

1 **The versican-hyaluronan complex provides an essential extracellular matrix niche for Flk1⁺**
2 **hematoendothelial progenitors**

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18 **Short title:** Versican and hyaluronan in vasculogenesis

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26 **Abstract**

27 Little is known about extracellular matrix (ECM) contributions to formation of the earliest cell
28 lineages in the embryo. Here, we show that the proteoglycan versican and glycosaminoglycan
29 hyaluronan are associated with emerging Flk1⁺ hematoendothelial progenitors at gastrulation.
30 The mouse versican mutant *Vcan*^{hdf} lacks yolk sac vasculature, with attenuated yolk sac
31 hematopoiesis. CRISPR/Cas9-mediated *Vcan* inactivation in mouse embryonic stem cells
32 reduced vascular endothelial and hematopoietic differentiation within embryoid bodies, which
33 generated fewer blood colonies, and had an impaired angiogenic response to VEGF₁₆₅.
34 Hyaluronan was severely depleted in *Vcan*^{hdf} embryos, with corresponding upregulation of the
35 hyaluronan-depolymerase TMEM2. Conversely, hyaluronan-deficient mouse embryos also had
36 vasculogenic suppression but with increased versican proteolysis. VEGF₁₆₅ and Indian hedgehog,
37 crucial vasculogenic factors, utilized the versican-hyaluronan matrix, specifically versican
38 chondroitin sulfate chains, for binding. Versican-hyaluronan ECM is thus an obligate requirement
39 for vasculogenesis and primitive hematopoiesis, providing a vasculogenic factor-enriching
40 microniche for Flk1⁺ progenitors from their origin at gastrulation.

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42 **KEYWORDS:** Proteoglycan; vasculogenesis; angiogenesis; endothelium; hematopoiesis
43 CRISPR-Cas9

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46 **Introduction**

47 The first blood vessels in amniotes form *de novo* in the yolk sac prior to initiation of
48 hemodynamic forces, indicating an in situ differentiation driven by the local environment, which
49 includes extracellular matrix (ECM)[1]. This vasculogenic process is inextricably linked to
50 subsequent primitive hematopoiesis, i.e., formation of the first erythroid and myeloid cells [2],
51 implying a close lineage relationship between the first vascular endothelial and blood cells. The
52 relevant Flk1⁺ hematoendothelial progenitor cells arise from mesodermal precursors at
53 gastrulation [3], migrate from the primitive streak, and aggregate in blood islands in the proximal
54 extra-embryonic yolk sac on the seventh day of gestation (E7) in mouse embryos [4, 5]. Several
55 key transcription factors and soluble effectors of vasculogenesis/angiogenesis and hematopoiesis
56 are known [1]. Although ECM and ECM-derived proteolytic fragments are recognized as
57 angiogenesis regulators [6] and sulfated glycosaminoglycans can promote endothelial
58 differentiation of mesenchymal stem cells [7], much remains unknown about the influence of ECM
59 on vasculogenesis. Another early cell lineage, primordial germ cells, are accompanied by a
60 protective “traveling niche” of steel factor/stem cell factor-producing cells during migration to the
61 gonads [8]. Whether a cell-associated ECM supports other early lineages such as
62 hematoendothelial progenitors is unknown.

63 ECM surrounds all mammalian cells, forming a distinct pericellular matrix in some cell
64 types, and the interstitial matrix of tissues. It influences cell behavior by modulating cell adhesion,
65 migration and tissue mechanics, sequesters growth factors and cytokines, and its proteolysis can
66 generate bioactive fragments. Proteoglycans, which are ECM and cell-surface molecules with
67 one or more glycosaminoglycan chains covalently attached to a core protein, participate in all
68 these mechanisms. For example, chondroitin sulfate proteoglycans (CSPGs) such as versican,
69 which are bulky and inherently anti-adhesive, regulate focal adhesions and cell migration [9-11].
70 Heparan sulfate proteoglycans (HSPGs) sequester growth factors, including angiogenic growth
71 factors such as VEGF₁₆₅ and FGF2 through their HS chains and act as co-receptors in angiogenic

72 signaling [12]. CSPGs can also bind VEGF₁₆₅ and may overlap functionally with HSPGs in VEGF-
73 induced sprouting angiogenesis [13], but physiological in vivo contexts for this regulatory activity
74 remain unidentified.

75 Versican is a widely distributed CSPG that aggregates with the glycosaminoglycan
76 hyaluronan (HA), through its N-terminal G1 domain [14-17]. Its C-terminal G3 domain binds to
77 ECM components fibronectin, fibrillins and tenascins [18] and was shown to interact with VEGF₁₆₅
78 in biochemical assays [19]. HA is anchored to cell-surface receptors such as CD44 and RHAMM
79 as well as the membrane-localized hyaluronan synthases [20], providing a means by which
80 versican can localize to the pericellular matrix. Pericellular versican was previously shown to
81 modulate smooth muscle cell differentiation via regulation of cell adhesion [9, 21, 22]. Four
82 versican isoforms (V0, V1-V3) arise from alternative splicing of large exons, numbered 7 and 8,
83 encoding CS-bearing domains GAG α and GAG β , respectively [16, 23]. A versican insertional
84 mutant mouse allele (*Vcan*^{hdf}), which lacks all isoforms, demonstrated an essential role for
85 versican in early cardiac development [24, 25]. *Has2* null embryos, lacking the major HA
86 synthase, also die by 10 days of gestation with similar cardiac defects as *Vcan*^{hdf/hdf} [26],
87 consistent with the versican-HA complex being a major constituent of cardiac jelly. Here, upon
88 identification of abnormal vasculature in *Vcan*^{hdf/hdf} yolk sac, we investigated its role in
89 vasculogenesis and early hematopoiesis, with investigation of the key findings in embryos with
90 inactivation of hyaluronan synthase (*Has*) genes. An intimate association of versican and HA with
91 Flk1⁺ hematoendothelial progenitor cells from their origin at gastrulation is demonstrated to have
92 profound significance for vasculogenesis and primitive hematopoiesis.

93 **Results**

94 ***Vcan*^{hdf/hdf} yolk sacs lack a vascular plexus:**

95 *Vcan*^{hdf/hdf} embryos did not survive past E10.5, and were recognizable by consistently smaller size
96 and dilated pericardial sac at E9.5 (Figure 1A, Supplemental Figure 1). Although major
97 developmental milestones, including axial rotation of the embryo and initiation of cardiac

98 contraction were completed by E9.5, *Vcan*^{hdf/hdf} yolk sacs and embryos were less vascular (Figure
99 1B,C). Whole mount CD31 immunostaining revealed the lack of a vascular network in E9.5
100 *Vcan*^{hdf/hdf} yolk sacs, in place of which scattered vascular CD31+ cells were present instead
101 (Figure 1C).

102 In E9.5 wild-type yolk sac, versican localized to the mesoderm, but no staining was present
103 in *Vcan*^{hdf/hdf} yolk sacs (Figure 1D). HA-binding protein (HAbp) staining overlapped with versican
104 in wild-type yolk sac mesoderm but was absent in *Vcan*^{hdf/hdf} yolk sacs (Figure 1D). Fibronectin
105 immunostaining in contrast, showed increased intensity in *Vcan*^{hdf/hdf} yolk sacs, whereas collagen
106 IV staining was unaffected (Figure 1D), suggesting that loss of HA did not represent global ECM
107 reduction in *Vcan*^{hdf/hdf} yolk sacs. Similar to *Has2*, *Itga5* and *Fn1*-null alleles, which have failed
108 yolk sac vasculogenesis and hematopoiesis [26, 27], *Vcan*^{hdf/hdf} yolk sacs consistently showed
109 mesoderm detachment from visceral endoderm with few evident blood islands (Figure 1D,
110 Supplemental Figure 2A-C). Intense F-actin staining was consistently observed in *Vcan*^{hdf/hdf}
111 visceral endoderm (Figure 1 D, Supplemental Figure 2A), and rounded, rather than spindle-
112 shaped nuclei were observed in the yolk sac mesothelial layer (Supplemental Figure 2B).
113 Transmission electron microscopy (TEM) undertaken with fixation conditions that preserved cell-
114 matrix interactions [28] showed complete coverage of blood islands by vascular endothelium in
115 wild-type yolk sac but discontinuous vascular endothelial cells with numerous membrane
116 protrusions in *Vcan*^{hdf/hdf} yolk sacs (Supplemental Figure 2C). Thus, versican is essential for
117 proper yolk sac morphogenesis.

118 E8.5 *Vcan*^{hdf/hdf} embryos had a normal shape, but appeared pale and their yolk sacs lacked
119 a visible vascular network (Figure 2A). Whole-mount CD31 immunostaining of E8.5 embryos
120 identified severe, widespread attenuation of vasculature (Figure 2B). *En face* imaging of whole-
121 mount wild-type yolk sac stained with anti-CD31 demonstrated a well-formed vascular plexus
122 which was lacking in *Vcan*^{hdf/hdf} yolk sacs (Figure 2C). Immunostaining of versican and CD31,
123 together with HA-staining in E8.5 wild-type yolk sacs revealed versican and HA co-localization

124 in patches corresponding to individual cells on the mesothelial aspect of blood islands (Figure
125 2D). mRNA *in situ* hybridization with *Vcan* exon 7 (GAG α), or exon 8 (GAG β)-specific probes
126 revealed that only the exon 8 probe hybridized to E8.5 yolk sac mesoderm (Figure 2E), suggesting
127 exclusively versican V1 isoform expression at E8.5. Both *Vcan* probes hybridized strongly to E8.5
128 wild-type hearts (Figure 2F) but not *Vcan*^{hdf/hdf} hearts (e.g., exon 8 probe, Figure 2G), indicative
129 of specificity.

130 **Versican and HA are associated with yolk sac Flk1⁺ cells**

131 Flk1, a well characterized hematoendothelial progenitor marker indispensable for both vascular
132 and blood lineage development [29], showed complete overlap with versican and HA on the
133 mesothelial aspect of blood islands in wild-type E8.5 yolk sac (Figure 3A). *Vcan*^{hdf/hdf} yolk sacs, in
134 contrast, showed small blood islands with dramatically attenuated HA and Flk1 staining (Figure
135 3A). *En face* confocal microscopy of whole-mount wild-type E8.5 yolk sacs revealed discrete
136 patches of versican throughout the mesoderm (Figure 3B). CD41, which is expressed upon
137 specific commitment to the blood lineage [30], was detected in blood islands in the mid-mesoderm
138 plane in wild-type yolk sacs (Figure 3B). Versican did not precisely overlap with CD41⁺ cells and
139 was restricted to intense patches corresponding to individual endothelial cells in wild-type yolk
140 sacs, evident both in the surface (mesothelial) plane and cross-sections, whereas *Vcan*^{hdf/hdf} yolk
141 sacs lacked CD41-stained blood islands entirely (Figure 3B). High magnification images showed
142 a few cells with weak CD41 staining in *Vcan*^{hdf/hdf} yolk sac mesoderm (arrowheads in Figure 3B),
143 contrasting with well-demarcated CD41⁺ wild-type blood islands. Combined, these results show
144 that versican and HA distribution at E8.5 is specifically associated with uncommitted Flk⁺
145 hemogenic endothelial cells, which are crucial for both blood and vascular development in the
146 mouse embryo. However, versican and HA are not specifically associated with subsequently
147 differentiated blood cells (Figure 3 B,C).

148 **Versican is required for blood island formation**

149 RT-qPCR revealed significantly lower *Flk1* expression in *Vcan*^{hdf/hdf} yolk sac and

150 embryos (Figure 3D), in agreement with reduced Flk1 staining observed in the *Vcan*^{hdf/hdf} mutants
151 (Figure 3A). Neither expression of *Brachyury*, a mesoderm marker, nor *Has2*, encoding the major
152 HA synthase in the embryo, were altered in *Vcan*^{hdf/hdf} yolk sac or embryos (Figure 3D).
153 Expression of genes encoding blood lineage commitment markers *Itga2b* (CD41) and *Runx1* were
154 similarly reduced in the *Vcan*^{hdf/hdf} yolk sacs and embryos, as well as erythroid and myeloid
155 transcripts *Hbb* (β -globin), *Gata1* and *Ptprc* (CD45) (Figure 3D). CD31 (*Pecam1*) mRNA
156 expression was greatly reduced in the *Vcan*^{hdf/hdf} yolk sacs and embryos (Figure 3D), consistent
157 with the observed lack of vasculature (Figure 2B). Methylcellulose colony formation assays
158 demonstrated fewer colony-forming units (CFUs) in E8.5 *Vcan*^{hdf/hdf} embryos and yolk sacs (Figure
159 3E), in agreement with fewer CD41-stained blood islands observed in the mutant yolk sacs.

160 **Versican and HA are associated with the earliest Flk1⁺ cells at gastrulation**

161 Since Flk1⁺ cells arise at gastrulation, we analyzed versican and HA distribution in wild-type E7.5
162 mouse embryos. Versican and HA co-localized to the extraembryonic mesoderm in the blood
163 island ring (Figure 4 A,B), and colocalized with Flk1⁺ cells (Figure 4 C,D). Correspondingly, RNA
164 *in situ* hybridization of serial sections from several embryos showed consistent overlap between
165 *Vcan*-, *Has2*- and *Flk1*-expressing cells in the extraembryonic mesoderm (Figure 4E,
166 Supplemental Figure 3). *Vcan* exon 7-containing probes gave a weaker signal than exon 8
167 probes. In contrast, *Runx1*, which identifies blood lineage-committed cells, was expressed by
168 cells in the extraembryonic mesoderm distinct from those expressing *Flk1*, *Vcan* and *Has2* (Figure
169 4E, Supplemental Figure 3). Thus, versican-HA ECM is intimately associated with the
170 hematoendothelial lineage emerging at gastrulation.

171 Data mining of a single cell RNA sequencing (scRNA-seq) atlas of early (6.5 to 8.5 day-
172 old) mouse embryos [31] supported specific *Vcan* expression by Flk1⁺ hematoendothelial
173 progenitors. High *Vcan* expression was first detected in hematoendothelial progenitors emerging
174 at E6.75, as well as in nascent and uncommitted mesoderm (Supplemental Figure 4A-C). *Vcan*
175 was expressed in *Kdr* (encoding *Flk1*)-expressing cells at E6.75, E7.0 and E7.5,

176 spanning mouse gastrulation (Supplemental Figure 4A-C). *Kdr*⁺ cells also expressed *Has2* and
177 the gene encoding the HA receptor, CD44 (Supplemental Figure B). These observations suggest
178 a potential cell-autonomous role for versican in Flk1⁺ cells, bound to HA and thus potentially
179 localized to their pericellular matrix via CD44 and HAS2. After E7.5 (e.g., at E 8.5), *Vcan* was
180 broadly expressed in mesoderm, the developing brain, allantois and cardiomyocytes
181 (Supplemental Figure 4C) and *Kdr* expression extended into endothelial cells, although
182 hematoendothelial progenitors continued to express *Vcan* and *Kdr* subsequently (Supplemental
183 Figure 4C). scRNA-seq data also showed that HA link proteins (*Hapln1-4*) were not expressed in
184 hematoendothelial progenitors (Supplemental Figure 5A), and the major versican-binding link
185 protein, HAPLN1, was not detected on immunostaining of E7.5 embryo sections (Supplemental
186 Figure 5B). Staining for ADAMTS-cleaved versican (using anti-DPEAAE) revealed no staining in
187 wild-type blood islands, suggesting that versican does not normally undergo proteolysis by
188 ADAMTS proteases at this developmental stage (Supplemental Figure 5C).

189 **Loss of versican dramatically reduces yolk sac and embryo HA levels**

190 In addition to reduced HA staining in *Vcan*^{hdf/hdf} yolk sac blood islands, we observed dramatic
191 reduction of HAbp staining throughout *Vcan*^{hdf/hdf} embryos (Figure 5A). Since *Has2* mRNA
192 expression was unaltered in *Vcan*^{hdf/hdf} embryos and yolk sacs (Figure 3D), reduced HAbp staining
193 may have resulted from increased breakdown in situ, or alternatively, extraction of HA (which is
194 water soluble) from tissue sections during staining. Therefore, fluorophore-assisted carbohydrate
195 electrophoresis (FACE) [32-34] was undertaken on snap-frozen whole embryos to detect and
196 quantify HA content (Figure 5B). HA-FACE showed reduction of HA compared to wild-type
197 littermates, supporting HA loss intrinsically rather than during sample preparation (Figure 5B). In
198 addition, FACE analysis demonstrated that versican is a major CSPG in E8.5 embryos,
199 contributing nearly all unsulfated (0S) CS, since both the overall level of CS and its 0S form were
200 dramatically reduced in *Vcan*^{hdf/hdf} embryos (Figure 5B). Consistent with the role of versican and
201 HA as an expansile complex, craniofacial mesenchyme and myocardium were severely

202 compacted in *Vcan*^{hdf/hdf} embryos (Figure 5C). We also asked whether the absence of versican
203 affected fibronectin, a major embryonic ECM component that is essential for angiogenesis and
204 observed a dramatic increase both in fibronectin staining and mRNA in *Vcan*^{hdf/hdf} embryos (Figure
205 5D, Supplemental Figure 6A,B), which is presently unexplained. In combination with unaltered
206 *Has2* expression, these findings suggested increased HA turnover in *Vcan*^{hdf/hdf} embryos. TMEM2
207 was recently identified as a major extracellular hyaluronan-depolymerizing enzyme [35-37]. RT-
208 qPCR revealed significantly raised *Tmem2* expression in *Vcan*^{hdf/hdf} yolk sac and embryos (Figure
209 5E). indicating that hyaluronan catabolism was activated in the absence of versican.

210 **HA deficiency impairs vasculogenesis**

211 Since HA was lost in the absence of versican, we inquired if the converse were true, and whether
212 HA-deficiency indeed led to defective vasculogenesis, as previously suggested by morphology of
213 *Has2* germline mutant yolk sac [26]. *Has2*^{-/-} embryos die by E10 due to heart defects [26] whereas
214 *Has1*^{-/-} and *Has3*^{-/-} mice are both viable and do not exhibit noticeable embryonic phenotypes [38,
215 39]. To completely deplete HA from developing embryos, we generated triple knockout embryos
216 (TKO) lacking all three *Has* genes (*Has1*^{-/-}; *Has2*^{-/-}; *Has3*^{-/-}; referred to as *Has1-3*^{TKO}). We
217 generated HA-deficient mouse embryos by intercrossing *Has1*⁺³^{-/-}; *Has2*^{+/-} mice, as well as by
218 epiblast-specific conditional deletion of *Has2* using *Sox2*-Cre mice. At E9.5, *Has1-3*^{TKO} embryos,
219 like *Vcan*^{hdf/hdf} and *Has2*-null embryos [26] showed loss of yolk sac vasculature (Figure 6A). HA
220 staining in the *Has1-3*^{TKO} yolk sac and embryos was absent and the sections also showed a near-
221 complete lack of versican staining (Figure 6B,C). In contrast, immunostaining for cleaved versican
222 (anti-DPEAAE) showed robust and widespread versican processing in the absence of HA (Figure
223 6 B,D). Epiblast-specific *Has2* conditional deletion (*Sox2*-Cre; *Has2*^{F/F}) showed a similar loss of
224 yolk sac vasculature and cardiac defects (Supplemental Figure 7A). RNA *in situ* hybridization
225 showed a low level of *Has2* expression in these embryos and slightly reduced *Vcan* transcript
226 levels (Supplemental Figure 7B). Phenocopying *Has1-3*^{TKO} embryos, the *Sox-2*Cre; *Has2*^{F/F}
227 embryos and yolk sacs showed loss of both HA and versican staining and increased ADAMTS-

228 mediated versican cleavage (Supplemental Figure 7C). Taken together, these data suggest that
229 HA may protect versican from ADAMTS-mediated degradation.

230 **Embryoid bodies formed by *Vcan*-null ES cells have impaired angiogenesis and**
231 **hematopoiesis.**

232 Since the dramatic loss of vasculature could result from perturbed hemodynamics due to cardiac
233 defects in *Vcan*^{hdf/hdf} embryos, we undertook an orthogonal in vitro approach for evaluation of
234 versican in vasculogenesis and hematopoiesis. We used gene editing by CRISPR/Cas9 [40, 41]
235 to introduce *Vcan*-null mutations in R1 mouse embryonic stem cells (mESC) [42]. *Vcan* exon 2
236 (containing the start codon) and exon 3 (start of the G1 domain) were targeted independently to
237 obtain mESC clones D8 and F9 respectively, each with defined frameshift mutations that
238 generated null alleles (Figure 7A). Since exons 2 and 3 are included in all *Vcan* splice isoforms,
239 no versican was produced, as shown by western blot with anti-GAG β antibody (Figure 7B). The
240 mutated clones retained normal expression of *Oct4*, *Sox2*, *Nanog* and *C-myc* (Figure 7C)
241 indicating unaltered pluripotency, validating their suitability for *in vitro* differentiation. *Vcan*-null
242 and wild-type ES cells were allowed to form embryoid bodies (EBs), in which random
243 differentiation into various lineages occurs. RT-qPCR analysis of *Has2* showed no change in
244 *Vcan*-null EBs (Supplemental Figure 8A) while the mesoderm differentiation marker *Brachyury/T*
245 showed a significant decrease in the F9 but not the D8 *Vcan*-null EBs (Supplemental Figure 8B).
246 Similar to *Vcan*^{hdf/hdf} embryos, *Vcan*-null embryoid bodies showed reduced *Kdr* expression
247 (Supplemental Figure 8C), and the blood lineage commitment markers *Itga2b* (CD41) and *Runx1*
248 (Supplemental Figure 8D), as well as of differentiated blood and vascular endothelial markers
249 (Supplemental Figure 8 E,F). Since EB differentiation is random and independent of a closed
250 pulsatile circulation, the data from embryoid bodies and the mutant mice together suggests that
251 versican acts directly on Flk1⁺ hematoendothelial progenitors rather than indirectly *via* abnormal
252 cardiac development.

253 We evaluated the angiogenic and hematopoietic potential of *Vcan*-null ESC using
254 additional approaches. Sprouting angiogenesis was induced by culturing 4-day differentiated EBs
255 in 3-dimensional collagen I gels and treatment with VEGF-A₁₆₅ for 12 days [43]. Robust sprouts
256 positive for CD31 and smooth muscle α -actin staining were seen in wild-type EBs, but not in the
257 majority of *Vcan*-null EBs (Figure 7D,E). The few *Vcan*-null EBs with sprouting had fewer sprouts
258 per EB, and these were significantly shorter than wild-type sprouts (Figure 7F,G). When 10-day
259 old EBs were disaggregated and the cells were plated in a 3-dimensional methylcellulose matrix
260 containing a complete set of blood differentiation cytokines, significantly fewer blood colonies
261 were formed by *Vcan* null EBs (Figure 7H).

262 **The versican-HA complex sequesters growth factors essential for vasculogenesis and**
263 **primary hematopoiesis.**

264 These observations raised questions about the underlying mechanisms by which the versican-
265 HA matrix supported Flk1⁺ cells. To investigate this, we turned to an *ADAMTS9* null RPE1 cell
266 line (D12) which lacks two key versican-degrading proteases, ADAMTS9 and ADAMTS20 [22].
267 Although RPE1 cells are not relevant to hematoendothelial progenitors, they were chosen for the
268 relevance of their matrix, which demonstrates constitutively strong versican staining as a result of
269 reduced ADAMTS activity, in order to determine how versican may modulate vasculogenesis
270 (Figure 8A). HAbp staining of these cells demonstrated stronger HA staining than wild type RPE1
271 cultures, with formation of long HA-stained cables decorated with versican (Figure 8A,
272 Supplemental Figure 9A,B). Such cables were previously noted to occur in the presence of 25
273 mM glucose-containing medium, which was used here [44] [45]. RT-qPCR revealed reduced
274 *HAS2* & *HAS3* expression in RPE-1 D12 cells compared to wild-type (Figure 8B) with no change
275 in *HAS1* expression and drastic reduction of *TMEM2* expression was observed (Figure 8B). Upon
276 siRNA-mediated versican depletion [46, 47], RPE1-D12 cells showed dramatically reduced
277 versican and HA staining and absence of HA/versican cables (Figure 8C, Supplemental Figure
278 10A). Conversely, RT-qPCR showed increased *TMEM2* expression after *VCAN* knockdown

279 (Supplemental Figure 10B), suggesting upregulation of the HA-depolymerase *TMEM2* by
280 reduction of versican as a possible mechanism of HA loss.

281 Next, to test if versican could sequester growth factors known to regulate vasculogenesis,
282 we treated wild-type and RPE1-D12 cells with increasing concentrations of recombinant VEGF₁₆₅
283 and Ihh. Each showed dose-dependent punctate staining in RPE1-D12 monolayers which co-
284 localized with the versican-HA cables, imaged by confocal fluorescent and super-resolution
285 microscopy (Figure 8D, Supplemental Figure 11A-B, Supplemental Figure 12A-B). Upon *VCAN*
286 mRNA depletion in RPE1-D12 cells, both VEGF₁₆₅ and Ihh staining were significantly reduced
287 (Figure 8D). Enzymatic removal of proteoglycan chondroitin sulfate chains prior to addition of
288 recombinant VEGF₁₆₅ and Ihh to D12 cultures dramatically reduced VEGF₁₆₅ and Ihh staining
289 intensity without affecting versican core protein staining intensity or distribution (Figure 8E,F),
290 suggesting that versican CS chains mediated VEGF and Ihh binding.

291 **Discussion**

292 Although versican is widely expressed during organogenesis and in adult tissues [14], the
293 chronology of its expression in early vascular development undertaken here and independently
294 derived from recently published single cell RNA-seq data, shows a specific association with Flk1⁺
295 cells from their earliest origin in the gastrulating embryo until establishment of the yolk sac
296 vasculature and primitive hematopoiesis. Analysis of *Vcan* mutant mice *in vivo* and *Vcan*-null
297 embryoid bodies *in vitro* suggest that versican has an indispensable role in vasculogenesis and
298 primitive hematopoiesis. Taken together, RNA *in situ* hybridization data, scRNA-seq analysis of
299 Flk1⁺ cells and immunostaining of embryos suggests that versican is a product of Flk1⁺ cells that
300 associates with them via HA and CD44 to form a crucial, possibly cell-autonomously acting
301 pericellular ECM. Furthermore, *in vitro* analysis undertaken in RPE-1 D12 cells for their high
302 versican levels, showed dose-dependent binding of VEGF and Ihh to the CS-chains of versican.

303 Two novel, unexpected findings of this study were the substantial loss of embryonic and
304 extraembryonic HA in the absence of versican and reciprocally, of versican in the absence of HA.

305 Also unexpected, and presently unexplained, is the transcriptional effect of versican levels on
306 TMEM2. As in *Vcan*^{hdf/hdf} yolk sac, avascularity was previously noted in *Has2* null yolk sac [26],
307 although it was not studied further. *Has2* and *Vcan* null cardiac defects are similar, which
308 suggested that an obligate versican-HA complex in cardiac jelly and endocardial cushions was
309 required for cardiac morphogenesis [24-26]. The present work similarly strongly suggests that a
310 versican-HA complex, rather than versican alone, is necessary for vasculogenesis and primitive
311 hematopoiesis (Figure 9). HA-versican aggregates have a net negative charge, and exert swelling
312 pressure *via* absorption of water (the Gibbs-Donnan effect) [48]. As shown here and previously,
313 embryonic tissues compact in their absence [24, 49]. Although versican-deficient yolk sac showed
314 extensive structural disorganization at E9.5, it is clear that the association and effect of versican
315 vis-à-vis Flk1⁺ cells occurs much earlier, i.e., shortly after gastrulation. Previous work identified
316 both versican and HA in association with mesoderm formed in vitro in embryoid bodies arising
317 from mouse ES cells [50], as well as expression in human ES cells [51]. Reduced vasculogenesis,
318 angiogenesis and hematopoiesis in *Vcan*-null embryoid bodies supports a direct, local role of
319 versican on hematoendothelial progenitors rather than a secondary effect of cardiac anomalies
320 on vasculogenesis, or of yolk sac disorganization on blood island formation. We therefore
321 conclude that versican-HA aggregates act directly and as early as E6.75 within the
322 microenvironment of Flk1⁺ cells.

323 HA, which is extruded directly from HA synthases on the plasma membrane, is decorated
324 with versican, and retained at the cell surface via HA synthases or CD44 and other HA receptors
325 [52]. *Cd44* is coordinately expressed with *Vcan* and *Has2* by Flk1⁺ cells during early
326 embryogenesis. Nevertheless, *Cd44* null mice survive and are not known to have vasculogenesis
327 or primitive erythropoiesis defects [53], suggesting that HAS2 acting as a *de facto* receptor, may
328 participate in forming a cell-associated versican-HA complex. The versican-HA pericellular matrix
329 has a well-established impact on different cells. We previously found that the amount of versican
330 in the pericellular matrix of fibroblasts and vascular and myometrial smooth muscle cells [9, 21,

331 54] was a determinant of phenotype modulation. Versican is anti-adhesive [9, 54], which may
332 allow Flk1⁺ cells to migrate and proliferate efficiently after their emergence at gastrulation. Another
333 possible role of versican-HA is sequestration of vasculogenic factors such as VEGF-A and Ihh.
334 Versican binding to VEGF-A₁₆₅ and Ihh *via* its CS-chains (this study) or G3 domain [19], may
335 generate high concentrations around Flk1⁺ cells. Versican is associated with Flk1⁺CD41⁻ cells, but
336 not with the Flk1⁻CD41⁺ yolk sac cells subsequently, suggesting that the versican-HA-rich
337 pericellular ECM specifically regulates the fate of Flk1⁺ CD41⁻ cells. We conclude that as the
338 dominant CSPG in the embryo, specifically localized to the vicinity of Flk1⁺ cells, versican may
339 sequester essential factors such as VEGF-A and Ihh to provide a high local concentration that
340 sustains the Flk1⁺ population.

341 Although lack of versican led to higher *Fn1* expression, *Vcan*^{hdf/hdf} defects are unlikely to
342 result from excess fibronectin, because previous work has shown that deficiency, not excess of
343 fibronectin or the fibronectin receptor subunit $\alpha 5$ integrin results in reduced embryo and yolk sac
344 vascularity [27, 55]. Since versican binds fibronectin through the G3 domain [19], we conclude
345 that the three major components of the provisional embryonic ECM (versican, HA and fibronectin)
346 are each crucial for establishment of the first blood vessels in the embryo. In the absence of
347 versican, the HA catabolism rate *via* upregulated TMEM2 likely exceeds the HA synthesis rate. It
348 was previously noted that HA deposition was reduced to 85% of normal in fibroblasts taken from
349 a mouse hypomorphic *Vcan* mutant (*Vcan* ^{$\Delta 3/\Delta 3$}) having 75% reduction of versican [56]. In
350 association with reduced HA deposition, *Vcan* ^{$\Delta 3/\Delta 3$} fibroblasts had accelerated senescence,
351 suggesting a possible mechanism for the lack of Flk1⁺ cells in *Vcan*^{hdf/hdf} yolk sac, although this
352 study did not specifically address the fate of Flk1⁺ cells.

353 The data suggested stronger association of exon 8-containing *Vcan* transcripts than exon
354 7-containing transcripts with blood islands at gastrulation, and exon 7 transcripts were absent at
355 E8.5. Autosomal dominant splice site mutations affecting exon 8 (leading to its exclusion) and
356 exon 8 deletions in humans cause Wagner syndrome [57-59], which is characterized by impaired

357 vision and defects of the ocular vitreous and retina, but lacks consistent extra-ocular
358 manifestations. Exon 7 inactivation in mice led to specific neural anomalies and subtle cardiac
359 anomalies [60, 61]. Thus, neither individual exon mutation in mice or humans is associated with
360 embryonic lethality, defective vasculogenesis or impaired hematopoiesis. We conclude that both
361 exon 7 and exon 8-containing transcripts, possibly included in V0, the transcript containing both
362 exons, are required for vasculogenesis and hematopoiesis.

363 The GAG β domain encoded by exon 8 has a unique N-terminal sequence, which is
364 cleaved by ADAMTS proteases at the E⁴⁴¹-A⁴⁴² peptide bond in several contexts, notably cardiac
365 valve development, interdigital web regression, umbilical cord development, neural tube and
366 palate closure and myometrial activation [9, 22, 62, 63]. The resulting N-terminal versican V1
367 fragment, G1-DPEAAE⁴⁴¹, named versikine, has bioactivity in interdigital web regression and
368 myeloma growth [64, 65]. However, *Vcan* knock-in mouse mutants in which E⁴⁴¹-A⁴⁴² was mutated
369 to render it uncleavable can complete gestation and have normal yolk sac avascularity,
370 suggesting that E⁴⁴¹-A⁴⁴² cleavage is not involved in hematoendothelial development ([66] and
371 Nandadasa et al., manuscript in preparation).

372 Both phylogenetically and ontogenetically, basement membranes are accepted to be the
373 earliest organized matrices formed, and indeed, basement membrane components such as
374 laminins have a well-established significance for maintenance of stemness and for epiblast
375 organization [67-69]. The versican-HA matrix appears to be a later evolutionary innovation, and
376 our data suggests that it may be representative of a second wave of matrix expansion and
377 utilization for cellular regulation during mammalian evolution. With the roles in vasculogenesis
378 and hematopoiesis elucidated here, and given their established significance for cardiac
379 development, it is not an exaggeration to state that the versican-HA matrix is crucial for
380 development of the entire circulatory system. Indeed, versican-HA matrix may also have a broad
381 role in formation of vasculature by angiogenesis in other physiological and disease settings.
382 Recent work found that syngeneic B16F10 tumors in adult *Vcan*^{hdf/+} mice had significantly

383 impaired angiogenesis and reduced growth [70]. Relevant to the overlap of versican-HA with Flk1
384 expression, a recent study utilizing syngeneic B16F10 tumors in *Flk1^{+/-}* mice also found reduced
385 angiogenesis during tumor growth [71]. Furthermore, VEGF binding of the versican-HA ECM
386 which is quantitatively increased in the presence of high glucose, may be relevant to diabetic
387 retinopathy, a common complication of diabetes where the increased activity of VEGF is well-
388 established and indeed, a current target of treatment [72].

389 **Methods**

390 **Mice**

391 *Vcan^{Tg(Hoxa1)1Chm}* (*Vcan^{hdf}*) mice [25] (Supplemental Figure 1) were obtained under a material
392 transfer agreement from Roche. Generation of *Has1^{-/-}*; *Has3^{-/-}* double knockout mice was
393 described previously [73]. A *Has2*-null allele (*Has2⁻*) was created from a *Has2^{flox}* allele [74] by
394 crossing *Has2^{flox/flox}* mice with the germline deleter *Meox2-Cre* mice [75]. All of these mouse lines
395 were backcrossed to C57BL/6J for more than 10 generations. *Has1^{-/-}*; *Has2^{+/-}*; *Has3^{-/-}* mice were
396 bred from these mutant mice. Triple *Has* knockout (TKO) embryos were generated by crossing
397 *Has1^{-/-}*; *Has2^{+/-}*; *Has3^{-/-}* female and male mice. In a second approach to generate HA-deficient
398 mouse embryos, *Has2^{F1/F1}*; *Sox2Cre^{tg}* mice were generated by crossing *Has2^{F1/F1}* males with
399 *Has2^{+F1}*; *Sox2Cre^{tg}* females. Mouse experiments were conducted with IACUC approval
400 (Cleveland clinic protocols 2015:1530 and 2018:2045). Mice were maintained in a fixed light-dark
401 cycle with food and water *ad libitum*. For genotyping E8.5 embryos with intact yolk sacs, the
402 allantois was dissected out and lysed in 10 μ l DirectPCR (Tail) digest reagent (Qiagen, catalog
403 no. 102-T) supplemented with 1 μ l of proteinase K overnight at 55°C. Tails were used to genotype
404 E9.5 embryos. *Vcan^{hdf}* and wild-types were identified with a specific genotyping strategy based
405 on the genetic interruption (Supplemental Figure 1). Details of the *Has1-3* mutant mouse
406 genotyping is provided in the Supplemental Methods. *Vcan^{hdf/hdf}* embryos were compared to wild-
407 type littermates in all experiments.

408 **Mouse embryonic stem cell (mESC) culture.**

409 R1 mESC [42] (Case Transgenic and Targeting Facility) were cultured on 0.3% type B gelatin
410 (Sigma-Aldrich, catalog no. G9382) coated 60 mm cell culture plates in Iscove's Modified
411 Dulbecco's Medium (IMDM) containing 4mM L-glutamine and 1mM sodium pyruvate,
412 supplemented with 20% fetal bovine serum (Hyclone, catalog no. SH30071), 0.1 mM cell culture
413 grade 2-mercaptoethanol (Gibco, Life Technologies, catalog no. 21985), 0.1mM nonessential
414 amino acids (Gibco, Life Technologies, catalog no. 11140-050), 50 µg/mL penicillin/streptomycin
415 and 1×10^6 units/mL leukemia inhibitory factor (LIF; ESGRO, EMD Millipore, catalog no. ESG1106)
416 in a humidified 5% CO₂, 37°C environment. mESC were maintained at 60-80% confluence, with
417 daily medium change and passaged every other day in a 1:5 split.

418 **CRISPR/Cas9 targeting of mESC *Vcan***

419 2.5 µg of CRISPR/Cas9 plasmids in the U6gRNA-Cas9-2A-GFP vector, targeting *Vcan* exon 2 or
420 exon 3 (Sigma-Aldrich, target IDs MM0000080027 and MM0000080028) were transfected into
421 R1 mESCs at 60-80% confluence in 6-well plates coated with 0.3% gelatin, using FuGene 6
422 (Promega, catalog no. E2691). 24 hrs post-transfection, individual GFP+ mESCs were sorted
423 into 96-well plates coated with 0.3% gelatin using a FACSAria-II cell sorter (BD Biosciences).
424 Fast-growing wells (containing >1000 cells/well) were trypsinized and expanded to 24-well cell
425 culture plates after 7-10 days. Culture medium was replaced daily. Genomic DNA from clones
426 was isolated using DirectPCR (Tail) reagent (Viagen, catalog no. 102-T) and *Vcan* exon 2 and
427 exon 3 were amplified using Phusion *Taq* (NEB, catalog no. F530L) (see SI). Amplicons were
428 excised from 2% agarose gels, purified using the QIAquick Gel Extraction kit (QIAGEN, catalog
429 no. 28704) and cloned into pCR-Blunt II-TOPO vector using the Zero blunt PCR cloning kit (Life
430 Technologies, Invitrogen, catalog no. K2800-40). Plasmid DNA was harvested from bacterial
431 colonies for Sanger-sequencing to determine the precise mutations. Two independent *Vcan*-null
432 mESC clones, D8 and F9, were established. Western blotting and immunostaining of 10-day old

433 embryoid bodies from these lines (see below) confirmed *Vcan* inactivation. Embryoid body
434 formation and induction of vascular sprouts is described in the Supplemental Methods.

435 **Immunostaining and fluorescence microscopy**

436 Immunostaining of E 9.5 and E 8.5 yolk sac was carried out on 30 μm thick vibratome sections
437 [22] or paraffin-embedded 7 μm sections. Immunostaining of collagen-embedded embryoid
438 bodies were carried out in 4-chamber cell culture slides (Fisher Scientific, catalog no. 354114).
439 Confocal microscopy images of whole-mount mouse embryos and sections were acquired using
440 a Leica TCS SP5 II multiphoton confocal microscope equipped with a 25X water immersion
441 objective (Leica Microsystems, Wetzlar, Germany). For 3D-projection of whole-mount Z-stacks,
442 the Volocity 3D imaging software was used (version 6.3, PerkinElmer, Inc., Waltham, MA) in
443 maximum intensity projection method.

444 **Methylcellulose colony formation assay**

445 Single cell suspensions of E8.5 embryos, yolk sacs or day-10 embryoid bodies were generated
446 by incubation with trypsin for 10 minutes followed by disaggregation by pipetting with a 200 μL
447 pipette tip until complete. 50,000 cells from each experimental group were transferred to a single
448 35 mm culture dish containing 1 mL of MethoCult GF M3434 culture medium (Methylcellulose
449 medium with recombinant cytokines for mouse cells, Stem Cell Technologies, Vancouver, CA,
450 catalog no. 03434) using a 3 mL syringe and 16-gauge needle, following the manufacturer's
451 protocol. Triplicate cultures from each genotype were incubated for 14 days in a humidified, 5%
452 CO_2 , 37°C cell culture incubator. Blood colonies were counted using an inverted microscope.
453 Aggregates with >50 cells were considered a colony-forming unit (CFU).

454 Additional details of reagents and procedures including primary antibodies used,
455 RNAscope in situ hybridization, western blotting, transmission electron microscopy, and
456 fluorophore-assisted carbohydrate electrophoresis (FACE) are described in the Supplemental
457 Methods

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459
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470

471 **Declaration of interests**

472 The authors declare no competing interests

473

474 **Figure Legends**

475 **Figure 1. *Vcan*^{hdf/hdf} yolk sacs are avascular and lack hyaluronan.**

476 **(A)** E9.5 wild type and *Vcan*^{hdf/hdf} embryos. The red arrowhead shows the dilated pericardial sac
477 in the mutant.

478 **(B)** E9.5 yolk sacs imaged in situ demonstrate the absence of vasculature in the E9.5 *Vcan*^{hdf/hdf}
479 yolk sac.

480 **(C)** Three-dimensional (3D) maximum-intensity projections of whole-mount yolk sacs stained with
481 anti-CD31 (red) showing absence of the vascular network in E9.5 *Vcan*^{hdf/hdf} yolk sacs (n=3 yolk
482 sacs of each genotype).

483 **(D)** Versican GAG β staining (green) is present throughout the mesoderm (Me) of E9.5 wild type
484 yolk sacs and absent in the *Vcan*^{hdf/hdf} yolk sac. F-actin (red) staining highlights visceral endoderm

485 (VE) detached from mesoderm in *Vcan*^{hdf/hdf} yolk sacs. HA and fibronectin (green) were similarly
486 distributed as versican in wild type yolk sac, but HA staining was absent in *Vcan*^{hdf/hdf} yolk sac and
487 fibronectin staining was more intense. Collagen IV staining intensity was similar in wild type and
488 *Vcan*^{hdf/hdf} yolk sacs (n=3 yolk sacs of each genotype). Scale bar in A, B=1mm, C= 100μm, D=
489 50μm.

490

491 **Figure 2. Impaired vasculogenesis in the *Vcan*^{hdf/hdf} embryo and yolk sac.**

492 **(A)** E8.5 *Vcan*^{hdf/hdf} yolk sacs are avascular yet embryos dissected out of the yolk sac appear
493 morphologically similar to wild type.

494 **(B)** Maximum intensity projections of whole mount E8.5 wild type and *Vcan*^{hdf/hdf} embryos stained
495 with anti-CD31 (red) and DAPI (blue). Boxed areas are shown at higher magnification with the
496 red channel only in the lower panels. Residual wild-type yolk sac is marked by a white dotted line
497 (n=3 embryos from each genotype).

498 **(C)** Three-dimensional (3D) maximum intensity projections of yolk sacs stained *en face* with anti-
499 CD31 (red) show a well-formed vascular plexus in wild type yolk sac and disorganized CD31+
500 cells in *Vcan*^{hdf/hdf} yolk sac (n=3 yolk sacs from each genotype).

501 **(D)** Cross section of E8.5 wild type yolk sac blood islands co-stained with versican (green), HA
502 (red) and CD31 (white). Versican and HA co-localize with CD31+ cells on the mesothelial aspect
503 of blood islands (arrowheads). The blood island imaged on the left is enlarged in the bottom right-
504 hand panel (n=3 wild type yolk sacs). VE, visceral endoderm, Bi, blood island,

505 **(E)** RNAscope in situ hybridization of E8.5 wild-type yolk sac shows expression of *Vcan* isoforms
506 containing exon 8 (V0,V1), but not exon 7 (V0, V2) in mesoderm adjacent to blood islands (Bi),
507 VE, visceral endoderm.

508 **(F)** *Vcan* exon 7 and exon 8 probes both hybridize to myocardium (Mc) of E8.5 wild-type embryos.
509 En, Endocardium.

510 **(G)** *Vcan* probes (exon 8 shown) do not hybridize to *Vcan*^{hdf/hdf} heart. Scale bar in **D**=10μm, **E**=
511 25μm, 50μm in **F-G**.

512

513 **Figure 3. Versican and HA localize to Flk1+ cells and are essential for yolk sac blood island**
514 **formation.**

515 **(A)** E8.5 wild type and *Vcan*^{hdf/hdf} yolk sac cross-sections co-stained with versican (magenta),
516 HAβp (red) and Flk1 (green). In wild type yolk sac, versican-HA staining colocalizes with Flk1. In
517 *Vcan*^{hdf/hdf} yolk sac, blood islands (Bi) are smaller and both HAβp staining and Flk1 staining are
518 weak. Arrowhead: versican-HA-Flk1 co-stained patches, asterisks: cell shown at higher
519 magnification in the right-hand panels (n=4 yolk sacs from each genotype). VE, visceral
520 endoderm.

521 **(B)** *En face* confocal imaging of E8.5 yolk sac versican (red) and CD41 (green) staining with the
522 mesothelial aspect facing the objective (bottom). Surface optical sections show versican-rich foci
523 throughout wild type yolk sac that are absent in *Vcan*^{hdf/hdf} yolk sac. The mid-optical image shows
524 versican and CD41 co-stained cells in blood islands. Versican is associated with wild-type blood
525 islands but does not overlap with CD41. No CD41+ cells were observed in *Vcan*^{hdf/hdf} yolk sac.
526 The higher magnification image shows the distinct cell populations marked by versican and CD41.
527 Arrowheads mark weak CD41 staining in *Vcan*^{hdf/hdf} images (n=3 yolk sacs from each genotype).

528 **(C)** Cross-section of an E8.5 wild type blood showing no overlap of HA (red) and CD41 (green)
529 (n=3 yolk sacs).

530 **(D)** qRT-PCR analysis of wild type and *Vcan*^{hdf/hdf} yolk sacs and embryos shows significantly lower
531 *Flk1* expression but not *Has2* or *Brachyury* expression in *Vcan*^{hdf/hdf} mutants. CD41 (*Itga2b*) and
532 *Runx1* expression were significantly lower in *Vcan*^{hdf/hdf} yolk sac and embryos. Blood markers β-
533 *globin*, *Gata1* and CD45 (*Ptprc*) and the vascular endothelial marker CD31 (*Pecam1*), were

534 reduced in *Vcan*^{hdf/hdf} yolk sacs and embryos (n=3 yolk sacs and embryos from each genotype,
535 error bars= S.E.M., *, p<0.05; **, p<0.01; ***, p<0.001).

536 **(E)** Methylcellulose assay shows significantly fewer blood colony-forming units (CFUs) in
537 *Vcan*^{hdf/hdf} yolk sacs and embryos (n=3 yolk sacs and three embryos from each genotype, error
538 bars= S.D., *, p<0.05; **, p<0.001). Scale bars=25µm in **A**, 100µm and 20µm in **B**.

539

540 **Figure 4. Versican and HA co-localize with Flk1+ cells from their origin at gastrulation.**

541 **(A)** Maximum intensity projection image of an E7.5 embryo shows strong versican staining (green)
542 in the putative blood island (BI) ring (white brackets) in the proximal extraembryonic (Exe) region.
543 Emb, embryo.

544 **(B-E)** Serial sections of E7.5 wild type embryos analyzed by immunostaining **(B-D)**, or by
545 RNAscope in situ hybridization **(E)**. **(B-C)** Versican (green) and HAAbp (red) colocalize in
546 extraembryonic mesoderm corresponding to the blood island ring (white brackets and
547 arrowheads). The blood islands on the left are shown at high magnification in **(C-D)**. Arrowheads
548 show colocalization of versican, HAAbp and Flk1 in extraembryonic mesoderm (N=4 embryos).
549 Epc, ectoplacental cavity; Ch, chorion; Exc, exocoelomic cavity; Am, amnion; Ac, amnion cavity;
550 Ne, neural ectoderm; Me, mesoderm; Ve, visceral endoderm.

551 **(E)** *In situ* hybridization for *Vcan* exon 7, *Vcan* exon 8, *Has2*, *Flk1* and *Runx1*. *Vcan* exon 8, *Has2*
552 and *Flk1* mRNAs have near-identical expression patterns (red) corresponding to primitive streak
553 cells migrating toward extra-embryonic mesoderm. *Vcan* exon 7 (*GAG* α) shows weaker
554 overlapping expression. *Runx1* marks committed blood cells (n=4 embryos). Scale bars in **B,E**=
555 100µm.

556

557 **Figure 5. *Vcan* inactivation results in loss of hyaluronan.**

558 **(A)** Versican (green) and HABp (red) staining of E8.5 wild type and *Vcan*^{hdf/hdf} embryos showing
559 severely reduced HABp staining in *Vcan*^{hdf/hdf} embryos. Arrowheads indicate versican and HABp-
560 stained yolk sac blood islands (n=3 embryos each genotype).

561 **(B)** (Top) Fluorophore-assisted carbohydrate electrophoresis (FACE) analysis for chondroitin
562 sulfate (CS-FACE) and hyaluronan (HA-FACE) in E8.5 littermate embryos. Versican is the major
563 CS-proteoglycan in E8.5 embryos. HA content is significantly reduced in *Vcan*^{hdf/hdf} embryos.
564 (Bottom) Quantification of CS and HA FACE, normalized to DNA (n=4 embryos from each
565 genotype, error bars= S.E.M., **, p<0.01; ***, p<0.001; ****, p<0.0001).

566 **(C)** 1 μ m thick, toluidine blue-stained Eponate 12 sections from E8.5 wild type and *Vcan*^{hdf/hdf}
567 embryos showing compaction of craniofacial mesenchymal cells (Me) and loss of cardiac jelly
568 (CJ) between the myocardium (Mc) and endocardium (En). The red line indicates the boundary
569 of neural epithelium (NE) with mesenchyme (n=3 embryos each genotype).

570 **(D)** E8.5 wild *Vcan*^{hdf/hdf} embryo sections stained with F-actin (red) and fibronectin (green) showing
571 stronger fibronectin staining (n=3 embryos each genotype).

572 **(E)** RT-qPCR shows increased *Tmem2* mRNA in *Vcan*^{hdf/hdf} embryos and yolk sacs (n=3 embryos
573 and yolk sacs from each genotype, error bars= S.E.M., ***, p<0.001; ****, p<0.0001). Scale bar in
574 **A**= 200 μ m, 50 μ m and 20 μ m in **C**.

575

576 **Figure 6. Versican content is severely reduced in *Has1+2+3* null embryos.**

577 **(A)** E9.5 *Has1+3* null embryos (control) and *Has1+2+3* null embryos showing the dilated
578 pericardial sac in the latter (arrowhead) similar to *Vcan*^{hdf/hdf} (n=3 embryos each genotype).

579 **(B)** *Has1+3* null yolk sac (control) and *Has1+2+3* null yolk sac co-stained with HABp (green) and
580 versican or cleaved versican (DPEAAE) (red) show loss of both HA and versican, although
581 cleaved versican (DPEAAE, red, bottom) is present in *Has1+2+3* null yolk sac (n=3 yolk sacs
582 each genotype).

583 **(C-D)** *Has1+3* null yolk sac (control) and *Has1+2+3* null embryos co-stained with HA and
584 versican **(C)** or cleaved versican (DPEAAE) **(D)**, show loss of HA and versican staining and
585 weaker DPEAAE staining in the *Has1+2+3* null embryos (n=3 embryos each genotype). Scale
586 bars = 200µm in **C,D**.

587

588 **Figure 7. Embryoid bodies (EBs) from *Vcan*-null mouse embryonic stem cells (mESCs) are**
589 **poorly responsive to VEGF and form few blood colonies.**

590 **(A)** *Vcan* locus showing targeting by independent guide RNAs (gRNAs) targeting exons 2 and 3.
591 Scissors indicate the Cas9 cleavage site 3 bp from the protospacer adjacent motif (PAM, orange
592 lettering). An exon 2 mutant mESC clone (D8) had a homozygous 1 bp insertion (bold red letters)
593 and an exon 3 mutant clone (F9) had heterozygous targeting: deletion of T/A in one allele and a
594 19-bp deletion in the other, each resulting in frame-shifts.

595 **(B)** Western blot of 10-day differentiated EBs shows no versican in EBs derived from clones D8
596 and F9 (n=10 pooled embryoid bodies each group).

597 **(C)** RT-qPCR analysis showing unaffected expression of pluripotency markers *Oct4*, *Sox2*, *Nanog*
598 and *C-myc* in D8 and F9 (n=3 independent batches of EBs from each genotype, error bars= S.E.).

599 **(D)** 4-day-old *Vcan*-null embryoid bodies embedded in collagen I and treated with VEGF₁₆₅ for 12
600 days have reduced vascular sprouting identified by CD31 (green) or α-SMA (red) immunostaining
601 (n=3 independent batches of EBs from each genotype).

602 **(E)** D8 and F9 EBs show significantly fewer vascular sprouts (n=3 independent batches of EBs
603 from each genotype, error bars= S.E. **, p<0.01; ***, p<0.001).

604 **(F)** Fewer sprouts/EB were seen in D8 and F9 EBs. (n=3 independent batches of EBs from each
605 genotype, error bars= S.D., ***, p<0.001; ****, p<0.0001).

606 **(G)** Significantly shorter sprouts in *Vcan* null lines (n=3 independent batches of EBs from each
607 genotype, error bars= S.D., ****, p<0.0001).

608 **(H)** Methylcellulose colony assay using dissociated 10-day old EBs shows significantly fewer
609 colonies in *Vcan* null EBs. (n=3 independent batches of EBs from each genotype, error bars=
610 S.D., **, p<0.01). Scale bar in **D** is 200 μ m.

611

612

613 **Figure 8. Versican regulates HA abundance and cable formation and sequesters VEGF and**
614 ***lhh* via chondroitin sulfate (CS) chains in a cell culture model.**

615 **(A)** Increased versican (red) and HAbp staining (green) in *ADAMTS9*-deficient (D12) RPE-1 cells.
616 Versican and HA co-stained cables are formed in D12 cells.

617 **(B)** RT-qPCR showing reduced *HAS2* and *HAS3* mRNA but not *HAS1* or *CD44* and dramatically
618 reduced *TMEM2* expression in D12 cells. (n=3 independent RNA extractions, error bars= S.E.M.,
619 *, p<0.05; ****, p<0.0001).

620 **(C)** *VCAN* knockdown reduces both versican (red) and HA staining in D12 cells.

621 **(D)** Recombinant VEGF₁₆₅ or *lhh* (green) co-staining with versican (red) in control siRNA-
622 transfected D12 cells is lost in *VCAN* siRNA-transfected D12 cells.

623 **(E)** The schematic illustrates chondroitinase ABC removal of versican GAG chains and the
624 experimental timeline used.

625 **(F)** Fluorescence microscope of VEGF and *lhh* with versican, with or without chondroitinase ABC
626 treatment prior to addition of recombinant VEGF₁₆₅ or *lhh* (green) shows reduced binding of both
627 growth factors after CS-chain removal, which does not affect versican core protein staining (red).

628 Scale bars in **A** are 50 μ m and 100 μ m, 20 μ m in **D** and **F** and 50 μ m in **C-F**.

629

630 **Figure 9. HA-versican pericellular matrix functions as an essential niche for Flk1+ cells.**

631 Model depicting the chronology of versican and HA expression and proposed functions in murine
632 extraembryonic mesoderm during vasculogenesis and hematopoiesis. The present work localizes
633 HA-versican to the pericellular matrix of Flk1+ cells, but not the downstream CD41+ committed

634 progenitors or to other CD31+ vascular endothelial cells. The inset box proposes that the
635 negatively charged HA-versican pericellular matrix sequesters pro-vasculogenic factors such as
636 VEGF and Ihh.
637

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Figure-1

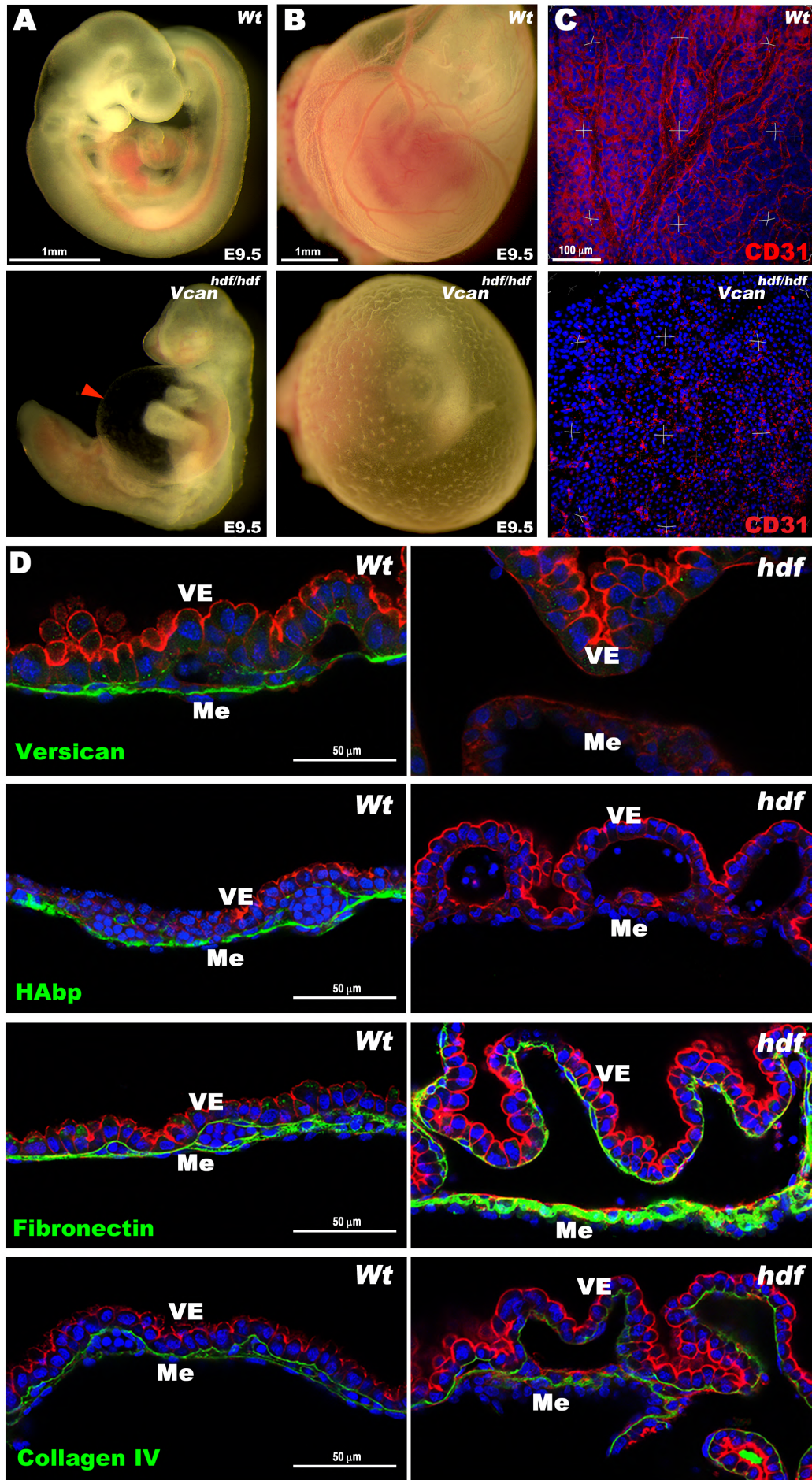


Figure-2

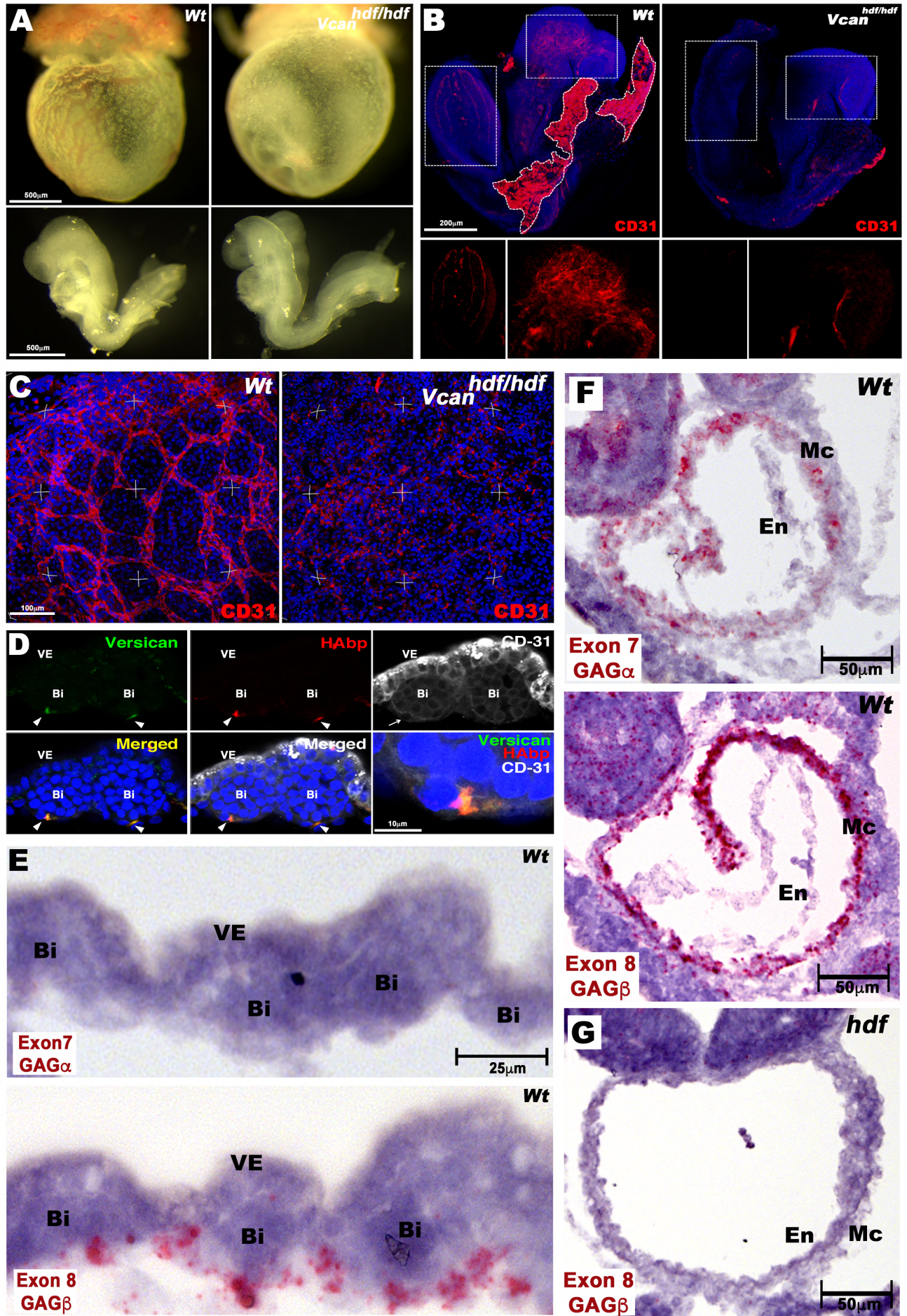


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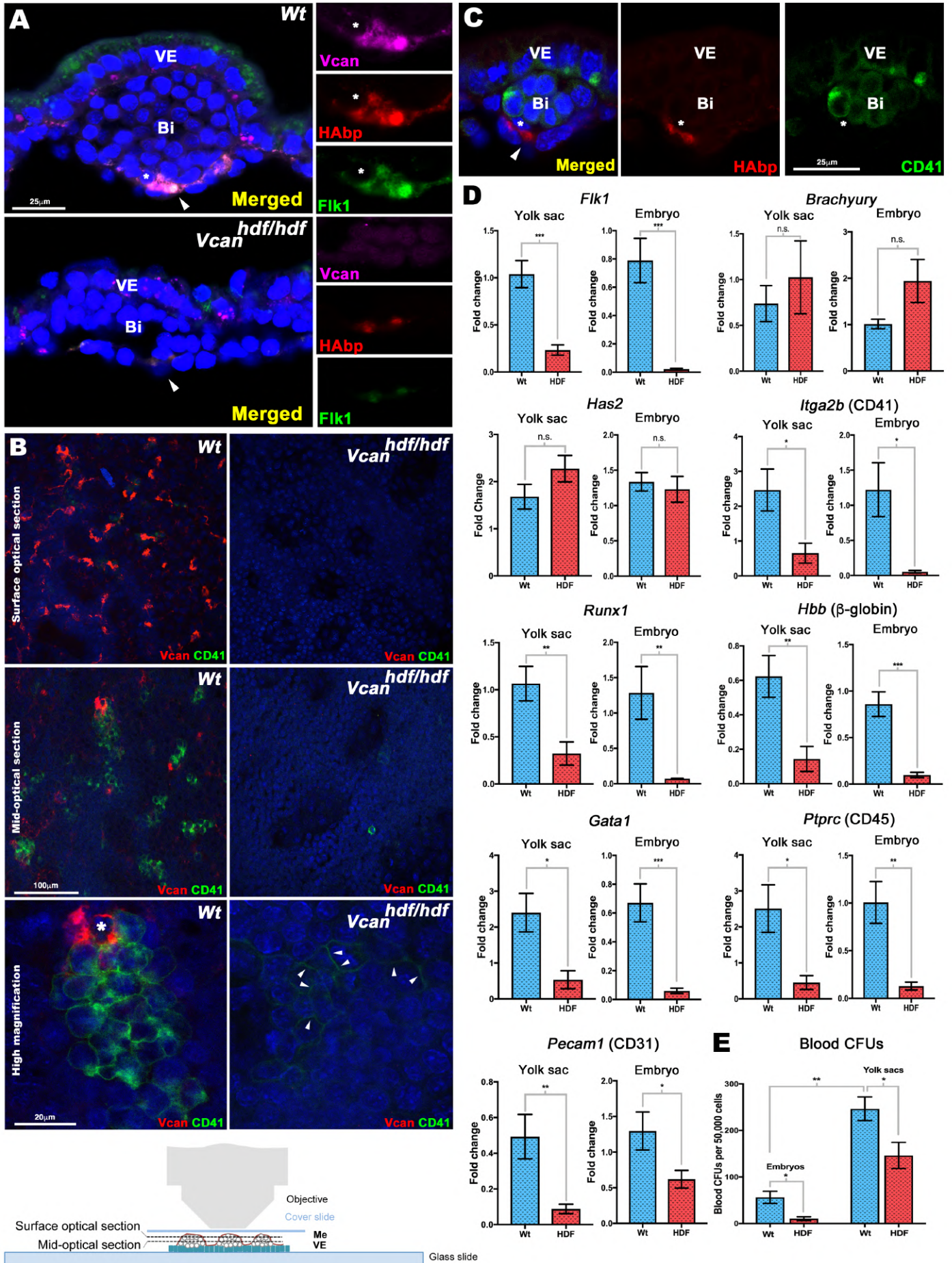
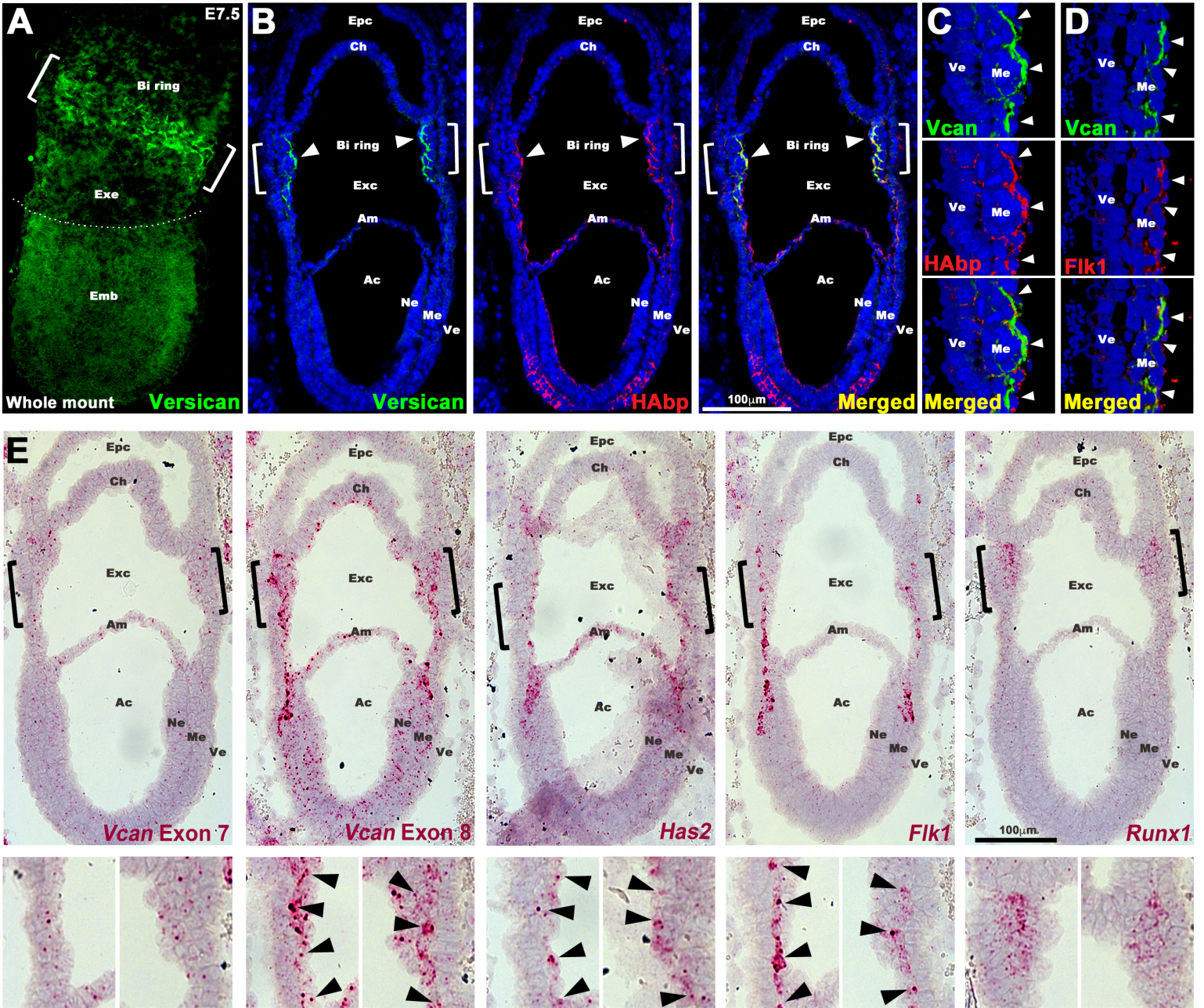
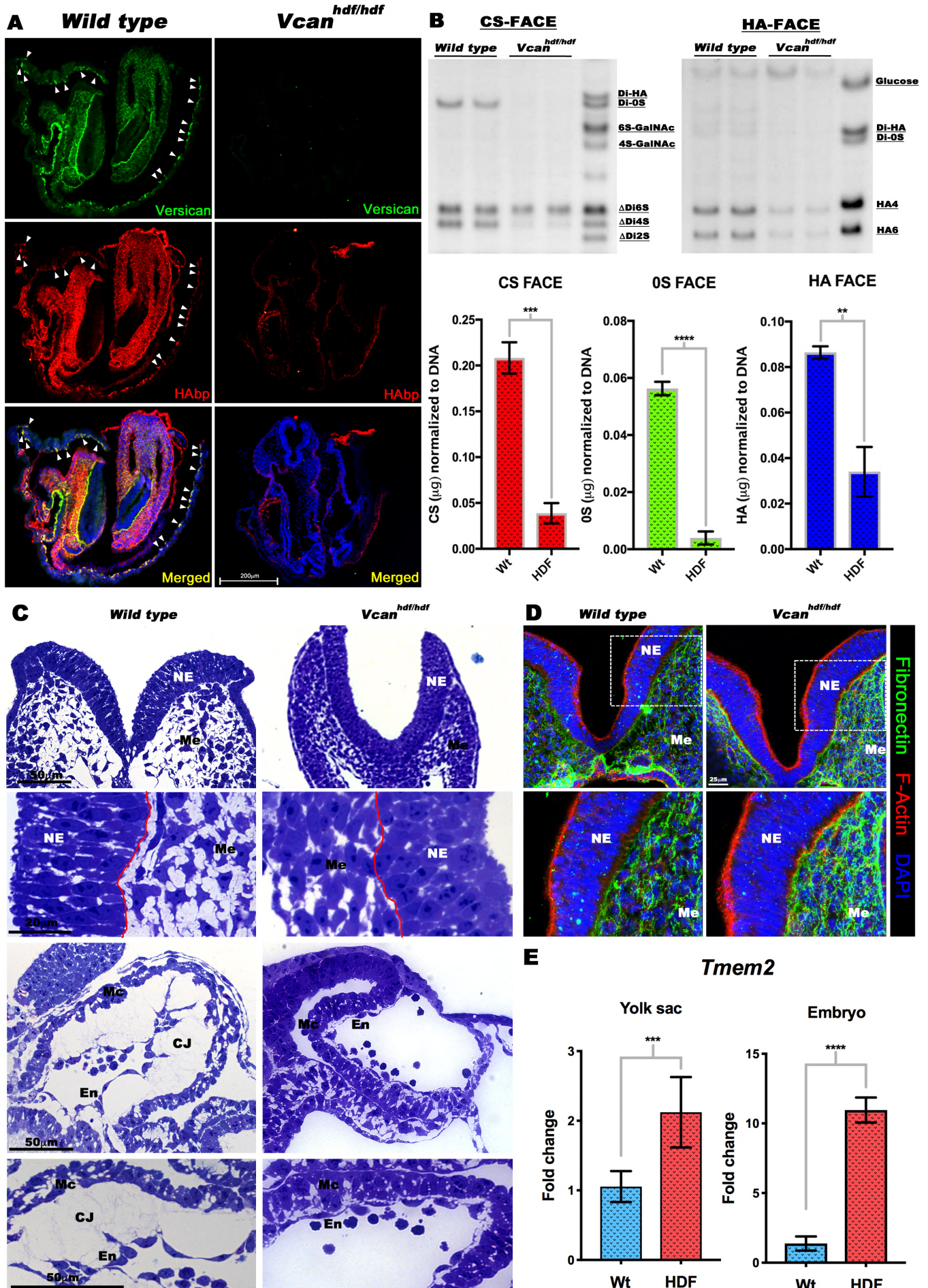
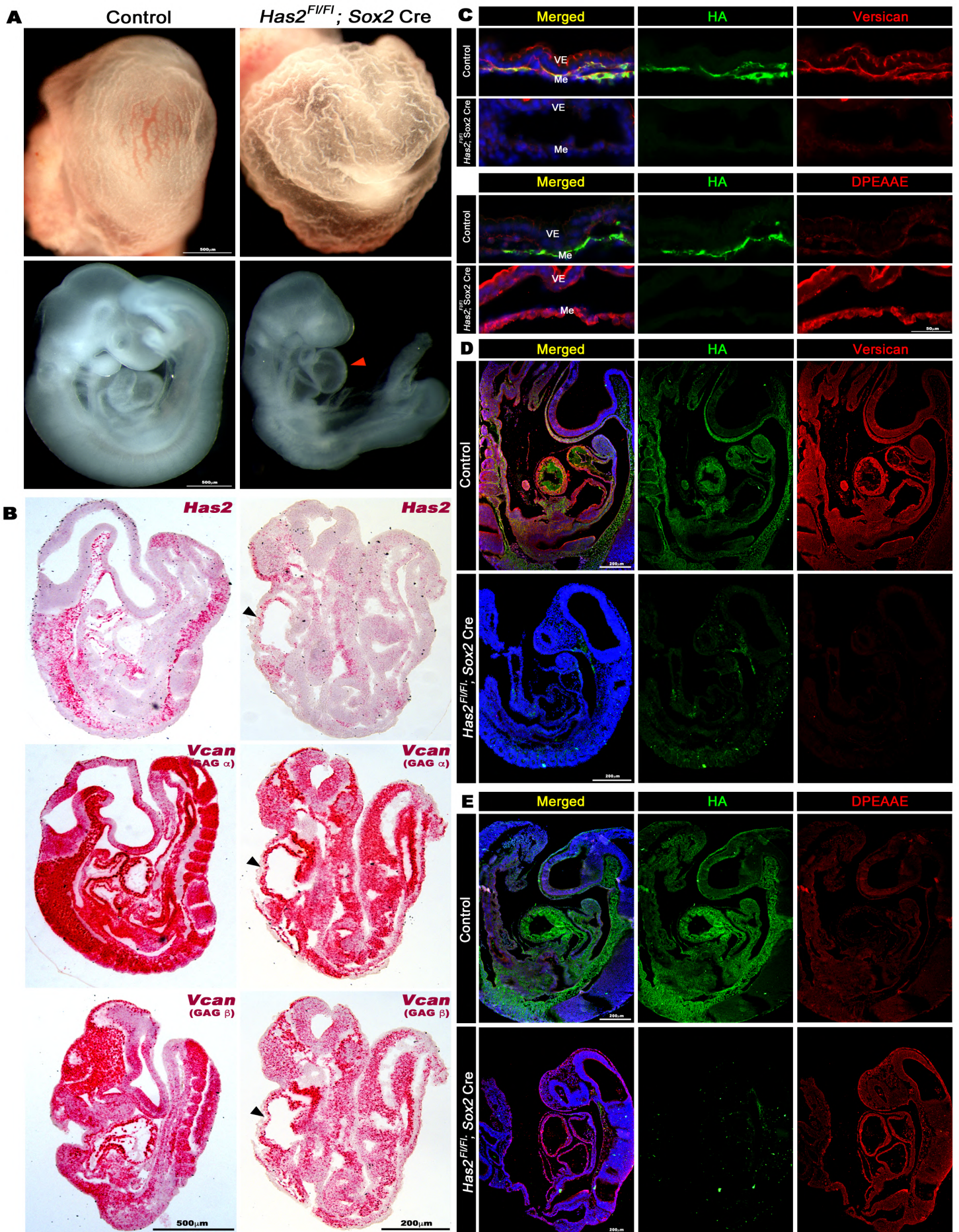
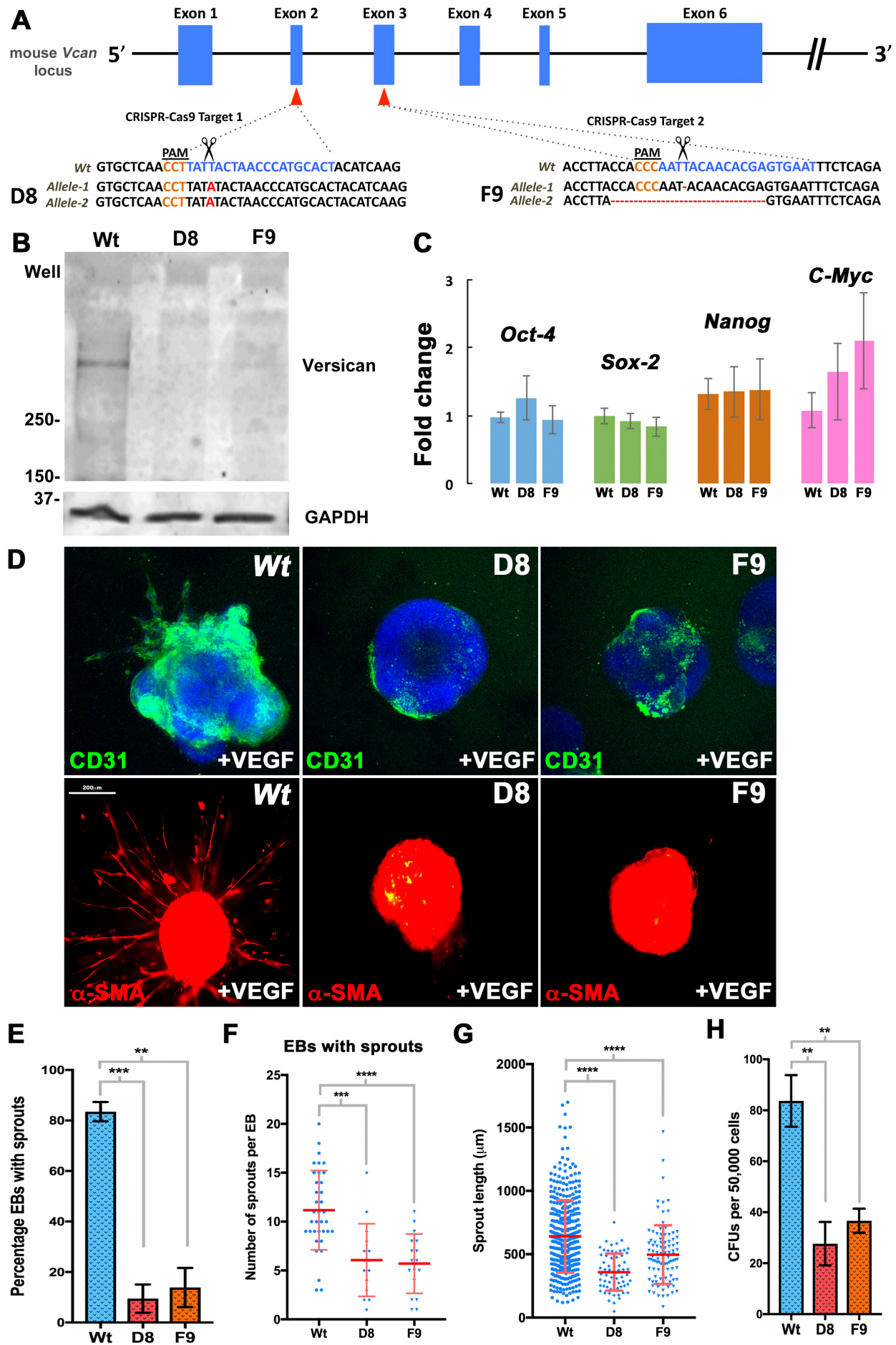


Figure-4









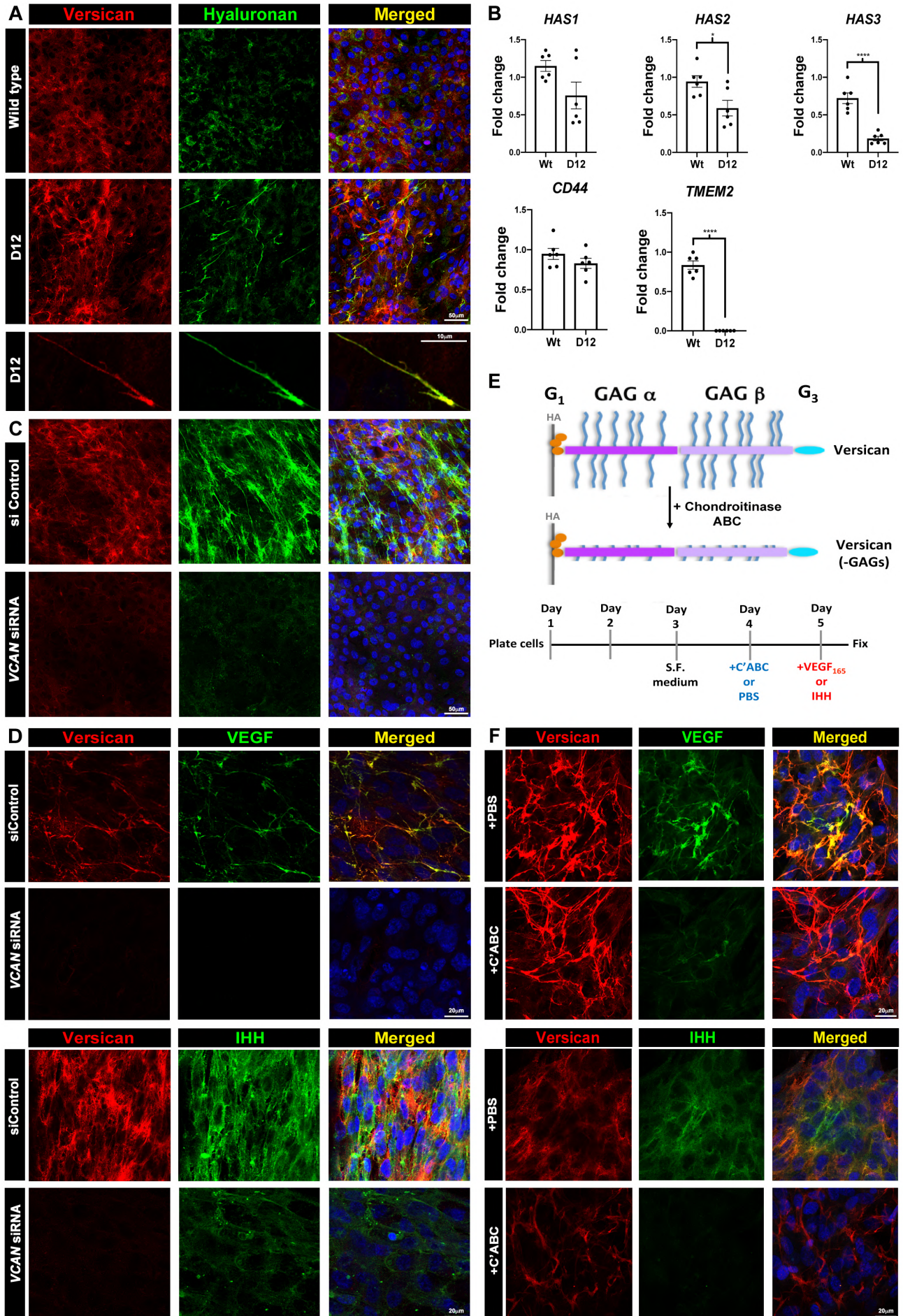
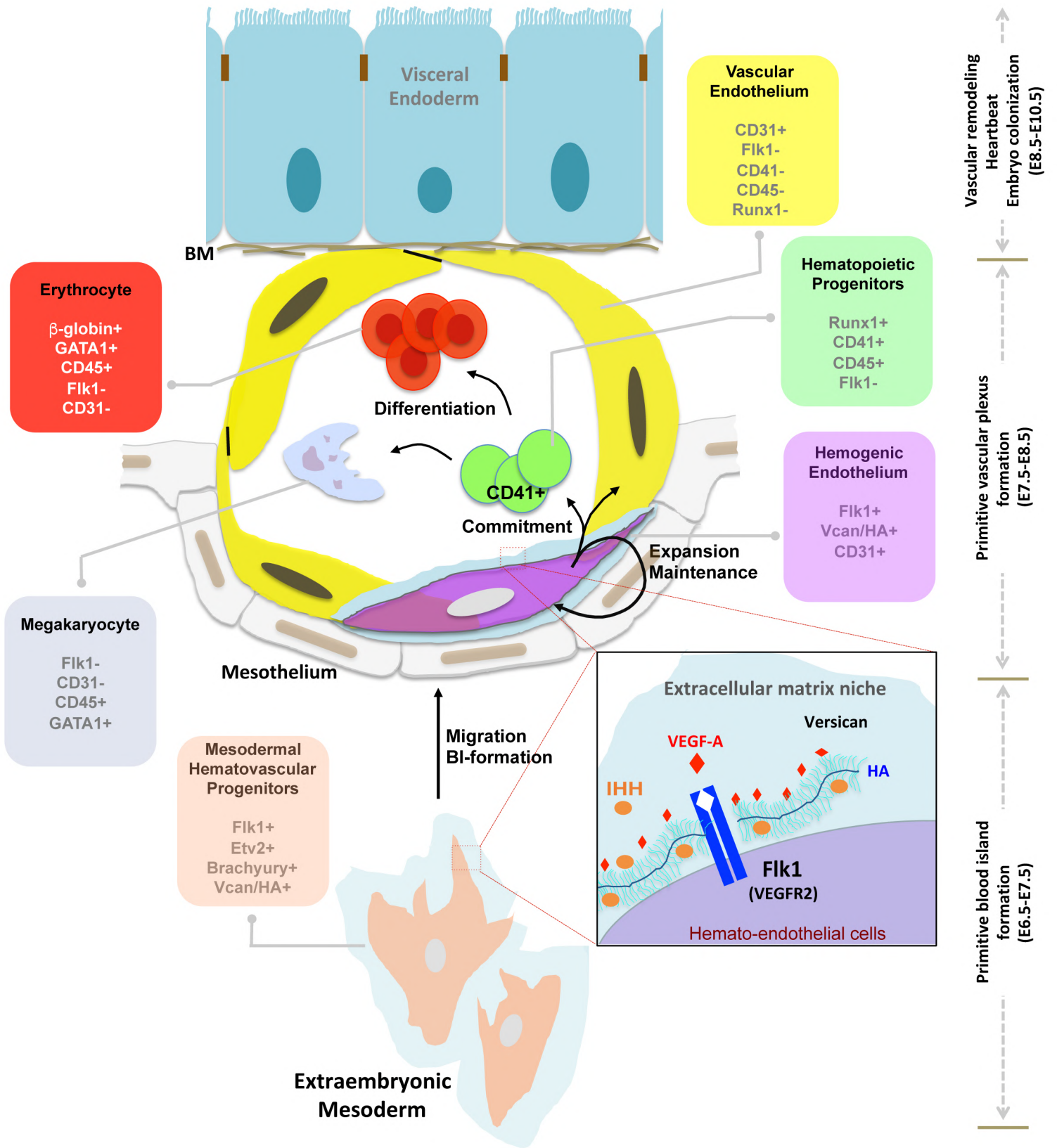


Figure-9



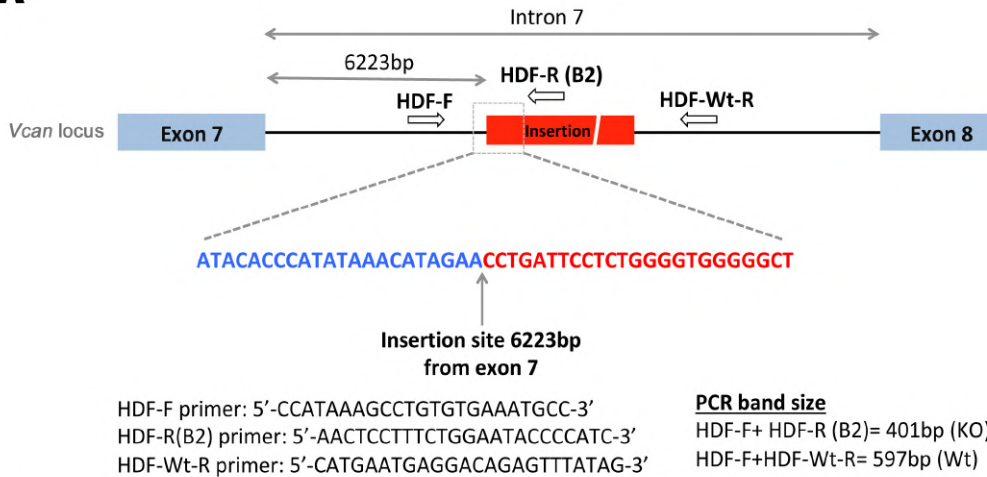
**The versican-hyaluronan complex provides an essential extracellular matrix niche for
Flk1⁺ hematoendothelial progenitors**

Sumeda Nandadasa, Anna O'Donnell, Ayako Murao, Yu Yamaguchi, PhD, Ronald J. Midura,
Lorin Olson and Suneel S. Apte

SUPPLEMENTAL FIGURES AND TABLE

Supplemental Figure 1

A



B

HDF-F primer ⇒

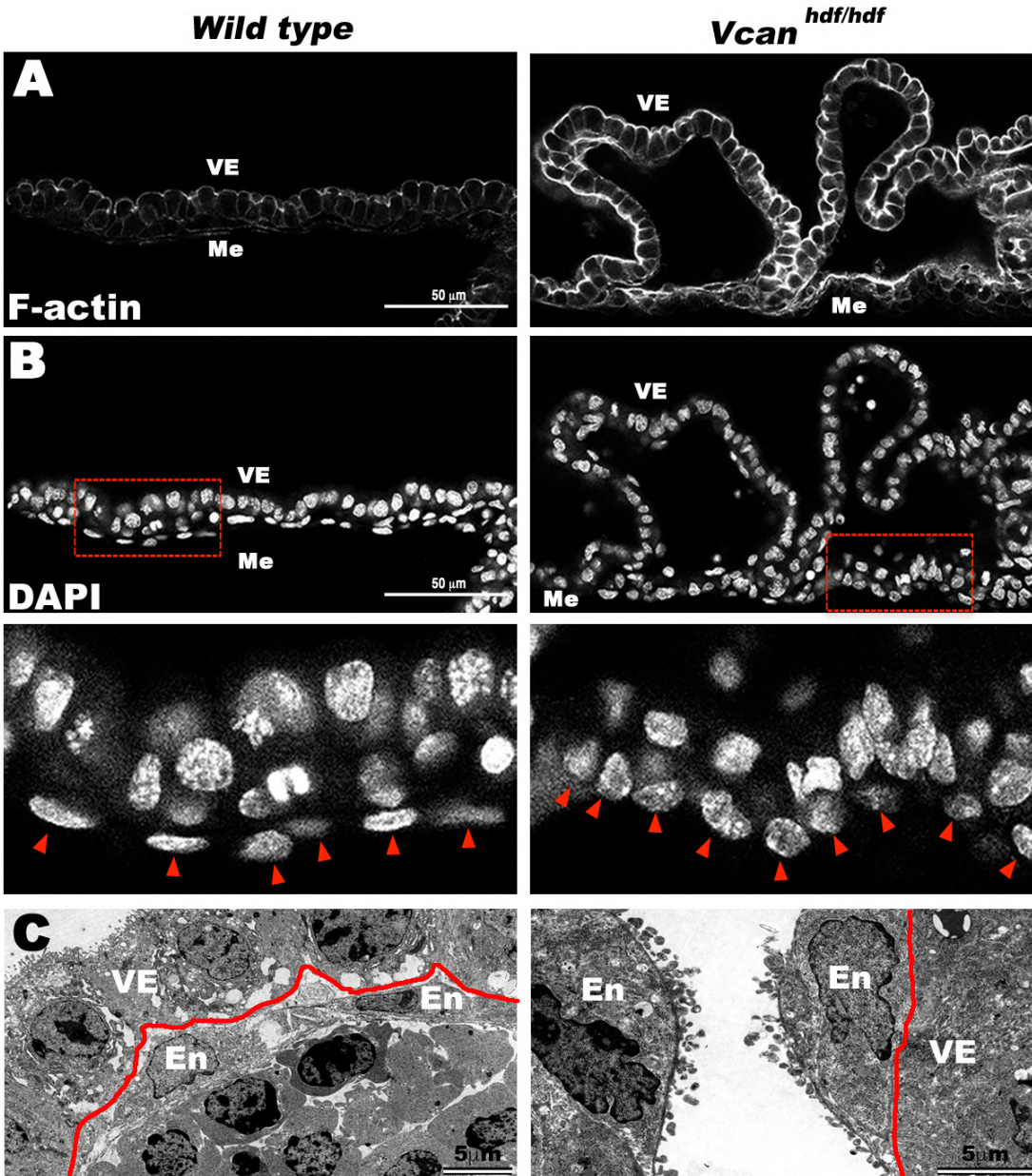
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⇐ **HDF-R (B2) primer**

Supplemental Figure 1: Characterization of the *Vcan*^{hdf} mutation and genotyping strategy.

(A) *Vcan*^{hdf} locus, showing the insertion site of the *Hoxa1-lacZ* transgene in intron 7. *Vcan* exons are indicated in blue and the insertion in red. Primer sequences and amplicons used for genotyping are shown at the bottom. **(B)** Sequence of the 401bp *Vcan*^{hdf} amplicon and the primer sequences used (underlined). The *Vcan* intron 7 sequence is in blue text and sequence corresponding to the *Hoxa1-lacZ* transgene is in red text.

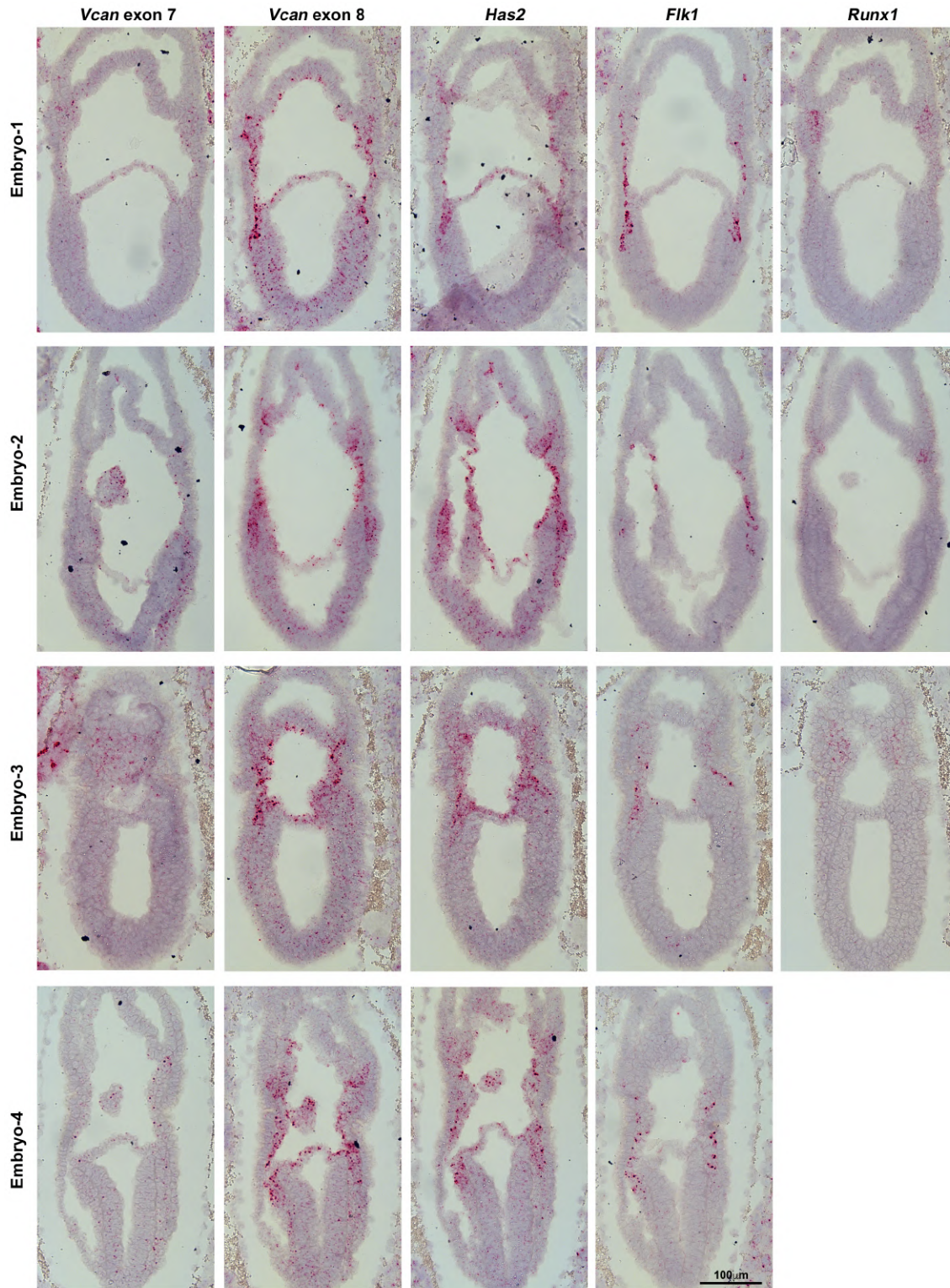
Supplemental Figure 2



Supplemental Figure 2: Severe disorganization and cellular changes in *Vcan*^{hdf/hdf} yolk sacs

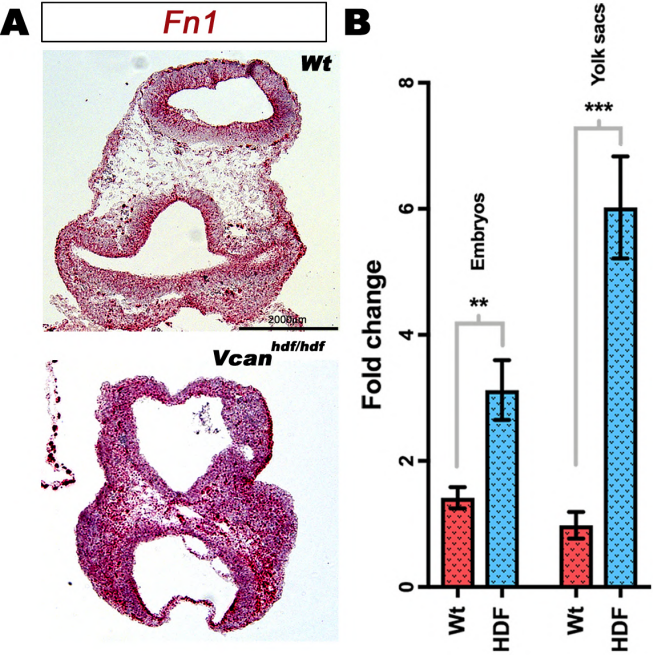
(A) E9.5 *Vcan*^{hdf/hdf} yolk sacs show dramatically increased F-actin staining.
 (B) DAPI staining shows altered nuclear morphology and disrupted cellular organization of the *Vcan*^{hdf/hdf} yolk sac mesoderm (Me) and mesothelium and (with A) separation from visceral endoderm (VE). Higher magnifications of the boxed areas (red line) in the upper panels of B are shown below. Arrowheads identify the nuclei of yolk sac mesothelium, which are rounded in *Vcan*^{hdf/hdf} yolk sac.
 (C) Transmission electron microscopy (TEM) images of wild type and *Vcan*^{hdf/hdf} yolk sacs showing endothelium-lined blood islands in the wild type and detached vascular endothelial cells in the *Vcan*^{hdf/hdf} yolk sac. The red line marks the basement membrane of the visceral endoderm, En=vascular endothelium. Scale bars in A-B= 50μm, 5μm in C.

Supplemental Figure 3



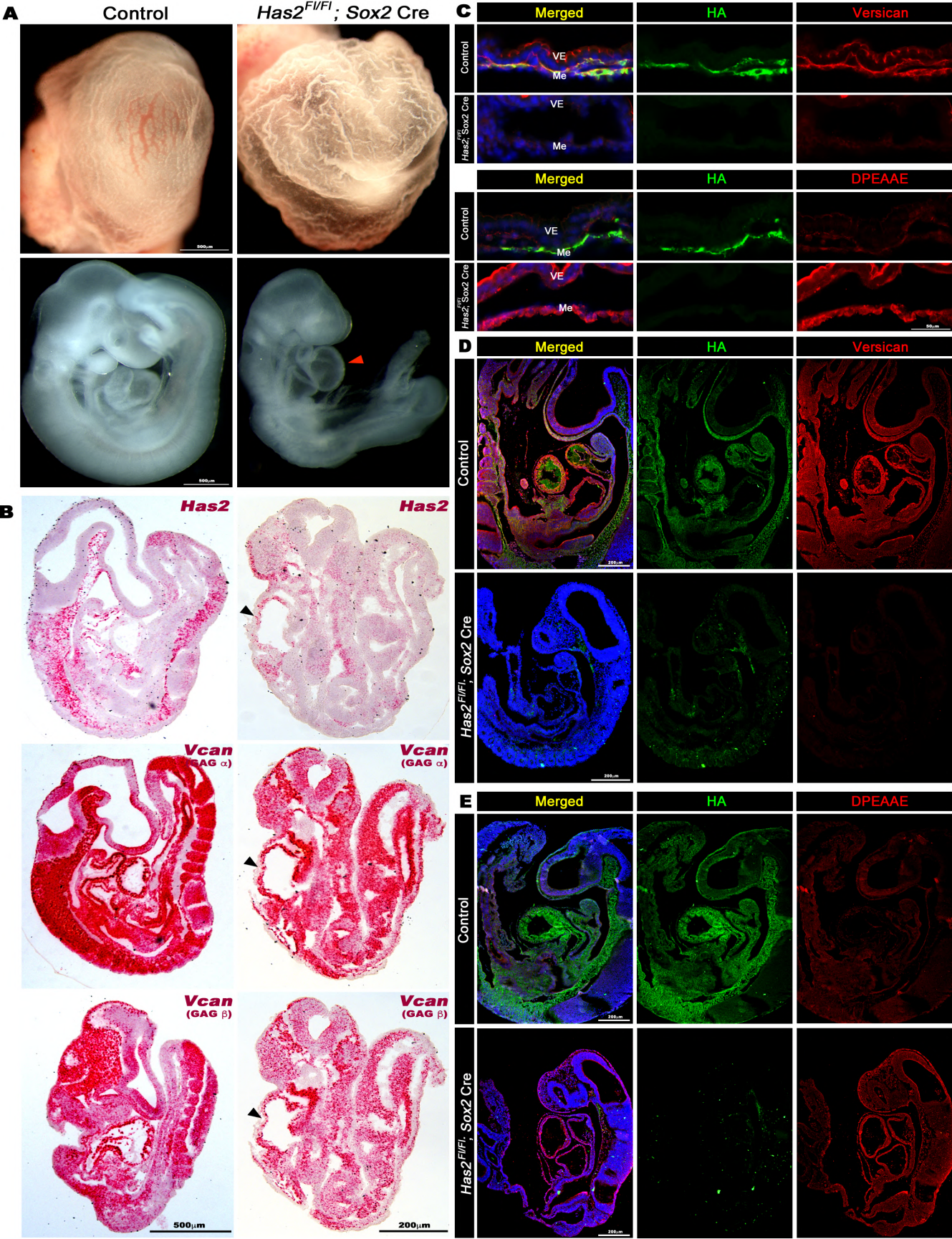
Supplemental Figure 3: RNAScope *in situ* hybridization of *Vcan* exon 7, *Vcan* exon 8, *Has2*, *Flk1* and *Runx1* probes to consecutive sections from four individual E7.5 wild type embryos. Hybridization signal is red, sections were counterstained with hematoxylin (blue). Scale bar = 100µm.

Supplemental Figure 6



Supplemental Figure 6: Increased *Fn1* transcription in *Vcan^{hdf/hdf}* embryos
(A) RNAscope *in-situ* hybridization of E9.5 wild type and *Vcan^{hdf/hdf}* embryos showing stronger *Fn1* RNA expression in the mutant embryo.
(B) RT-qPCR analysis of *Fn1* transcript in wild type and *Vcan^{hdf/hdf}* embryos and yolk sacs showing significantly increased expression in the mutant. (n=3 embryos and yolk sacs each genotype, error bars= S.E.M., **, p<0.01; ***, p<0.0001). Scale bars = 100µm in **A**.

Supplemental Figure 7



Supplemental Figure 7: Loss of yolk sac vasculature, HA and versican staining in *Has2* conditionally deleted embryos

(A) Whole mount images of *Has2^{F1/F1}; Sox2Cre* yolk sacs and embryos showing loss of yolk sac vasculature and a heart defect (red arrowhead indicates the enlarged heart) compared to control littermates (N=8 each genotype).

(B) RNAScope in situ hybridization for *Has2*, *Vcan* exon 7 (GAG α) and *Vcan* exon 8 (GAG β) shows residual *Has2* transcript and slightly reduced *Vcan* transcript in *Has2^{F1/F1}; Sox2 Cre* embryos (n=4 embryos each probe).

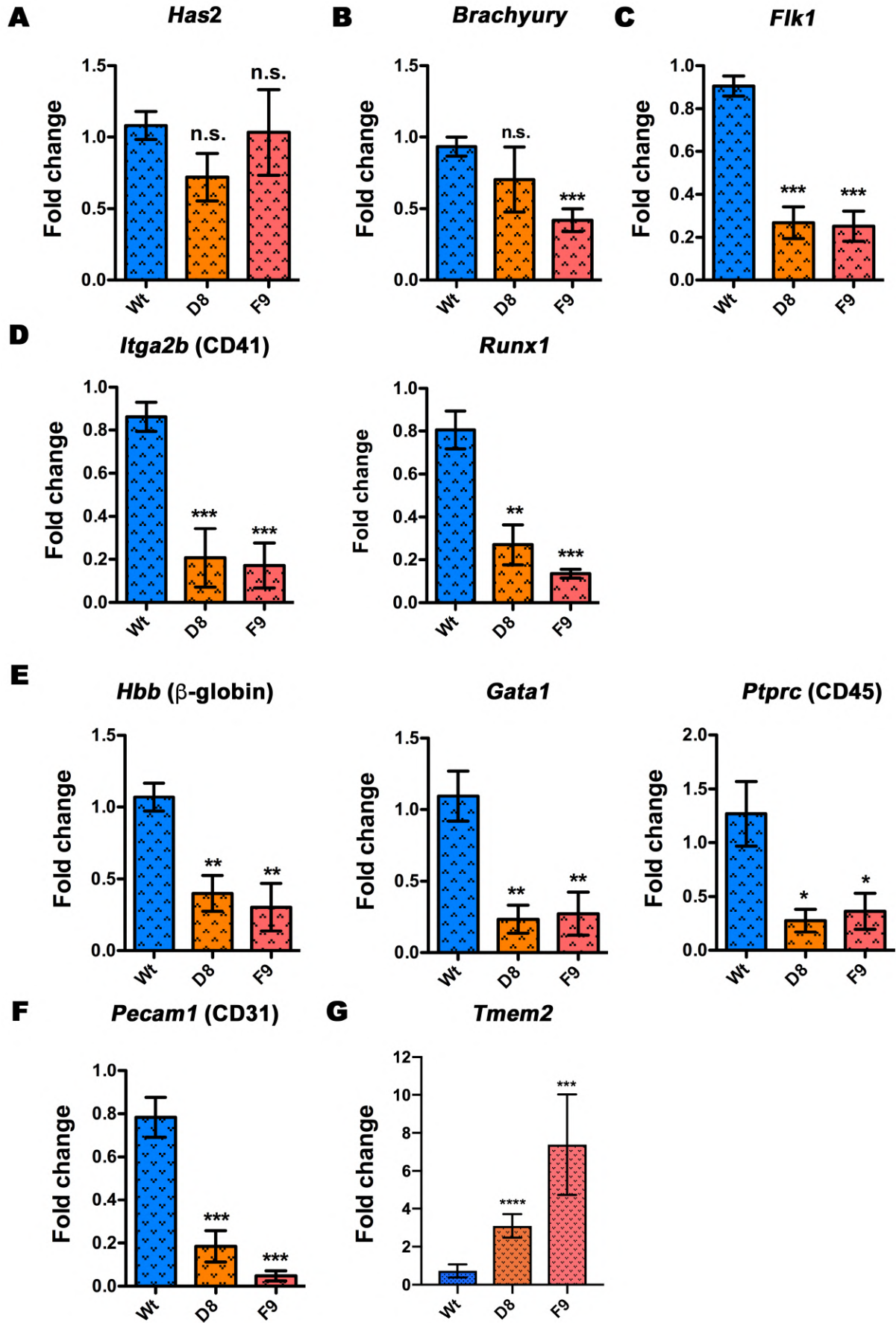
(C) *Has2^{F1/F1}; Sox2 Cre* yolk sacs show loss of HA and versican staining (upper panels) and increased versican catabolism is revealed by DPEAAE staining (lower panels) (N=4 each group).

(D) *Has2^{F1/F1}; Sox2 Cre* embryos show loss of HA and versican staining (N=3 each group).

(E) *Has2^{F1/F1}; Sox2 Cre* embryos show increased DPEAAE staining (N=3 each group).

Scale bars = 500 μ m in **A,B**; 50 μ m in **C**; 200 μ m in **D,E**.

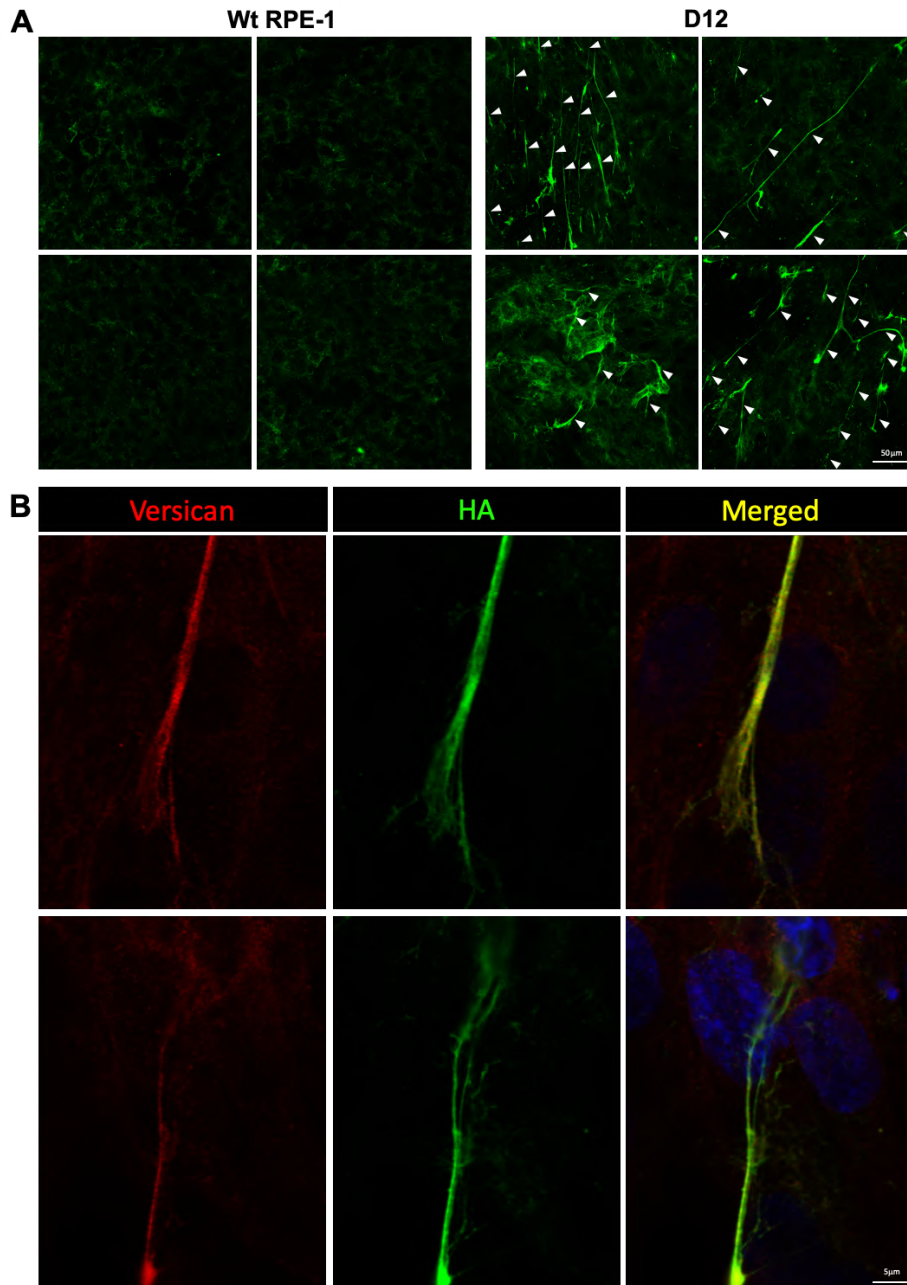
Supplemental Figure 8



Supplemental Figure 8: Formation of vascular and blood lineages is impaired in *Vcan*-null embryoid bodies.

(A-F) 10-day differentiated embryoid bodies from three independent experiments were analyzed by RT-qPCR. *Has2* transcription in embryoid bodies was unaffected by the loss of versican. mRNA for the mesoderm marker *Brachyury* was significantly lower in F9 but not in D8 embryoid bodies contrasting with *Vcan*^{hdf/hdf} embryos (main Fig. 3E). Expression of the hematovascular progenitor marker *Flk1*, blood lineage commitment progenitor markers *Itga2b* (CD41) and *Runx1*, differentiated blood markers *Hbb* (β-globin), *Gata1* and *Ptprc* (CD45) and endothelial marker *Pecam1* (CD31) was reduced in *Vcan*-null embryoid bodies (N=3 independent batches of 10 day embryoid bodies from each genotype, error bars= S.E.M., *, p<0.05; **, p<0.01; ***, p<0.0001).

Supplemental Figure 9

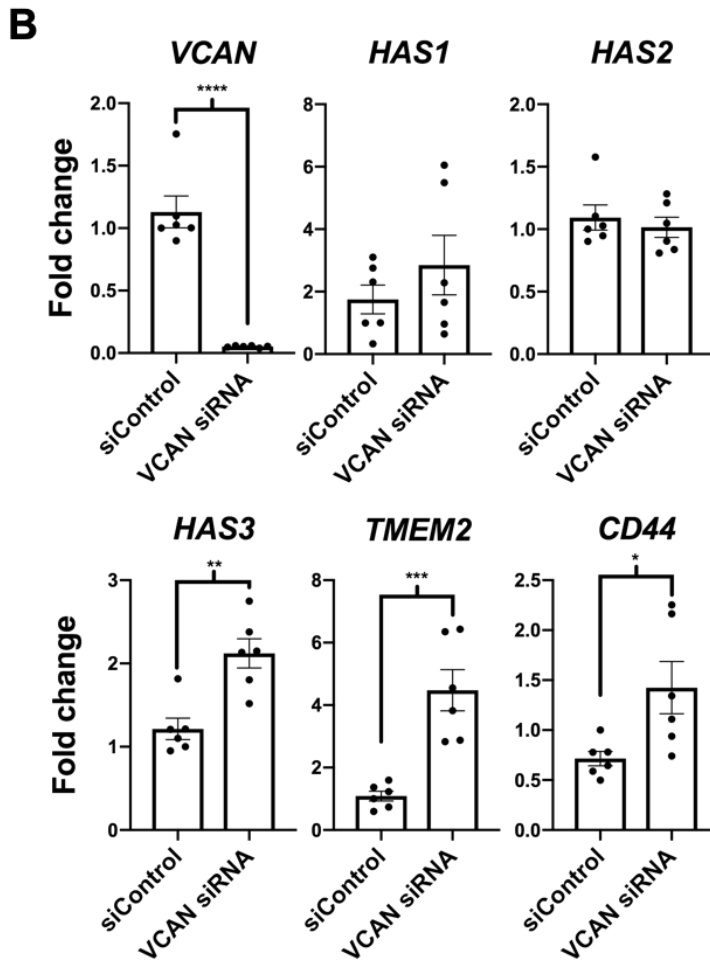
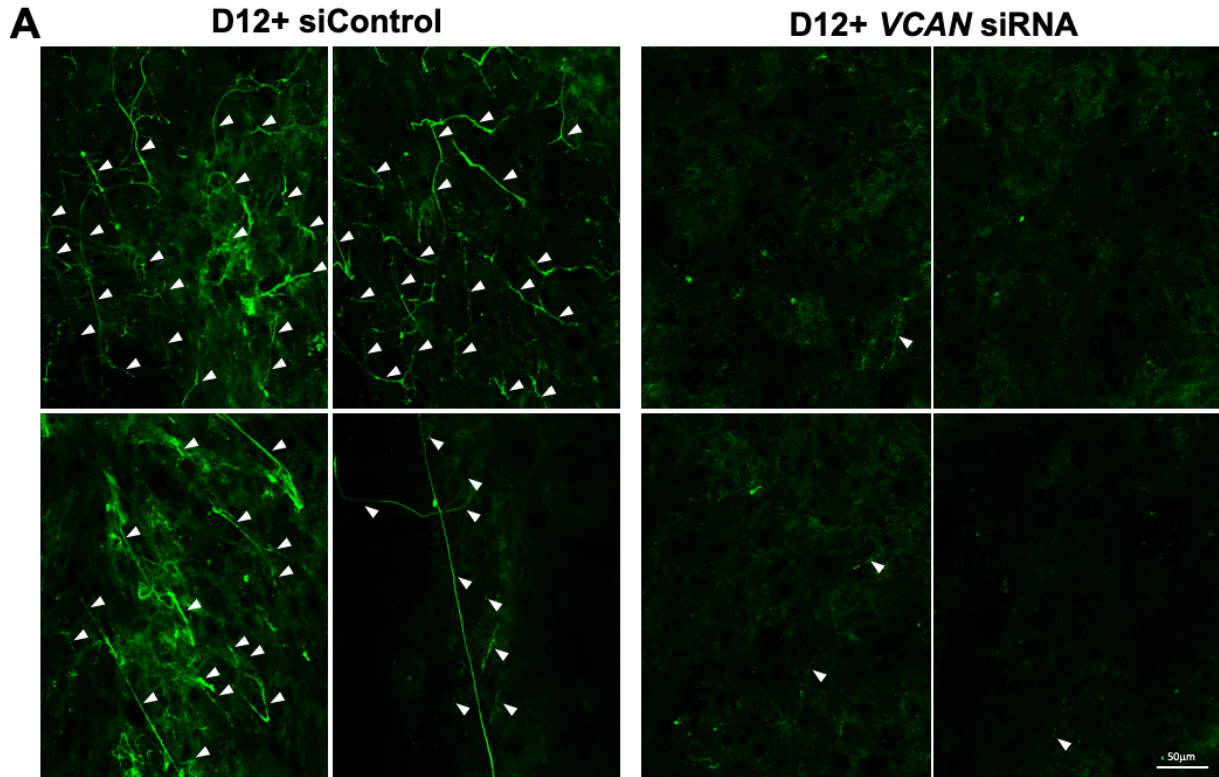


Supplemental Figure 9: Formation of hyaluronan and HA cables in *ADAMTS9* deficient RPE-1 cells in 25mM glucose

(A) Four independent representative areas of wild type RPE-1 and *ADAMTS9* deficient RPE-1 (D12) cell cultures stained with HAbp showing HA accumulation and numerous long HA-cables present in D12 cultures, but not parental RPE1 cells (white arrowheads).

(B) High-magnification confocal images showing two examples of long HA cables (green) decorated with versican (red). Scale bars = 50µm in A and 5µm in B.

Supplemental Figure 10

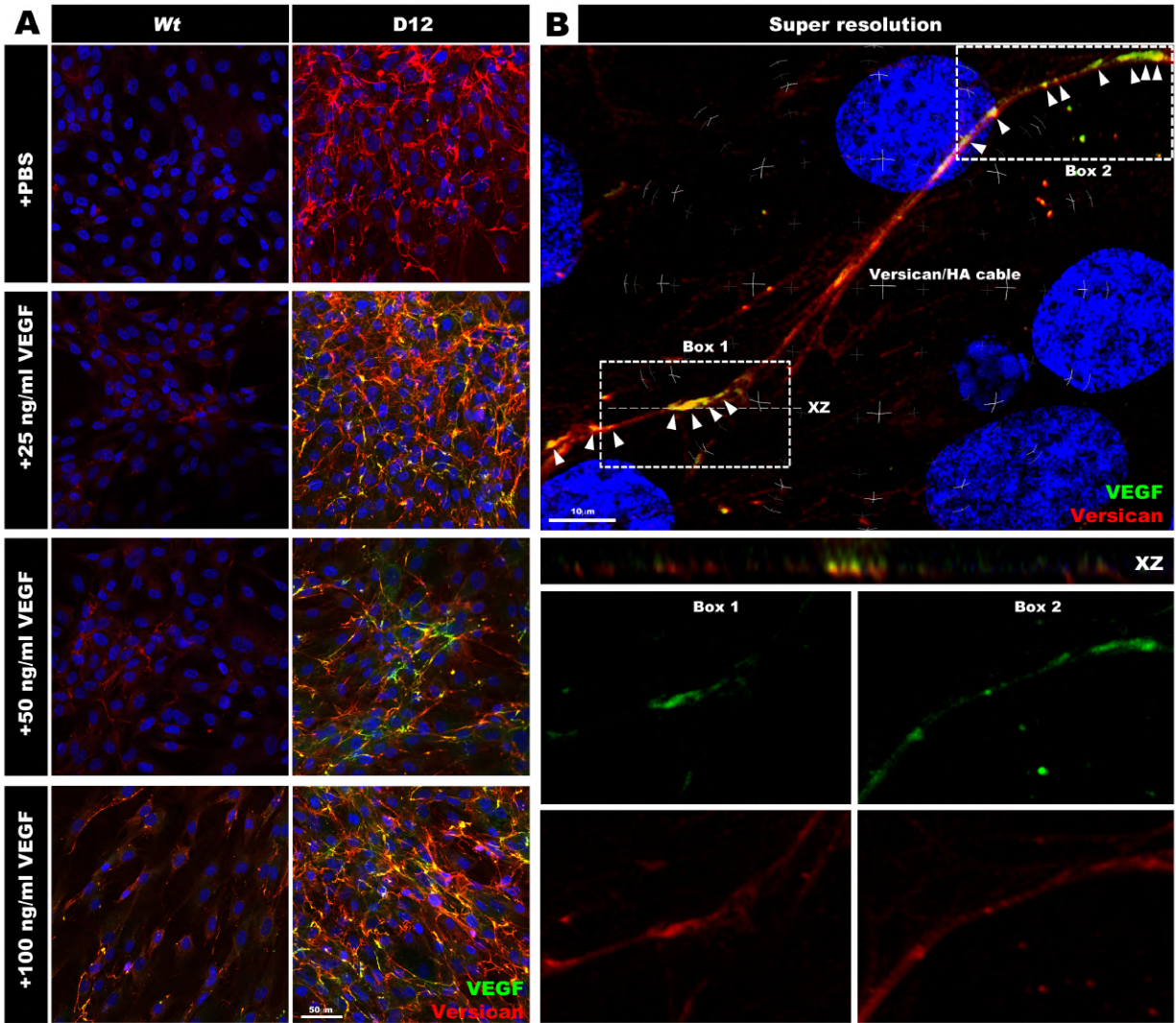


Supplemental Figure 10: Loss of HA and HA cables in *ADAMTS9*-deficient RPE-1 cells upon *VCAN* siRNA treatment

(A) Four independent representative areas of *ADAMTS9*-deficient RPE-1 (clone D12) cell cultures transfected with control siRNA (siControl) or *VCAN* siRNA, stained with HAfp showing loss of HA after *VCAN* knockdown, whereas HA-cables persist in siControl-treated D12 cells (white arrowheads).

(B) RT-qPCR of siControl and *VCAN* siRNA treated D12 cells showing decreased *VCAN* transcript levels upon siRNA treatment and upregulation of *HAS3*, *CD44* and *TMEM2* expression (n=3 independent siRNA treatment experiments, error bars= S.E.M., *, p<0.05; **, p<0.01; ***, p<0.001; ****, p<0.0001). Scale bar = 50µm in **A**.

Supplemental Figure 11

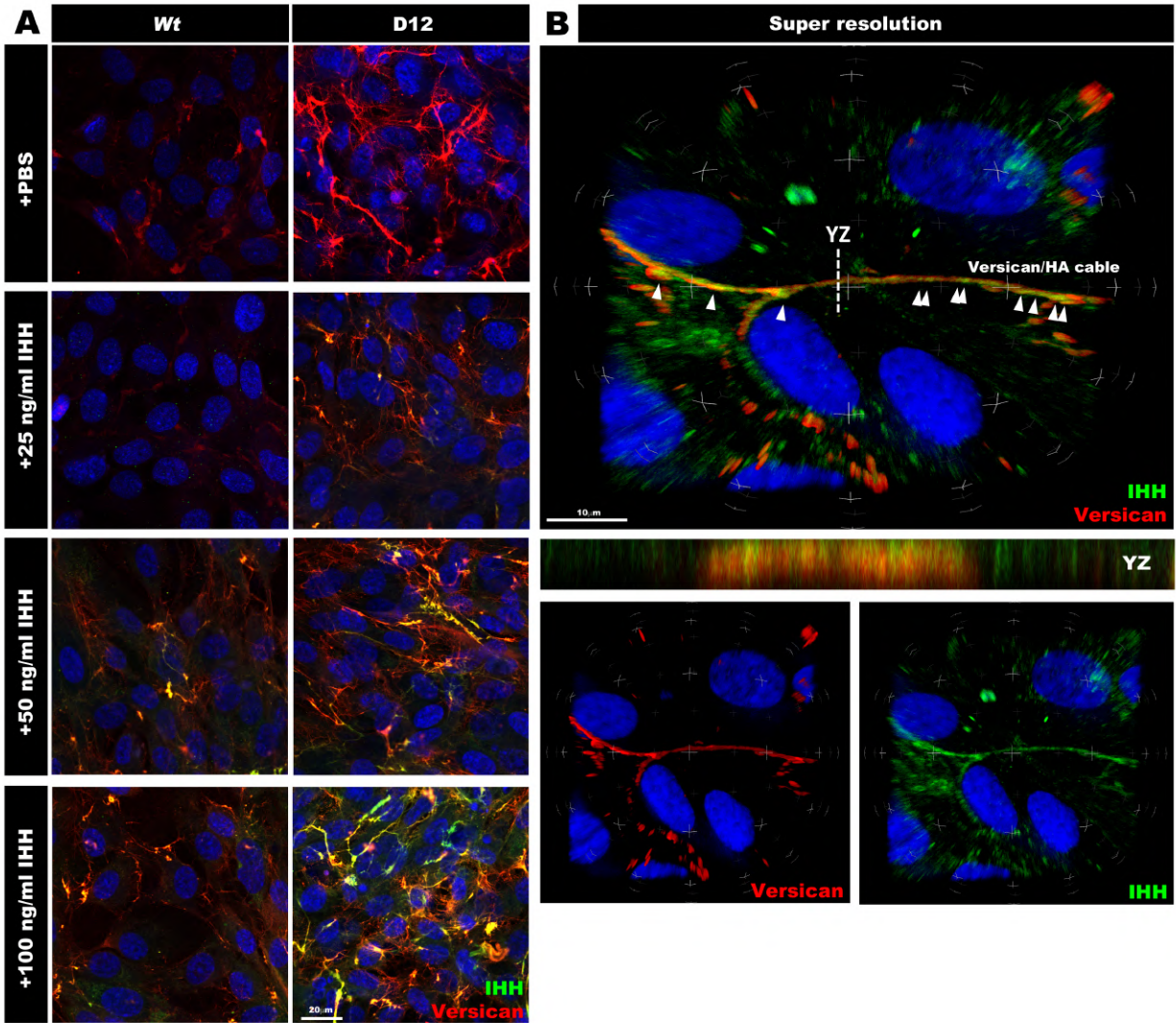


Supplemental Figure 11: VEGF₁₆₅ co-localizes with versican in extracellular matrix of RPE-1 D12 cells in a dose-dependent manner

(A) Wild type RPE-1 and *ADAMTS9*-deficient RPE-1 (D12) cells treated with PBS or increasing concentrations of recombinant biotinylated VEGF₁₆₅ (green) showing dose-dependent VEGF staining intensity and colocalization with versican (red) in D12 cells.

(B) Super-resolution confocal images of a long versican/HA cable showing patches of VEGF₁₆₅ (green) deposited along the versican stained cable (red). Nuclei are stained blue with DAPI. The upper merged panel shows some strongly co-staining regions (arrowheads), whereas the center panel shows co-staining in the X-Z plane. The lower panels show the single-color images of the areas marked as Box 1 and Box 2 in the upper panel. Scale bars = 50 μm in **A** and 10 μm in **B**.

Supplemental Figure 12



Supplemental Figure 12: Ihh co-localizes with versican in extracellular matrix in a dose-dependent manner.

(A) Wild type RPE-1 and *ADAMTS9* deficient (D12) cells treated with PBS or increasing concentrations of recombinant Ihh N-terminal domain (green) showing dose-dependent deposition and increased co-staining (yellow) with versican (red) in D12 cells. Nuclei are stained blue with DAPI.

(B) Super-resolution confocal image of a versican and HA-bp-stained cable showing Ihh staining (green) along a versican stained cable (red). Strongly co-stained regions are indicated by arrowheads. The center panel shows the Y-Z plane. Bottom panels show single-color images of the area imaged in the upper panel. Scale bars = 20 μ m in **A** and 10 μ m in **B**.

Supplemental Table 1: Oligonucleotide primers used for RT-qPCR.

<i>18S-F</i>	5'-TTGACGGAAGGGCACCACCAG-3'
<i>18S-R</i>	5'-GCACCACCACCCACGGAATCG-3'
<i>Actb-F</i>	5'-GTGGGCCGCTCTAAGGCACCA-3'
<i>Actb-R</i>	5'-TGGCCTTAGGGTGCAGGGGG-3'
<i>Brachyury-F</i>	5'-GCTCTAAGGAACCACCGGTCATC-3'
<i>Brachyury-R</i>	5'-ATGGGACTGCAGCATGGACAG-3'
<i>Myc-F</i>	5'-TGACCTAACTCGAGGAGGAGCTGGAATC-3'
<i>Myc-R</i>	5'-AAGTTTGAGGCAGTTAAAATTATGGCTGAAGC-3'
<i>Fn1-F</i>	5'-GTCTAGGCCGAAGGCAATGG-3'
<i>Fn1-R</i>	5'-CCTATAGGATGTCCGGGTGT-3'
<i>Flk1-F</i>	5'-ACTGCAGTGATTGCCATGTTCT-3'
<i>Flk1-R</i>	5'-TCATTGGCCCGCTTAACG-3'
<i>Gata1-F</i>	5'-AGCCTATTCTTCCCCCAAGTTTC-3'
<i>Gata1-R</i>	5'-CTCCACAGTTCACACACTCTCTGG-3'
<i>Has2-F</i>	5'-GGTCCAAGTGCCTTACTGAAAC-3'
<i>Has2-R</i>	5'-TGTAGAGCCACTCTCGGAAGTA-3'
<i>Hbb-F</i>	5'-GCTCTTGCCTGTGAACAATG-3'
<i>Hbb-R</i>	5'-GTCAGAAGACAGATTTTCAAATG-3'
<i>Itga2b-F</i>	5'-GAACCTGGAAGAAGCTGGCG-3'
<i>Itga2b-R</i>	5'-CTCCACTGTGGCTTCAGCTTG-3'
<i>Nanog-F</i>	5'-GGTTGAAGACTAGCAATGGTCTGA-3'
<i>Nanog-R</i>	5'-TGCAATGGATGCTGGGATACTC-3'
<i>Oct4-F</i>	5'-TCAGGTTGGACTGGGCCTAGT-3'
<i>Oct4-R</i>	5'-GGAGGTTCCCTCTGAGTTGCTT-3'
<i>Pecam1-F</i>	5'-CTGCCAGTCCGAAAATGGAAC-3'
<i>Pecam1-R</i>	5'-CTTCATCCACCGGGGCTATC-3'
<i>Ptprc-F</i>	5'-GAACATGCTGCCAATGGTTCT-3'
<i>Ptprc-R</i>	5'-TGTCCACATGACTCCTTTCC-3'
<i>Runx1-F</i>	5'-GACCATCACCGTCTTTACAAATC-3'
<i>Runx1-R</i>	5'-TTGGTCTGATCATCTAGTTTCTGC-3'
<i>Sox2-F</i>	5'-GCACATGAACGGCTGGAGCAACG-3'
<i>Sox2-R</i>	5'-TGCTGCGAGTAGGACATGCTGTAGG-3'
<i>Tmem2-F</i>	5'-TCCTGGAGAAGCCAGAACTCAC-3'
<i>Tmem2-R</i>	5'-AGATGCACTGGCGTTGGTCGTT-3'
<i>GAPDH-F</i>	5'-AGCCTCAAGATCATCAGCAATG-3'
<i>GAPDH-R</i>	5'-CTTCCACGATACCAAAGTTGTCAT-3'
<i>CD44-F</i>	5'-CCAGAAGGAACAGTGGTTTTGGC-3'
<i>CD44-R</i>	5'-ACTGTCCTCTGGGCTTGGTGTT-3'

<i>HAS1-F</i>	5'-CTGCGATACTGGGTAGCCTTCA-3'
<i>HAS1-R</i>	5'-CCAGGAACTTCTGGTTGTACCAG-3'
<i>HAS2-F</i>	5'-CCGATAACAGAAAATCTCTTTTTC-3'
<i>HAS2-R</i>	5'-AGCAGCCCATTGAACCAGAGAC-3'
<i>HAS3-F</i>	5'-AGCACCTTCTCGTGATCATGC-3'
<i>HAS3-R</i>	5'-TCCTCCAGGACTCGAAGCATCT-3'
<i>TMEM2-F</i>	5'-ACCGAGCACATTCCAACCTACCG-3'
<i>TMEM2-R</i>	5'-GGCAGAGATGATTGAGAGGAACG-3'

SUPPLEMENTAL METHODS

Mouse genotyping

Vcan^{Tg(Hoxa1)1Chm} (*Vcan*^{hdf}) genotyping is described in Supplemental Figure 1. *Has2*^{fllox} genotyping was carried out using the following primers; forward primer: 5'-TGCAGAATTTAGGGGCGAATTGGGAGCTAA-3', reverse primer: 5'-ATGAGGTTAGAGATTAGCAAGACTGAGTTC-3' which results in a 441 bp band for wild type and a 550 bp band for the floxed allele. *Sox2Cre* mice were genotyped using the following three-primer combination, primer-1: 5'-CTTGTGTAGAGTGATGGCTTGA-3', primer-2: 5'-TAGTGCCCCATTTTTGAAGG-3', primer-3: 5'-CCAGTGCAGTGAAGCAAATC-3' which results in a 207 bp band for wild type and a 165 bp band for *Sox2Cre*. The *Has2* null allele was genotyped using forward primer: 5'-CTTGAACCTTGAGTGTGCCATTTTGTAGTC-3' and reverse primer: 5'-CATTCTTGTTTTGAAGTTTGTTCCTTGAC-3' which results in a 346 bp band.

Immunostaining and fluorescence microscopy

Immunostaining of E9.5 and E8.5 yolk sac was carried out on 30µm thick vibratome sections [1] or paraffin-embedded 7 µm sections. Immunostaining of cultured RPE-1 cells were carried out in 8-chamber cell culture slides (Fisher Scientific, catalog no. 354118). Immunostaining of collagen-embedded embryoid bodies were carried out in 4-chamber cell culture slides (Fisher Scientific, catalog no. 354114). Confocal microscopy images of whole mount mouse embryos and sections were acquired using a Leica TCS SP5 II multiphoton confocal microscope equipped with a 25X water immersion objective (Leica Microsystems, Wetzlar, Germany). For 3D-projection of whole mount Z-stacks, the Volocity 3D imaging software was used (version 6.3, PerkinElmer, Inc., Waltham, MA) in maximum intensity projection method. Confocal and super resolution microscopy of RPE-1 cells were carried out using a Leica TCS SP8 confocal microscopy equipped with Huygens deconvolution (HyVolution) capability as previously described [2] .

Methylcellulose colony formation assay

Single cell suspensions of E8.5 embryos, yolk sacs or day-10 embryoid bodies (EBs) were generated by incubation with trypsin for 10 minutes followed by disaggregation by pipetting with a 200 μ L pipette tip until complete. 50,000 cells from each experimental group were transferred to a single 35 mm culture dish containing 1 mL of MethoCult GF M3534 culture medium (Methylcellulose medium with recombinant cytokines for mouse cells, Stem Cell Technologies, Vancouver, CA, catalog no. 03534) using a 3 mL syringe and 16-gauge needle, following the manufacturer's protocol. Triplicate cultures from each genotype were incubated for 14 days in a humidified, 5% CO₂, 37°C cell culture incubator. Blood colonies were counted using an inverted microscope. Aggregates with >50 cells were considered a colony-forming unit (CFU).

Primary antibodies and dilutions

For staining whole mount embryos, yolk sacs, vibratome sections and cell culture chamber slides the following antibodies, staining reagents and dilutions were used: Rabbit polyclonal anti-mouse versican GAG β domain (Millipore-Sigma, catalog no. AB1033) 1:200; Rabbit polyclonal anti-versican cleavage site (anti-Vc) [3] 1:400; Rabbit polyclonal anti-versican V₀/V₁ neo cleavage antibody (DPEAAE) (Thermo Fisher, catalog no. PA1-1748A) 1:400; biotinylated hyaluronan binding protein (HAbp) (Millipore-Sigma, Calbiochem, catalog no. 385911) 1:100; rabbit polyclonal anti-fibronectin (Abcam, catalog no. Ab2413) 1:200; rabbit polyclonal anti-collagen-IV (Rockland antibodies and assays, catalog no. 600-401-106) 1:400; rat monoclonal anti-mouse Flk1 (clone Avas12, Thermo Fisher, catalog no. 17-5821-81) 1:200; hamster anti-mouse CD31 (Millipore-Sigma, catalog no. MAB1398Z) 1:400; FITC-conjugated anti-mouse CD41 (Biolegend, catalog no. 133904) 1:100; mouse monoclonal Cy3 conjugated smooth muscle α -actin (Sigma-Aldrich, catalog no. C6198) 1:600; Alexa Fluor-568 phalloidin (Life Technologies, catalog no. A12380) 1:500; Streptavidin-FITC (Invitrogen, catalog no. SA1001) 1:400; Goat anti-mouse Ihh N-terminus (R&D Systems, catalog no. AF1705) 1:400; Mouse anti-Hapln1 (Link protein) (DSHB, 9/30/8-A-4-C) 1:100. All primary antibodies were diluted in 5% normal goat serum in PBST (PBS+ 0.1% Tween 20) and incubated overnight at 4°C. Alexa488, 568 or 647-conjugated secondary

antibodies against the corresponding species, or streptavidin conjugated Alexa488 or 568-labeled antibodies for HAbp detection were purchased from Invitrogen and were used at 1:400 dilution at room temperature for 2-3hrs. Slides were photographed using an Olympus BX51 upright microscope (Olympus, Center Valley, PA) connected to a Leica DFC7000T camera and Leica Application Suite v4.6 imaging software (both from Leica, Wetzlar, Germany).

Real time quantitative PCR (RT-qPCR) analysis

RNA from whole embryos, dissected yolk sacs, cultured cells or EBs was extracted using TRIzol reagent (ThermoFisher Scientific, catalog no. 15596026) according to manufacturer recommendations. 2 μ g of RNA from each sample (embryo, yolk sac or EB pool) was used for cDNA synthesis using the high-capacity cDNA synthesis kit (Applied Biosystems, Thermo Fisher Scientific, catalog no. 4368814). RT-qPCR was carried out using a CFX96 Touch Real-Time PCR detection system (Bio-Rad Laboratories) with the Bullseye EvaGreen qPCR mix (MIDSCI, catalog no. BEQPCR-S), using primer pairs listed in the Supplemental Table-1. Each RT-qPCR sample was run in duplicate and 18s ribosomal RNA or *Actb* RNA were used for normalization of mouse genes while *GAPDH* was used for normalizing human gene expression and relative expression of genes was calculated by the $\Delta\Delta$ Ct quantification method. An unpaired, two-tailed Student t-test was used to determine statistical significance using all RT-qPCR samples.

RNAscope *In-situ* hybridization and RNAseq database mining

4% PFA-fixed mouse embryos and yolk sacs were paraffin embedded and 7 μ m thick sections were collected immediately prior to RNA in-situ hybridization. All RNAscope in situ probes and reagents were from Advanced Cell Diagnostics. The probes were: *Vcan* exon 7 (GAG- α) (catalog no. 428311), *Vcan* exon 8 (GAG- β) (catalog no. 428321), *Has2* (catalog no. 465171), *Flk1* (*Kdr*) (catalog no. 414811) and *Runx1* (catalog no. 406671). In situ hybridization was carried out following the user manual for RNAScope 2.5 HD Red detection kit using the RNAscope HybEZ oven. Slides were photographed as described above.

A database containing recent analysis of 116,312 single cells (Pijuan-Sala B, et al., 2019) obtained from gastrulating mouse embryos spanning E6.5 to E8.5 was searched at specific gestational ages for expression of *Vcan*, *Kdr*, *Has2*, *Hapln1-4* and *Cd44*. Individual data panels were generated by the web portal for the deposited scRNAseq data accessed via: <https://marionilab.cruk.cam.ac.uk/MouseGastrulation2018/>

Western blotting

7.5% reducing SDS-PAGE was used for western blotting. Embryoid bodies were lysed in PBS containing 1% Tween 20 supplemented with a protease inhibitor cocktail (Roche, catalog no. 11873580001). Supernatants obtained after centrifugation at 1200 rpm for 10 minutes were treated with BSA-free *Proteus vulgaris* chondroitinase ABC (Sigma-Aldrich, catalog no. 3667) for 2 h at 37°C. Samples were boiled in Laemmli sample buffer (0.375% mM Tris.HCL, 9% SDS, 50% glycerol, 0.03% bromophenol blue, with 9% (v/v) β -mercaptoethanol) for 10 minutes followed by SDS-PAGE. Nitrocellulose membranes with transferred proteins were blocked in LI-COR Odyssey PBS blocking buffer (LI-COR Biosciences, Lincoln, NE catalog no. 927-40000) for 30 minutes in RT. Primary antibodies rabbit anti-mouse versican (GAG β) antibody (1:1000) (Millipore-Sigma, catalog no. AB1033) or mouse monoclonal GAPDH antibody (1:5000) (Millipore-Sigma, catalog no. MAB374) were diluted in blocking buffer and incubated overnight at 4°C with gentle rocking. LI-COR IR dye secondary antibodies against mouse and rabbit antibodies (LI-COR Biosciences, Lincoln, NE) were used at 1:10000 dilutions in PBS to detect primary antibodies. A LI-COR Odyssey CLx scanner and the LI-COR Image Studio (ver. 4.0) was used to image western blots.

Fluorophore-assisted carbohydrate electrophoresis

FACE procedures used were essentially as previously published [4-6]. In brief, tissue was extensively digested with proteinase K and released glycosaminoglycans (GAGs) were isolated by ice-cold ethanol precipitation and centrifugation. GAGs were resuspended in 0.1 M ammonium

acetate, pH 7.0 and then digested overnight with *Streptomyces* hyaluronidase (200 mU) at 37° C for HA-FACE. HA digestion products were separated from other intact GAGs using ice-cold ethanol precipitation and centrifugation. The supernatant was then dried under vacuum centrifugation and reacted with 6.25 mM 2-aminoacridone (AMAC) and 625 mM sodium cyanoborohydride (NaBH₃CN) overnight at 37° C. The pellet was resuspended in 0.1 M ammonium acetate, pH 7.0 and then digested overnight with chondroitinase ABC (25 mU) at 37° C for CS-FACE. CS digestion products were separated from other intact GAGs using ice-cold ethanol precipitation and centrifugation. The supernatant was then dried under vacuum centrifugation and reacted with 6.25 mM AMAC and 625 mM NaBH₃CN overnight at 37° C. AMAC-labeled HA and CS digestion products were loaded onto 20% (w/v) acrylamide gels and these products were resolved by electrophoresis at 500 V constant current over a 50-60 minute run time. FACE gels were imaged while still housed in the gel plates on a UVP ChemiDoc-It² 515 system. Digital gel images were analyzed for AMAC-labeled HA and CS digestion product band intensities using ImageJ (NIH, Bethesda MD).

Transmission electron microscopy

E9.5 yolk sacs were harvested from timed pregnancies and fixed in 4% PFA + 2.5% glutaraldehyde in PBS overnight. Samples were dehydrated in an ethanol:PBS gradient and fully dehydrated samples were embedded in pure Eponate12 resin and allowed to polymerize overnight. Ultrathin sections (85 nm) were stained with uranyl acetate and lead citrate and viewed and imaged on a FEI Tecnai G2 Spirit BioTWIN Transmission Electron Microscope (FEI company, Hillsboro, OR) equipped with an Orius 832 CCD camera (Gatan, Inc., Pleasanton, CA).

Some E8.5 embryos were fixed in 4% PFA + 2.5% glutaraldehyde + 0.7% w/v ruthenium hexamine trichloride (Sigma-Aldrich, catalog no. 262005) in PBS overnight to optimize proteoglycan and cell membrane preservation [7] and embedded in Eponate 12 resin as described above. 1 micron-thick sections were stained with 1% toluidine blue containing 2% sodium borate for 30 seconds on a hot plate and washed with distilled water. Slides were mounted

with Cytoseal XYL mounting media (ThermoFisher Scientific, catalog no. 22-050-262) and imaged as described for routine microscopy.

VEGF₁₆₅ and Ihh treatment of RPE-1 cells

Wild type hTERT RPE-1 (ATCC, CRL-4000) cells and ADAMTS9 deficient RPE-1 cells [2] were cultured in 8-chamber cell culture slides (Fisher Scientific, catalog no. 354118) with a seeding density of 50,000 cells/chamber in DMEM F-12 culture medium containing 10% FBS for 48 hrs and washed with PBS and cultured in DMEM F-12 culture medium without FBS for an additional 24hrs in a cell culture incubator at 37C with 5% CO₂. Cells were cultured in DMEM F-12 medium containing 25, 50, 100 ng/ml recombinant human biotinylated VEGF₁₆₅ (R&D Systems, Cat. No. BT293-010) or recombinant human/mouse Ihh N-terminus (C2811) (R&D Systems, Cat. no. 1705-HH-025) for 6hrs. Cells were washed three times with PBS and fixed in 4% PFA. For versican depletion experiments, a previously validated highly potent *VCAN* siRNA (Ambion, Cat. no. S229335) [8-10], or control siRNA (Ambion, cat. no. 4390843) were added to the cell cultures 24 hrs after seeding using the Lipofectamine RNAiMAX protocol (Invitrogen, Cat. no. 13778) and cultured for 24 hrs prior to serum starvation and growth factor treatment. For treatment with chondroitinase ABC (0.2 U/ml in PBS, Sigma-Aldrich, Cat. no. C3667), cells were incubated overnight prior to the addition of recombinant VEGF₁₆₅ or Ihh. For co staining, recombinant VEGF₁₆₅ was detected using Streptavidin FITC (1:400, Invitrogen, SA1001), recombinant Ihh using anti mlhh-N antibody (1:400, R&D Systems, Cat. no. AF1705) and versican using the pVC antibody at a 1:400 dilution as previously described [2, 3]. Fixed cell culture chambers were blocked and incubated with primary antibodies in 5% normal goat serum for VEGF₁₆₅ experiments and 5% normal horse serum (Sigma-Aldrich, Cat. no. H0146-10ml) for Ihh experiments. Goat anti rabbit Alexa-568 secondary antibody (Invitrogen, Cat. no. A11011) and donkey anti goat Alexa-488 (Invitrogen, Cat. no. A11055) secondary antibodies were used at 1:600 dilution for detecting versican and Ihh primary antibodies. Super-resolution confocal microscopy was conducted as previously described [2].

Embryoid body formation and VEGF₁₆₅ induced angiogenic-sprouting

mESCs were cultured for two days till 100% confluent, gently washed with PBS and incubated with IMDM without LIF for an additional 48 h. IMDM without LIF was used in subsequent manipulations to form EBs. The medium was removed and 250 μ L of trypsin was added to each plate and aspirated after a 30 second incubation, leaving a thin film of trypsin. Upon detachment and rounding of cells, 1 mL of IMDM was added to each plate, and a small pipette tip was used to generate small aggregates mechanically from the mESC sheet. The aggregates were transferred to 60 mm (non-adhesive) bacteriological dishes (Corning, catalog no. 351007) containing 5 mL of IMDM, where most curled and formed free-floating spheroids after 24 hrs. These 1-day EBs were transferred to a fresh bacteriological dish with 5 mL of IMDM and cultured for an additional 3 days. Ten to twenty 4-day old EBs from each genotype were transferred to a 4-well chamber (Fisher Scientific, catalog no. 354114) and embedded in bovine type 1 collagen (Corning, catalog no. 354231) containing 30 ng/mL recombinant VEGF₁₆₅ (PreproTech, catalog no. 100-20). 500 μ L IMDM containing 30 ng/mL recombinant VEGF₁₆₅, was added atop each collagen gel and replaced every 4 days for a further 12 days. The collagen-embedded EBs were washed with PBS and fixed in 4% PFA for 15 min, permeabilized by three washes in PBS containing 0.3% Tween 20 for 30 minutes prior to immunostaining with anti-CD31 or anti-smooth muscle α -actin (SMA). For RT-qPCR, EBs in floating culture were incubated for 10 days (day-10 EBs). 300 μ L of TRIzol reagent (ThermoFisher scientific, catalog no. 15596026) was used to harvest total RNA from each 60 mm plate.

Embryoid body vascular sprout quantifications

For quantifying EB vascular sprouts, collagen-embedded, fixed embryoid bodies in 4-chamber slides were imaged using an inverted bright field microscope. Images were analyzed by Image J-FIJI (NIH, Bethesda, MD), and the freehand drawing tool was used to trace the length of individual vascular sprouts. A total N= 72 wild type, 68 D8 and 68 F9 EBs were analyzed in 3

independent experiments. Lengths of 402 sprouts from wild type, 91 from D8 and 97 from F9 EBs were measured.

KEY RESOURCES TABLE

REAGENT or RESOURCE	SOURCE	IDENTIFIER
Primary antibodies		
Hamster monoclonal anti-mouse CD31	Millipore-Sigma	MAB1398Z
Rabbit polyclonal anti-versican	Millipore-Sigma	AB1033
Rabbit polyclonal anti-versican (pVC)	Apte Laboratory	N/A
Rabbit polyclonal anti-versican V_0/V_1 Neo cleavage (DPEAAE) antibody	Thermo Fisher	PA1-1748A
Rabbit polyclonal anti-fibronectin	Abcam	Ab2413
Rabbit polyclonal anti-collagen-IV	Rockland antibodies and assays	600-401-106
Rat monoclonal anti-mouse Flk1 (clone Avas12)	Thermo Fisher	17-5821-81
Rat monoclonal anti-mouse CD41	Biologend	133904
Mouse monoclonal anti-smooth muscle α -actin	Sigma-Aldrich	C6198
Mouse monoclonal anti-GAPDH	Millipore-Sigma	MAB374
Goat anti-mouse IHH N-terminus antibody	R&D Systems	AF1705
Mouse monoclonal anti-HAPLN1 (Link protein)	DSHB	9/30/8-A-4-C
Bacterial and Virus Strains		
One shot TOP10 chemically competent <i>E. coli</i> cells	Thermo Fisher	K280020
Biological Samples		
N/A	N/A	N/A
Chemicals, Peptides, and Recombinant Proteins		
Leukemia inhibitory factor (LIF)	EMD-Millipore	ESG1106
Recombinant VEGF ₁₆₅	PreproTech	100-20
Recombinant biotinylated VEGF ₁₆₅	R&D Systems	BT293-010
Recombinant human/mouse Ihh N-terminus	R&D Systems	1705-HH-025
Bovine type 1 collagen	Corning	354231
<i>Proteus vulgaris</i> chondroitinase ABC	Sigma-Aldrich	3667
Biotinylated hyaluronan binding protein (HAbp)	Millipore-Sigma, Calbiochem	385911
Alexa Fluor-568 phalloidin	Invitrogen	A12380
Streptavidin-FITC	Invitrogen	SA1001
Ruthenium hexamine trichloride	Sigma-Aldrich	262005
Protease inhibitor cocktail	Roche	11873580001
Critical Commercial Assays		
RNAscope mouse <i>Vcan</i> exon 7 (GAG- α) probe	Advanced Cell Diagnostics	428311
RNAscope mouse <i>Vcan</i> exon 8 (GAG- β) probe	Advanced Cell Diagnostics	428321
RNAscope mouse <i>Has2</i> probe	Advanced Cell Diagnostics	465171
RNAscope mouse <i>Kdr</i> (Flk1) probe	Advanced Cell Diagnostics	414811

RNAscope mouse <i>Runx1</i> probe	Advanced Cell Diagnostics	406671
MethoCult GF M3434	Stem Cell Technologies	03434
Bullseye EvaGreen qPCR mix	MIDSCI	BEQPCR-S
Deposited Data		
N/A	N/A	N/A
Experimental Models: Cell Lines		
R1 mouse embryonic stem cells (mESC)	CWRU Transgenic & Targeting Facility	[11] ATCC, SCRC-1011
Experimental Models: Organisms/Strains		
Mouse: <i>Vcan</i> ^{Hdf/+} ; <i>Vcan</i> ^{Tg(Hoxa1)¹Chm} /C57BL/6J	N/A	MGI:1857689 [12]
Mouse: <i>Has1</i> ^{-/-} ; <i>Has3</i> ^{-/-} double knockout	N/A	[13]
Mouse: <i>Has2</i> ^{tm1.1Yama} allele	N/A	MGI:4360705 [14]
Mouse: <i>Sox2Cre</i> ^{tg}	N/A	JAX:008454 [15]
Oligonucleotides		
See Supplemental Table 1 for RT-qPCR primers	This paper	N/A
<i>VCAN</i> siRNA	Ambion	S229335
Control siRNA	Ambion	4390843
Recombinant DNA		
mVcan-E2-U6gRNA-Cas9-2A-GFP	Sigma-Aldrich	target ID MM0000080027
mVcan-E3-U6gRNA-Cas9-2A-GFP	Sigma-Aldrich	target ID MM0000080028
pCR-Blunt II-TOPO	Life Technologies	K2800-40
Software and Algorithms		
LI-COR Image Studio (ver. 4.0)	LI-COR	N/A
Volocity 3D imaging software (ver. 6.3)	PerkinElmer	N/A
Image J	NIH	https://imagej.nih.gov/ij/
Other		
N/A		

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