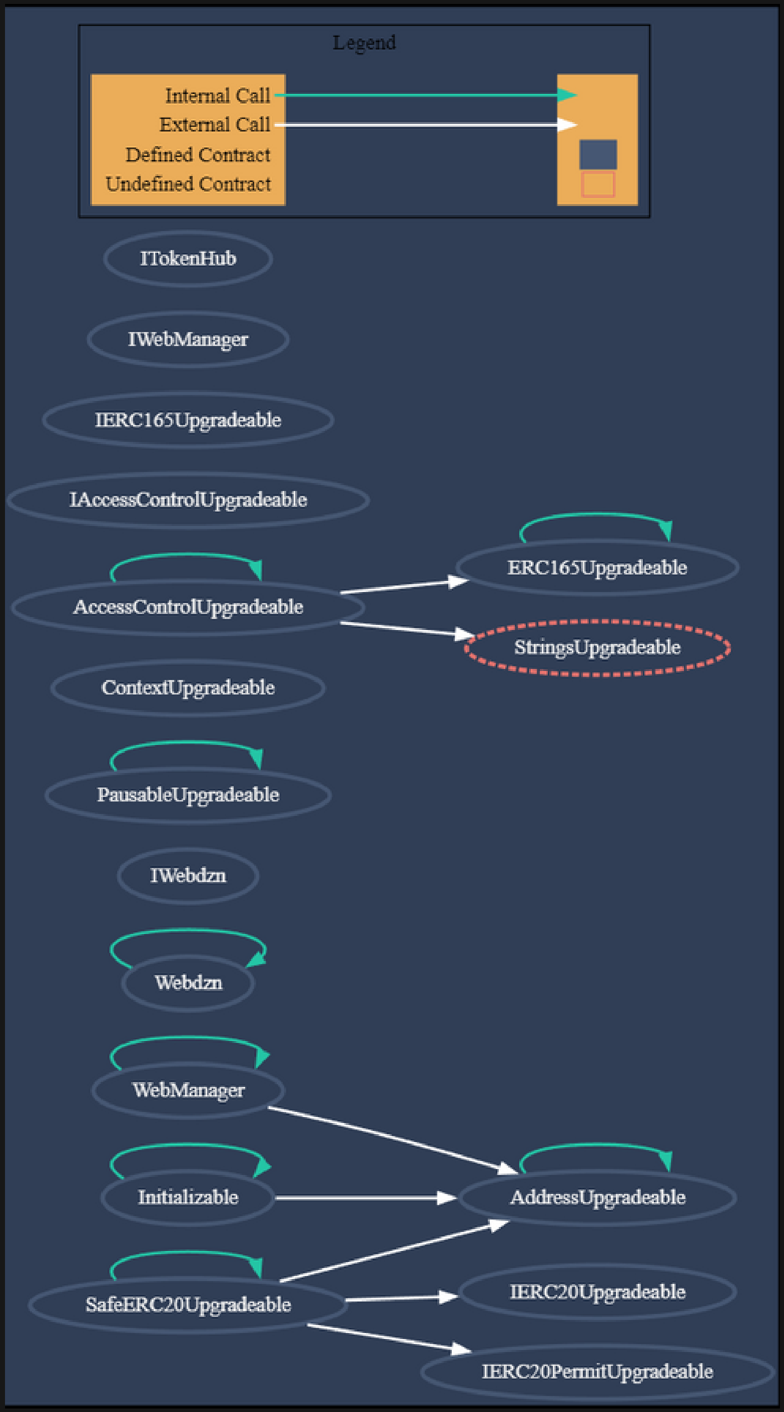

Legend
Internal Call
External Call
Defined Contract
Undefined Contract
ITokenHub
IWebManager
IERC165Upgradeable
IAccessControlUpgradeable
AccessControlUpgradeable
ERC165Upgradeable
StringsUpgradeable
ContextUpgradeable
PausableUpgradeable
WebManager
Initializable
AddressUpgradeable
SafeERC20Upgradeable
IERC20Upgradeable
IERC20PermitUpgradeable
IWebdzn
Webdzn

WEBMANAGER.SOL



ANALYSIS

In the scope of this audit, after analyzing the cyclomatic complexity of the functions present in the contracts, we can see that the majority of the functions have a complexity of 1 to 3.

This indicates that the functions in the contract are relatively simple and easy to understand. A cyclomatic complexity of 1 to 3 suggests a limited number of decision points and loops, which helps reduce the overall complexity of the contract.This facilitates contract maintenance and decreases the risk of errors related to excessive complexity.

It is important to note that cyclomatic complexity alone does not guarantee absolute security of the contract.

Contract: WebManager.sol

Issue: Integer Underflow

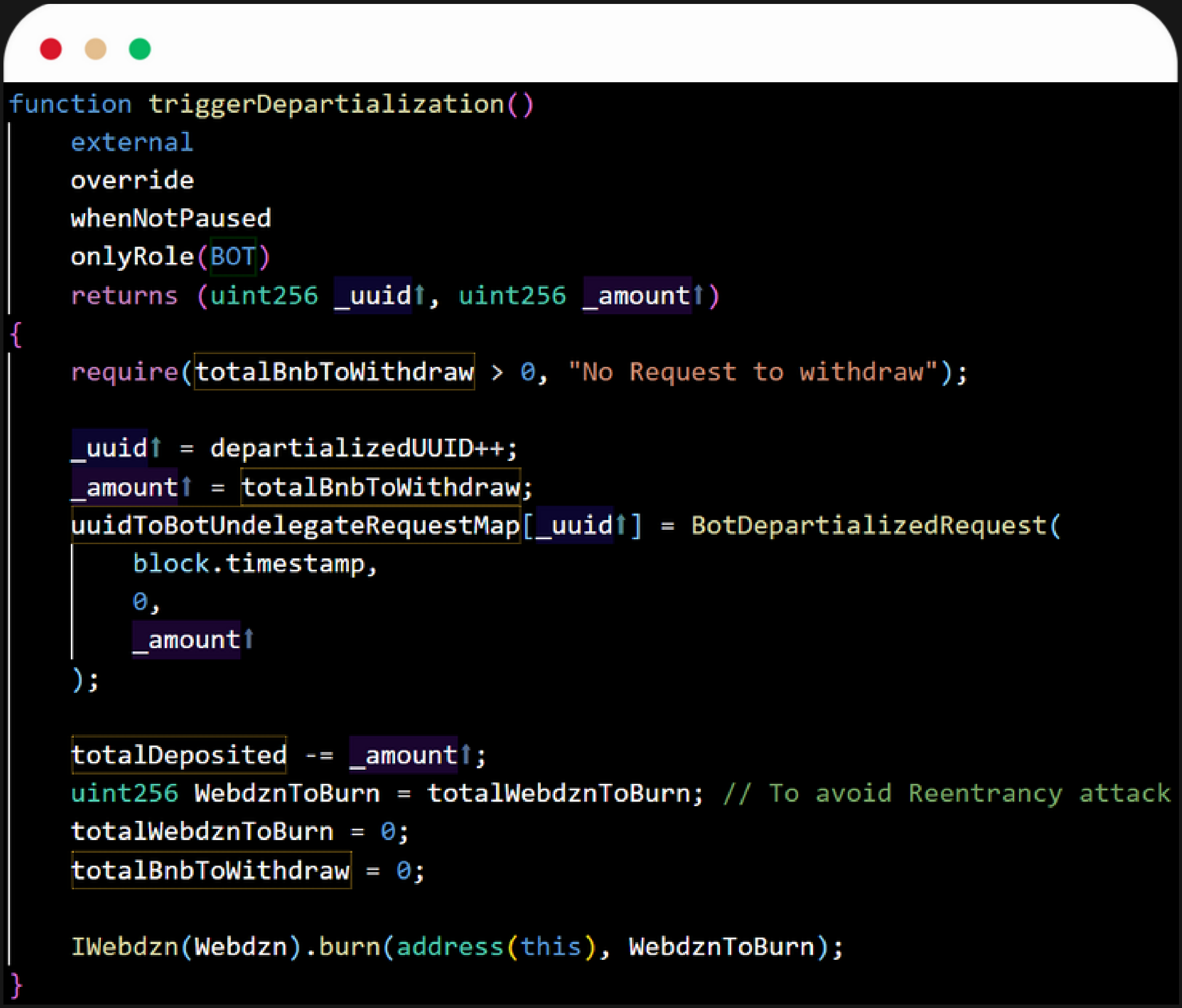
Severity: **High**

Location: L285-308

Description: We identified a high vulnerability in the smart contract concerning the **increaseTotalRepartialized** function and its subsequent impact on the **triggerDepartialization** function. If this vulnerability is exploited, users could potentially be barred from withdrawing their deposited BNB, which could have severe financial implications.

When the **increaseTotalRepartialized** function is invoked, the **totalRepartialized** amount is increased. However, this can lead to a scenario where the **triggerDepartialization** function will cause an integer underflow if the calculations therein go below zero.
For smart contracts implemented in Solidity version > 0.8, arithmetic operations that result in an underflow or overflow throw an exception unless explicitly checked with an unchecked block.

In this case, the exception would cause the **triggerDepartialization** transaction to revert, effectively making it impossible for users to execute the departialize process and subsequently blocking the withdrawal of their deposited BNB.



```
function triggerDepartialization()
    external
    override
    whenNotPaused
    onlyRole(BOT)
    returns (uint256 _uuid, uint256 _amount)
{
    require(totalBnbToWithdraw > 0, "No Request to withdraw");

    _uuid = departializedUUID++;
    _amount = totalBnbToWithdraw;
    uuidToBotUndelegateRequestMap[_uuid] = BotDepartializedRequest(
        block.timestamp,
        0,
        _amount
    );

    totalDeposited -= _amount;
    uint256 WebdznToBurn = totalWebdznToBurn; // To avoid Reentrancy attack
    totalWebdznToBurn = 0;
    totalBnbToWithdraw = 0;

    IWebdzn(Webdzn).burn(address(this), WebdznToBurn);
}
```

Comment: Ensure that when adjusting the total repartialized amount using **increaseTotalRepartialized**, it does not impact calculations executed by other functions.

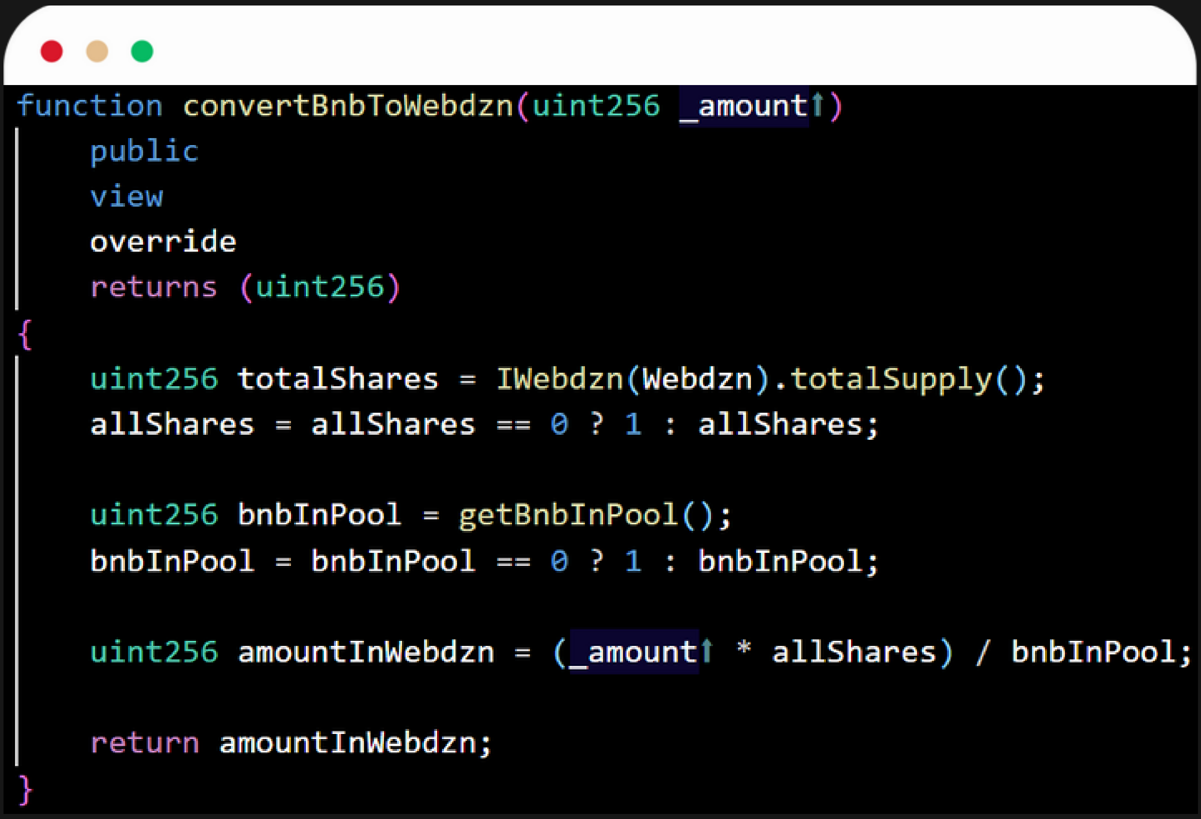
Contract: WebManager.sol

Issue: Zero-Deposit Redelagation Overflow

Severity: **Medium**

Location: L335-350

Description: When invoking the **increaseTotalRepartialized** method, if **totalDeposited** in **getBnbInPool** function stands at zero and the escalated sum surpasses the coin count initially deposited by a user, said user will receive no **Webdzn** tokens in return.



```
function convertBnbToWebdzn(uint256 _amount)
    public
    view
    override
    returns (uint256)
{
    uint256 totalShares = IWebdzn(Webdzn).totalSupply();
    allShares = allShares == 0 ? 1 : allShares;

    uint256 bnbInPool = getBnbInPool();
    bnbInPool = bnbInPool == 0 ? 1 : bnbInPool;

    uint256 amountInWebdzn = (_amount * allShares) / bnbInPool;

    return amountInWebdzn;
}
```

Comment: We recommend modifying the transformation computation method to ensure that amplifying the staked or partialized amount exerts a reduced effect on initial deposits.

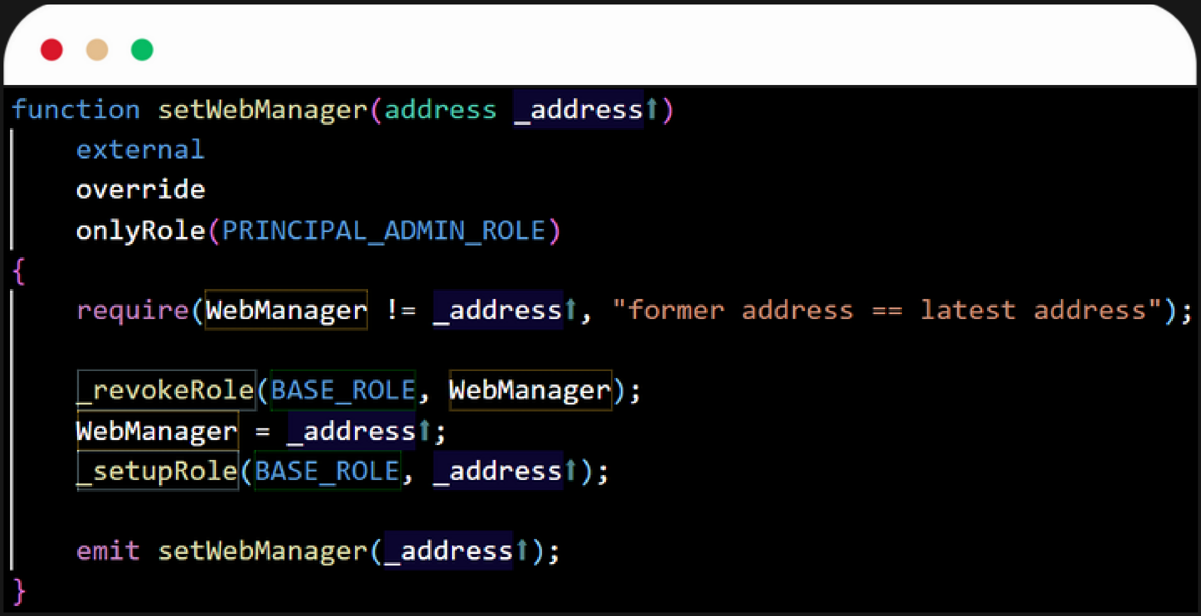
Contract: Webdzn.sol

Issue: Missing Zero Address Validation

Severity: Low

Location: L44-56, L99-105

Description: Checking for the zero-address can help to prevent errors and vulnerabilities that may arise from passing an invalid address to a function. For example, if a function transfers funds to an invalid address, the funds will be irretrievably lost.



```
function setWebManager(address _address↑)
    external
    override
    onlyRole(PRINCIPAL_ADMIN_ROLE)
{
    require(WebManager != _address↑, "former address == latest address");

    _revokeRole(BASE_ROLE, WebManager);
    WebManager = _address↑;
    _setupRole(BASE_ROLE, _address↑);

    emit setWebManager(_address↑);
}
```

Comment: It is generally recommended to include a zero-address check in functions that expect an Ethereum address as a parameter. Therefore, we recommend making sure that the address is not zero by adding checks.

TESTING STANDARDS

The goal of the audit was to find any potential smart contract security problems and vulnerabilities. The information in this report should be used to understand the smart contract's risk exposure and as a guide to improving the smart contract's security posture by addressing the concerns that were discovered.

The blockchain platform is used to deploy and execute smart contracts. The platform, its programming language, and other smart contract-related applications may all have vulnerabilities that may be exploited. As a result, the audit cannot completely ensure the audited smart contract(s) explicit security on its own. Audits can't make warranties on security of the code. It also cannot be deemed a complete adequate assessment of the code's utility and safety, bug-free status, or any statements of the smart contract. While we did our best in completing the study and publishing this report, it is crucial to emphasize that you should not rely only on it; we advocate all projects doing many independent audits and participating in a public bug bounty program to assure smart contract security.

- **Gather all relevant data.**
- **Perform a preliminary visual examination of all documents and contracts.**
- **Find security holes with specialist tools & manual review with independent experts.**
- **Create and distribute a report.**

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