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7 **Pluripotent stem cell SOX9 and INS reporters facilitate**
8 **differentiation into insulin-producing cells**

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44 **Abstract**

45 Differentiation of human pluripotent stem cells into insulin-producing stem cell-derived beta
46 cells harbors great potential for research and therapy of diabetes. The SOX9 gene plays a
47 crucial role during development of the pancreas and particularly in the development of
48 insulin-producing cells as SOX9⁺ cells form the source for NEUROG3⁺ endocrine progenitor
49 cells. For the purpose of easy monitoring of differentiation efficiencies into pancreatic
50 progenitors and insulin-producing cells, we generated new reporter lines by knocking in a
51 P2A-H-2K^k-F2A-GFP2 reporter genes into the *SOX9* locus and a P2A-mCherry reporter gene
52 into the *INS* locus mediated by CRISPR/CAS9-technology. The knock-ins enable co-
53 expression of the endogenous genes and reporter genes, report the endogenous gene
54 expression and enable the purification of pancreatic progenitors and insulin-producing cells
55 using FACS or MACS. Using these cell lines we established a new differentiation protocol
56 geared towards SOX9⁺ cells to efficiently drive human pluripotent stem cells into glucose-
57 responsive beta cells.

58

59 **Introduction**

60 The SOX9 protein belongs to a large family of high-mobility domain transcription factors
61 with pleiotropic functions during vertebrate development, cellular maintenance and disease
62 development [1]. In humans SOX9 haploinsufficiency leads to campomelic dysplasia with
63 pancreatic dysmorphogenesis [2]. This evidence and other results from several transgenic
64 mouse models [3, 4] have led to the conclusion that SOX9 belongs to the group of master
65 regulators of pancreatic development [1].

66 SOX9 expression during the initial forming of the dorsal and ventral pancreatic buds strongly
67 co-localizes with PDX1 in mouse and man [4, 5]. In mice, when the early unpolarized
68 epithelium branches into a plexus with proximal trunk and distal tip domains, Sox9 is
69 expressed co-localized with Cpa1 and Pdx1 in the tip domain or with Nkx6.1 and Pdx1 in the
70 trunk domain [4]. The distal tip domain is considered as the cellular pool for acinar
71 differentiation, whereas the proximal trunk domain harbors the development niche for
72 bipotent ductal/endocrine precursor cells [6]. Bipotent precursor then give rise to Neurog3+
73 cells. Later, during mid second transition, Sox9 expression is receding from the tip domain
74 and becomes restricted to the proximal trunk cells. By late gestation and in adults Sox9
75 expression is confined to centroacinar and ductal cells [1, 4].

76 Thus, SOX9 is an interesting target for the generation of new human pluripotent stem cell
77 (hPSC) reporter lines in order to target the development niche that gives rise to the endocrine
78 lineage. This would open up new opportunities to develop efficient differentiation protocols
79 for the generation of stem cell-derived beta cells or organoids, respectively (SC-derived beta
80 cells/SC-derived organoids). Therefore, the aims of this study were to generate two types of
81 reporter cell lines, namely a *SOX9* and a *SOX9/INS* knock-in cell line and a differentiation
82 protocol optimized towards the generation of SOX9+ MPCs.

83 For that purpose, we used CRISPR/Cas9 to knock-in reporter genes, GFP2 and the surface
84 antigen H-2K^k, in frame by homology directed repair (HDR) into the *SOX9* locus and

85 additionally mCherry into the *INS* locus. This permits monitoring and cell purification of
86 *SOX9* and *INS* expressing populations.

87 We can show that PDX1+ pancreatic-duodenal cells described in earlier studies [7, 8],
88 effectively differentiate into SOX9+ multipotent pancreatic progenitor cells (MPCs) with co-
89 expression of CPA1 or NKX6.1. By use of this triple knock-in cell line we could track the
90 conversion of SOX9 MPCs into SC-derived beta cells. In parallel, we have developed a 3D
91 differentiation protocol to efficiently generate a large number of SC-derived organoids
92 predominantly composed of monohormonal beta cells.

93

94 **Results**

95 In order to generate reporter PSC lines, a knock-in strategy based on CRISPR/Cas9-induced
96 DSBs was developed (Supplementary Table 1). A repair vector comprising 500 bp 5' and 3'
97 homology arms, two reporter genes, namely H-2K^k and GFP2, separated by 2A cleavage
98 sites, and a floxed selection gene cassette was cloned (Fig 1A). After nucleofection and
99 selection by antibiotics, pluripotent stem cell colonies with typical morphology were
100 expanded and genotyped by PCR. Correct insertion was verified by sequencing. The HES-3
101 clone SC30 and the Phoenix iPSC clone NSC20, both with homozygous integration, were
102 selected for further work. Our optimized endoderm differentiation protocol [9] robustly
103 produced > 90% CXCR4-positive cells, which were also predominantly positive for the
104 anterior foregut endoderm markers CD177 and CD275 as recently described [10]
105 (Supplementary Fig. 1A-D). Then six different protocols for differentiation of endoderm into
106 MPC were tested (Supplementary Fig. 2). Protocol # 6, which is based on our protocol for the
107 differentiation of hPSC into PDX1⁺ pancreatic-duodenal cells (Supplementary Fig. 1E) [7, 8]
108 expanded by Stage 3 and Stage 4 media from [11] was then selected and termed 2D
109 experimental differentiation protocol (Fig. 1B). This 4-stage protocol, when applied to SC30
110 and NSC20 cell clones, yielded in an expression peak of ~40-50% GFP2⁺ cells between day
111 10 and 13 of differentiation (Fig 1C). GFP2⁺ positive cells additionally expressed H-2K^k,
112 thereby allowing cell purification by either FACS or MACS (Fig 1D/Supplementary Fig. 3).
113 Next, GFP2⁺/GFP2⁻ cells were sorted by FACS and analyzed upon expression of MPC
114 marker genes. GFP2⁺ cells expressed significantly more *HNF6*, *NKX6-1*, *PDX1* and *SOX9*
115 compared to GFP2⁻ cells. Only *NEUROG3* was stronger expressed in GFP⁻ cells
116 (Fig. 1E/Supplementary Fig. 4).

117

118 SOX9 protein predominately occurred in the nucleus of GFP2+ cells and was low or absent in
119 GFP2- cells (Fig 1F). Consistently to the gene expression data, PDX1, NKX6-1 and HNF6
120 were prominently expressed in GFP2+ cells (Fig 1G). Next, surface markers described to be
121 expressed on MPCs, namely CD200 and CD142 [12] and GP2 [13], were measured by flow
122 cytometry. D12 and d15 GFP2+ cells expressed CD200 and GP2 and faintly CD142, but only
123 GP2 was differently expressed compared to GFP- cells (Fig. 1H).

124 According to the spatiotemporal expression pattern of Sox9 during pancreas organogenesis in
125 mice, we expected to detect CPA1+/SOX9+ and NKX6.1+/SOX9+ cells as representatives of
126 distal and proximal tip/trunk cells in this differentiation model. Western blot analysis showed
127 a peak CPA1 expression in d15/d18 cells. To confirm this finding we used MACS to purify
128 SOX9 MPC and further differentiated them in 2D using the stage 5-7 media described by
129 Pagliuca and co-workers [14]. Re-seeded and purified SOX9 MPC formed tight
130 clusters/colonies after cell sorting. At d15 mosaic NKX6.1 and CPA1 expressing cells were
131 readily detected and by d18 NKX6.1 was almost homogenously expressed in these colonies.
132 D18 marked also the expression peak of scattered NEUROG3+ and very few CPA1+ cells
133 (Fig. 2C). The detection of the first NEUROG3+ cells coincided with insulin and C-peptide+
134 cells, which from d18 grew out in clusters. These structures were embedded in CK19+
135 epithelial colonies. Gene expression changes of sorted and further differentiated cells are
136 presented in Supplementary figure 5. We next analyzed insulin and C-peptide content and
137 whether these SC-derived beta cells would release insulin. We also compared sorted vs non-
138 sorted differentiation experiments. Cell sorting yielded in a ~4-fold increase of insulin and C-
139 peptide content compared to non-sorted cells.

140 However, insulin release was only triggered by KCl and not by elevated glucose
141 concentrations and mean variation was high (Fig 2E). Since differentiation of hPSCs into
142 polyhormonal SC-beta cells is a common phenomenon, we double stained insulin and
143 glucagon and found to a minor extent polyhormonal cells with both hormones (Fig. 2F).

144 Next, to take advantage of the SOX9 reporter cells, we tested the impact of stage 3 and stage
145 4 media components. In a subtraction assay we compared GFP2 expression in control cells
146 cultured for 24 h in stage 3 and 72 h in stage 4 against treatments, where stage 3 was omitted
147 or individual components of stage 4 were left out (Fig 3A). The omission of stage 3 showed
148 the greatest and significant reduction of GFP2+ cells. In descending order, the number of
149 GFP2+ cells was also reduced by omitting LDN, EGF and NA from the stage 4 medium.
150 Addition of a PKC activator as used in some differentiation protocols, however, did not
151 increase the number of GFP2+ cells in our protocol. Then we titrated the amount of EGF in
152 stage 4 medium and were able to determine that the maximum of GFP2 expression was
153 reached for both cell lines from ~100 ng/ml EGF and on.

154 The SOX9 gene is controlled, amongst other mechanisms, by the FGFR2b signaling pathway
155 and by Wnt/beta-catenin signaling [15]. Therefore we compared the effects of the growth
156 factors FGF7 and FGF10, which signals through FGFR2b, and of EGF and FGF2 used in
157 other beta cell differentiation protocols at this stage of differentiation [11, 13, 14, 16]. Also the
158 effect of Wnt/beta-catenin inhibition and activation was analyzed (Fig 3C-F). Using the SC30
159 cell clone, it turned out that the incubation with 100 ng/ml EGF produced the highest number
160 of GFP2+ cells and showed the strongest expression of *PDX1*, *SOX9* and *NKX6-1*. FGF10 and
161 FGF2 at the same concentration caused a significant decrease of GFP2+ cells compared to
162 EGF (Fig. 3C). Wnt/beta-catenin activation of this pathway by CHIR99021 showed a
163 significant inhibitory effect both on the number of GFP2+ cells and on the expression of
164 *PDX1*, *SOX9*, *NKX6-1* and *NKX2-2*. Addition of the inhibitors of Wnt/beta-catenin signaling
165 IWP4 and IWR-1 did, however, not yield in a further increase of GFP2+ cells or enhanced
166 gene expression (Fig 3E/F). The same pattern was found for the NSC20 cell clone
167 (Supplementary Fig. 6A/B). Furthermore, we were able to determine a significant increase in
168 GFP2 expression from 42% to 74% for the SC30 cell clone and from 46% to 77% for the

169 NSC20 cell clone after upscaling from 2D differentiation in 12-well cavity format to 10 cm
170 culture dishes (Supplementary Fig. 6C).

171 For simplification of the monitoring process, we knocked-in mCherry into the human *INS*-
172 locus of the SC30 cell clone. This allowed us to measure SOX9 progenitor generation and
173 their conversion into SC-derived beta cells using flow cytometry. For this, a repair vector
174 similar to the repair vector for the *SOX9*-locus was cloned. It comprised 500 bp 5' and 3'
175 homology arms, the reporter gene mCherry and a floxed selection gene cassette (Fig 4A). For
176 the knock-in into the *INS* locus, CRISPR/Cas9 nickases were used (Supplementary Table 1).
177 After verification of correct insertion by sequencing, the homozygous SC30 ICNC4 cell clone
178 was selected for further work.

179 With recent reports on the improvement of differentiation and maturity through 3D culture we
180 adapted our 2D experimental protocol and introduced 3D orbital shaking from d12 on until
181 the end of differentiation (Stage 4-7). Stage 3 and 4 media were adapted according to our
182 previous findings. For 3D differentiation, d12 cells were gently dissociated and transferred to
183 6-well suspension culture dishes on an orbital shaker. Different rotating speeds from 70 rpm
184 to 100 rpm were tested. Finally, we settled with 100 rpm and around 2×10^6 cells per ml (5 ml
185 per cavity). To reduce cell clumping the cells were treated with DNase I before seeding,
186 yielding in equally formed, round and small spheroids 24 h after transition from 2D to 3D
187 culture. The spheroids were kept in culture for an additional 16-17 days without resizing. (Fig
188 4B, Supplementary Fig. 7).

189 During this time the kinetics of GFP2 and mCherry expression (*SOX9* and *INS* expression,
190 respectively) were monitored by flow cytometry. It could be shown that the increase in *INS*+
191 cells was accompanied by a parallel decrease in *SOX9*+ cells starting from d15 (Fig 4C/D).
192 Next, we verified the *INS* knock-in by comparing gene expression of beta cell genes in
193 mCherry+ vs mCherry- cells. *INS* gene expression was 31-fold higher in mCherry+ cells and
194 other beta cell markers were between 2.2- and 6.1-fold higher expressed compared to

195 mCherry- cells verifying functionality of the knock-in (Fig 4E). The gene expression kinetics
196 of various pancreatic and endocrine genes was monitored during the 2D/3D differentiation
197 process (Fig 5A). Of note here was again peak expression of *SOX9* and *CPA1* at d15 followed
198 by peak *NEUROG3* expression three days later. In parallel with the peak in *NEUROG3*
199 expression, the increase in islet cell hormones and *NKX6-1* could be recorded. Typical beta
200 cell genes showed the same pattern in gene expression as insulin (Fig 5A).

201

202 Next, the number of *INS*⁺ cells obtained in 2D culture was compared to 3D culture. 3D
203 yielded in significantly more mCherry⁺ cells compared to 2D differentiation (mean 44% for
204 d22 in 3D, 15% for d22 in 2D; mean 50% for d29 in 3D, 12% for d29 in 2D) (Fig 5B). The
205 different efficiencies of 2D and 3D differentiation could also be observed after
206 immunofluorescence staining of insulin and C-peptide (Fig. 5C). The expression of glucose
207 recognition marker genes *GCK*, *KIR6.2*, *SURI* and *GLUT2* and the transcription factor *NKX6-*
208 *I* were significantly higher in 3D compared to 2D conditions and, except for *GCK* expression,
209 comparable to EndoC- β H1 cells (Fig. 5D). Islet hormone expression was also higher in 3D
210 conditions compared to 2D. Since EndoC- β H1 cells are a model cell line for human beta cells,
211 the *INS* expression is higher compared to the heterogeneous composition of SC-derived
212 organoids. The expression of the transcription factors *NEUROG3* and *SOX9* were also highest
213 for 3D culture. This together with the gene expression analysis in 2D and 3D compared to
214 EndoC- β H1 cells revealed the improvement of differentiation towards SC-derived organoids
215 in 3D culture (Fig. 5D/Supplementary Fig. 8). The immunostaining of endocrine marker
216 proteins, especially from beta cells, were then compared to those of d15 SC-derived spheroids
217 and beta cells of islets and the surrounding tissue from human non-diabetic pancreas (Fig. 6).
218 D29 SC-derived organoids generated from the SC30 cell clone were typically 200-300 μ m in
219 diameter and displayed a cytoplasmic co-localization of insulin and C-peptide in the majority
220 of cells resembling the staining of beta cells in human islets. A polyhormonal staining of
221 insulin or C-peptide with other islet peptides was rarely detected in these cells (Fig.
222 6/Supplemental Figure 9). Also the number of glucagon-positive cells was lower compared to
223 2D culture. *NKX6.1* and *PDX1* were in parallel localized in the nucleus of the insulin-positive
224 cells in d29 SC-derived organoids. In comparison with human tissue, the only difference of
225 the SC-derived organoids to human islets was the presence of some *SOX9*⁺ cells, whereas in
226 human pancreas sections a clearer distinction between the *SOX9*⁻ endocrine islets and *SOX9*⁺

227 exocrine parenchyma compartment was observed (Fig. 6). For comparison,
228 immunofluorescence (IF) staining of insulin, C-peptide and glucagon of SC30 and NSC20
229 cells in 2D culture is depicted in Supplementary Fig. 10. Next the SC-derived organoids were
230 further characterized. First we were able to measure a sharp increase in insulin and C-peptide
231 content from d22 to d29 organoids (Fig. 7A). This content was comparable with EndoC- β H1
232 cells (101 ng insulin/ μ g DNA) and significantly higher comparing 2D with 3D (5.7 vs
233 302.27 ng insulin/ μ g DNA for SC30, respectively) (Fig. 7B).
234 Then the changes in free cytosolic Ca^{2+} were measured in real time by Fura-2AM assay. SC-
235 derived organoids derived from SC30 and NSC20 were perfused with modified KR in the
236 absence or presence of 20 mM glucose and 40 mM KCl. The SC30 cell clone showed a
237 detectable increase in free calcium in the cytosol after exposure to glucose and potassium
238 chloride (Fig. 7C), while the NSC20 cell clone only responded to potassium chloride
239 (Supplementary Fig. 11).
240 Finally, the question was addressed whether 3D culture and differentiation could also improve
241 glucose-induced insulin secretion (GSIS) in both cell lines (Fig. 7D/E). SC30-derived
242 organoids showed a significant increase in insulin release when subjected to 20 mM glucose
243 in a static assay. The insulin-releasing properties were also significantly improved compared
244 to the 2D culture. NSC20-derived organoids showed a more robust insulin release in 2D
245 culture though but neither in 2D or 3D the cells responded appropriately in response to
246 glucose. EndoC- β H1 cells were measured as controls (Fig. 7E).
247

248 **Discussion**

249 Here we report the generation and characterization of new hPSC reporter lines with insertion
250 of the GFP2 and H-2K^k reporter genes following the *SOX9* open reading frame and an
251 additional cell line with a knock-in of mCherry into the *INS* locus. Aided by these cell lines
252 we established a new differentiation protocol geared towards SOX9 MPCs to efficiently drive
253 hPSCs by 3D orbital shaking culture into SC-derived organoids with a beta cell content of
254 > 40%. The SOX9 reporter cell lines showed peak SOX9/GFP2 expression after 10-13 days
255 of differentiation using an experimental 2D differentiation protocol. This protocol is based on
256 previous publications by our group in which we established a robust method for generating
257 NKX6.1- / PDX1+ pancreatic-duodenal cells [7, 8, 17] as well as adopted stage 3/stage 4
258 media described by Nostro and colleagues [11].

259 After purifying the GFP2+/GFP2- fractions, we were able to show that the GFP2+ cell
260 population expressed high levels of *HNF6*, *NKX6-1*, *PDX1* and *SOX9*, and thus are potentially
261 SOX9 MPCs. Further analysis of MACS-purified SOX9 MPCs at d15 (end of stage 4)
262 revealed mosaic-like expression of NKX6.1 and a few CPA1+ cells. Possibly these cells are
263 representatives of the trunk region, which physiologically represents the niche for further
264 endocrine development. Analysis of the MPC surface markers CD142, CD200 and GP2
265 revealed partial identity with MPCs generated with different protocols [12, 13].

266 By pursuing further down the developmental pathway and following the protocol published
267 by Pagliuca and colleagues [14], the cells showed at d18 (end of stage 5) not only a more
268 homogeneous NKX6.1 expression but also scattered NEUROG3+ cells. Then SOX9 MPCs
269 readily developed into insulin/C-peptide-positive and glucagon-positive cells embedded in
270 CK19+ epithelial cells. This fits in with findings from earlier studies in rodents that CK19+
271 fetal epithelium marks a source for endocrine islets [18]. In line with other studies
272 polyhormonal cells were readily detected in 2D [19]. The SC-derived beta cell fraction

273 generated in 2D showed no increased insulin secretion after glucose stimulation. A
274 purification of SOX9 MPCs could not compensate for this deficit in function, although insulin
275 and C-peptide content were increased, which confirms the effectiveness of an enrichment
276 strategy [13].

277 Before the transition to 3D differentiation we systematically tested various compounds and
278 conditions in stage 3 and 4 to increase the number of SOX9 MPCs. We can confirm that a
279 24 h pulse with stage 3 medium, which contains high FGF10 and a SHH inhibitor, is decisive
280 for the differentiation into SOX9 MPCs. Withdrawal of nicotinamide and EGF in stage 4 also
281 greatly reduced the number of SOX9 MPCs [11]. Interestingly, addition of the PKC activator
282 PDBu was of no help at this stage of differentiation [20].

283 Regarding the transcriptional regulation, it has been reported, that SOX9 maintenance is
284 controlled by Wnt/beta-catenin signaling [21], FGF-signaling via FGFR2b [22], Notch-
285 signaling [23] and positive autoregulation [24]. Moreover, SOX9 and Wnt/beta-catenin form
286 a regulatory loop and inhibit each other's transcriptional activity. In chondrocytes SOX9
287 inhibits canonical Wnt-signaling by direct protein interaction with beta-catenin, yielding in
288 inhibition and degradation of the protein [25, 26]. Vice versa Wnt/beta-catenin represses
289 SOX9 gene expression in osteoblasts [27]. In our *in vitro* differentiation approach we can
290 show for both hPSC lines that active canonical Wnt-signaling is an effective inhibitor of
291 SOX9 MPC generation. This underlines the importance of this signaling pathway for
292 differentiation protocols of hPSC into SC-derived beta cells. According to current and
293 previous data, Wnt/beta-catenin not only prevents development of endocrine progenitors [28],
294 but also earlier development of PDX1+ pancreatic-duodenal cells [8] and, as shown here,
295 development into SOX9 MPCs.

296 Surprisingly our data indicate that differentiation into SOX9 MPCs is most effective in
297 presence of EGF and not the commonly used growth factors FGF2/7 or FGF10 [13, 16, 29,
298 30]. FGF7 and FGF10 were less effective with regard to the absolute number of SOX9 MPCs

299 or showed lower gene expression of typical MPC marker genes. Previously we had identified
300 FGF2 as a repressor of early development into PDX1 pancreatic-duodenal cells [8]. In this
301 study SOX9 MPC generation was also slightly less effective when compared to EGF. This
302 was additionally evident from the reduced expression of *SOX9* and *NKX6-1* in FGF2-treated
303 MPCs. In contrast to mouse studies for which an FGF10/FGFR2B/SOX9 feed-forward loop
304 was described [22], the EGF-signaling pathway seems to play a greater role during
305 differentiation into SOX9 MPCs in the human system.

306 3D differentiation in shaking orbital cultures or small bioreactors has become the standard for
307 many somatic cell types [31-33]. Transition from 2D to 3D alone, without changes in
308 extrinsic or other factors, can lead to a considerable phenotypic improvement [34]. At the
309 same time, monitoring the *in vitro* differentiation with molecular biological methods such as
310 RT-qPCR, immunofluorescence or Western blot is time-consuming, cumbersome and
311 uneconomical. For these reasons, we converted the 2D differentiation protocol to 3D. In
312 parallel, another knock-in was carried out into the *INS*-locus in order to be able to optimize
313 the differentiation by means of flow cytometry and to easily follow the conversion of SOX9
314 MPCs into SC-derived beta cells. The 3D reconstructed islet-like organoids comprised SC-
315 derived beta cells with important beta cell features such as expression of typical genes,
316 insulin/C-peptide positive cells, very few polyhormonal cells, calcium influx after glucose
317 exposure, and glucose-stimulated insulin secretion. Our results also show that transition from
318 2D to 3D culture not only results in a quantitative advantage, but also in an qualitatively
319 improvement. The transition from 2D to 3D alone increased the insulin content in non-sorted
320 cells by more than 50-fold (SC30). It is also important to note that we observed line-specific
321 effects. While the hESC-based clone differentiated into glucose-responsive cells, this was not
322 achieved for the iPSC-based clone. This result is probably attributed to cell line-specific
323 barriers, which have already been described and represent a major obstacle in the
324 establishment of patient-specific cell replacement therapies [35, 36].

325 The currently prevailing differentiation protocols were optimized towards the generation of
326 mainly PDX1+/NKX6.1+ double-positive cells as the seed for SC-derived beta cells [14, 16].
327 Our protocol is based on an efficient generation of definitive endoderm using low activin A
328 concentrations (> 90% endoderm cells), differentiation into PDX1+ pancreatic-duodenal cells
329 by BMP and Wnt-inhibition in presence of all-trans retinoic acid (~80%) [7, 8], and optimized
330 conditions to generate SOX9 MPCs (~70%). After using the stage 5–7 media described by
331 Pagliuca and co-workers [14], these cells effectively differentiated into SC-beta cells (> 40%
332 positive cells). Thus, the new protocol that we present in this report may offer an alternative
333 route to generate SC-derived beta cells.

334 Reporter cell lines are excellent tools to advance research into efficient differentiation
335 methods [37-40]. The SOX9 reporter cell lines reported here are also an excellent model for
336 studying the transition of human bipotent ductal/endocrine precursors into NEUROG3+
337 endocrine precursor cells. In view of the pleiotropic functions of SOX9 during development
338 and tissue maintenance in diverse organs such as chondrocytes, testes, heart, lung, bile duct,
339 retina and the central nervous system [25, 41, 42], these reporter cell lines are also suited for
340 research on other matters. Additionally, the reporter gene knock-in into the *INS*-locus enables
341 an exclusive look at insulin-producing cells and can therefore bypass the problem of a
342 heterogenous composition of *in vitro* differentiated cells caused by not fully effective
343 differentiation protocols.

344

345 **Materials & Methods**

346 **Human cell culture**

347 The human PSC lines Hes-3 ('ESC') and Phoenix ('iPSC', MHHi001-A) [43] were cultured
348 on cell culture plastic coated with hESC-qualified Matrigel (Corning, Amsterdam,
349 Netherlands). mTeSR1 (Stem Cell Technologies, Cologne, Germany) or StemMACS™ iPS-
350 Brew XF medium (Miltenyi Biotec, Bergisch Gladbach, Germany) was used. Passaging was
351 performed once a week in a ratio of 1:20 up to 1:40 and cluster were seeded onto fresh
352 Matrigel-coated 6-well plates. EndoC-βH1 cells were cultured according to the standard
353 protocol [44].

354 **Generation of hPSC reporter cell lines**

355 To introduce DNA double-strand breaks (DSBs) into the genomic loci of *SOX9* and *INS* the
356 CRISPR/Cas9 system was used. Putative sgRNAs were calculated with CCTop
357 (<https://cctop.cos.uni-heidelberg.de/>) [45]. The sgRNA for the *SOX9* locus was cloned into the
358 pLKO5.U6 vector [46] and the sgRNAs, two nickase pairs, for the *INS* locus were cloned into
359 the pX335-U6-Chimeric_BB-CBh-hSpCas9n vector [47] (Supplementary table 1). Reporter
360 genes were introduced by HDR [48]. A scheme of the repair vectors is presented in Figure
361 1A/4A. Briefly 2×10^6 hPSCs were nucleofected with 2 μg repair vector and 2 μg
362 Cas9/sgRNA vector using the Neon Nucleofection System. Transfected hPSCs were seeded
363 and selected after 24 h using either hygromycin b or blasticidin. Cell clones were picked
364 after 10-14 days, expanded and genotyped by PCR and sequencing upon correct insertion of
365 the transgenes into the desired loci.

366 **2D experimental differentiation protocol**

367 For differentiation of hPSCs in 2D, hPSC colonies were dissociated into single cells by
368 Trypsin/EDTA (T/E) (Biochrom, Berlin, Germany) and centrifuged for 3 min at 300 x g. The
369 pellet was re-suspended in mTeSR1 or iPS-Brew XF containing 5 μM Y-27632 (Selleck

370 Chemicals, Munich, Germany) and a defined number of cells (100,000 cells/12-well plate
371 cavity, 250,000 cells/6-well plate cavity and $1.3\text{-}1.45 \times 10^6$ cells per 10 cm cell culture dish)
372 were seeded on Matrigel-coated cell culture plastics. Cells were allowed to re-attach and
373 differentiation was initiated after 24 h. Differentiation was performed according to an adopted
374 7-stage protocol (Figure 1B/2A) [7-9, 11, 14]. Media compositions were as followed: stage 1a
375 medium (24 h), RPMI1640, (Biochrom) plus 0.5fold B27 supplement (Thermo Fisher
376 Scientific, Schwerte, Germany), 1% penicillin/streptomycin (P/S) (penicillin: Santa Cruz
377 Biotechnology, Dallas, USA; streptomycin: Sigma-Aldrich, Munich, Germany), 2 mM
378 glutamine, 1-fold non-essential amino acids (NEAA, Thermo Fisher Scientific, Schwerte,
379 Germany), 1 mM sodium pyruvate (Capricorn scientific, Ebsdorfergrund, Germany), 0.5-fold
380 ITS-X (Thermo Fisher Scientific) 0.25 mM vitamin C, 30 ng/ml activin A (Stem Cell
381 Technologies), and 3 μM CHIR99021 (Cayman Chemical, Ann Arbor, USA); stage 1b
382 medium (72 h) was composed as stage 1a medium but lacked CHIR99021. The required
383 activin A concentration was titrated for every individual lot (Supplementary Fig. 1A). Stage 2
384 medium (96 h), advanced RPMI1640 (Thermo Fisher Scientific) plus 0.5 fold B27
385 supplement, 1% P/S, 2 mM glutamine, 1x NEAA, 0.25 mM vitamin C, 5 ng/ml FGF7 (Stem
386 Cell Technologies), 2 μM IWR-1 (Selleck Chemicals, Munich, Germany), 0.5 μM
387 LDN193189 (Sigma-Aldrich) and 1 μM all-trans retinoic acid (ATRA, Sigma-Aldrich); stage
388 3 medium (24 h), DMEM (Biochrom) plus 1% P/S, 2 mM glutamine, 0.5 fold B27
389 supplement, 50 g/ml vitamin C, 50 ng/ml FGF10 (Stem Cell Technologies), 0.25 μM Sant-1
390 (Selleck Chemicals), 2 μM ATRA, 0.5 μM LDN193189; stage 4 medium (6 days), DMEM
391 plus 1% P/S, 2 mM glutamine, 0.5 fold B27 supplement, 50 g/ml vitamin C, 10 mM
392 nicotinamide (Sigma-Aldrich), 200 ng/ml EGF (Stem Cell Technologies), 0.5 μM
393 LDN193189; stage 5 medium (3 days), BE5 stock medium plus ITS-X (1:200), 10 $\mu\text{g/ml}$
394 heparin (Sigma-Aldrich), 20 ng/ml betacellulin (Stem Cell Technologies), 10 μM ZnSO₄
395 (MerckMillipore, Schwalbach, Germany), 0.25 μM Sant-1, 50 nM ATRA, 1 μM XXI (Stem

396 Cell Technologies) or 1 μ M LY411575 (Selleck Chemicals), 10 μ M Alk5iII (Santa Cruz
397 Biotechnology, Dallas, USA) or 10 μ M RepSox (Selleck Chemicals), 1 μ M GC1 (Tocris,
398 Bristol, United Kingdom), 3 nM staurosporine (Cayman Chemical), 5 μ M Y-27632, 100 nM
399 LDN193189; stage 6 medium (4 days) was composed as stage 5 medium but lacked ATRA
400 and Sant-1; stage 7 medium (7 days), CMRLM stock medium plus 20 nM insulin (Sigma-
401 Aldrich), 10 μ M ZnSO₄, 10 μ g/ml heparin, 15 μ M ethanolamine (Sigma-Aldrich), 10 μ M
402 Trolox (Sigma-Aldrich), 10 μ M Alk5iII or RepSox, 1 μ M GC1, 70 nM apo-transferrin
403 (Sigma-Aldrich), medium trace elements A (1:1000, Corning), medium trace elements B
404 (1:1000, Corning), chemically defined lipid concentrate (1:2000, Thermo Fisher Scientific).
405 BE5 stock was composed of MCDB131 (Thermo Fisher Scientific) plus 20 mM D-(+)-
406 Glucose, 1.754 g/l NaHCO₃, 2% FAF-BSA (SERVA, Heidelberg, Germany), 2 mM
407 glutamine and 1% P/S. CMRLM stock was composed of 2% FAF-BSA, 1% P/S, 2 mM
408 glutamine and 5 mM sodium-pyruvate. FGF2, FGF7, FGF10 (each 100 ng/ml) and IWP4
409 (1 μ M) were obtained from StemCell Technologies. The PKC activator PDBu was purchased
410 from Tocris (biotechne, Minneapolis, USA). Unless otherwise mentioned, chemicals were
411 obtained from Riedel-de Haen, (Munich, Germany), J.T. Baker (Chihuahua, Mexico) or
412 Sigma-Aldrich.

413 **3D production protocol**

414 Differentiation of hPSCs in 3D was initiated by seeding hPSCs on Matrigel-coated cell
415 culture plastics. Media compositions remained the same as described for 2D with slight
416 differences. Stage 3 and stage 4 medium were supplemented with 2 μ M IWR-1 and 100 ng/ml
417 EGF was supplemented to stage 4 medium. Differentiation proceeded in 2D according to the
418 7-stage protocol (Figure 1B/2A) until day 12 of differentiation. Then the cells were washed
419 with PBS, dissociated into single cells by T/E and centrifuged for 4 min at 300 x g. The cell
420 pellet was re-suspended in 0.1 mg/ml DNaseI grade II (Sigma-Aldrich) in PBS + 10% FCS
421 and incubated at room temperature for 15-20 min. Then the cells were centrifuged for 4 min at

422 300x g and re-suspended in stage 4 medium supplemented with 5 μ M Y-27632. $1.5-2.5 \times 10^6$
423 cells/ml were seeded on a 6-well suspension culture plate (Greiner bio-one, Kremsmünster,
424 Austria) and cultivated at 100 rpm and 25 mm hub on an orbital shaker (Infors HT, Celltron,
425 Bottmingen, Switzerland) according to the 7-stage protocol. The medium was changed daily
426 until day 12 of differentiation and thereafter every second day.

427 **Western Blot**

428 Cells at d0, d4, d8, d15, d18 and d29 were taken up in PBS and sonified. A protease inhibitor
429 mixture (Roche Diagnostic, Mannheim, Germany) was then added. The protein content was
430 determined by BCA assay (Thermo Fisher Scientific). 40 μ g of total protein was loaded and
431 separated by SDS-PAGE and transferred by electro-blotting to a PVDF membrane. Blocking
432 was performed with 5 % nonfat dry milk in PBS plus 0.1 % Tween 20. The membrane was
433 incubated with anti-CPA1 (1:1000, Origene, cat# TA500053, clone OTI2A3) overnight at 4°C
434 then washed and followed by incubation with the peroxidase-labeled secondary antibody for
435 1 h. As a loading control actin was used. Protein bands were visualized by
436 chemiluminescence using the detection kit (GE Healthcare Europe, Solingen, Germany) on a
437 chemiluminescence imager (INTAS Science imaging, Göttingen, Germany).

438 **Gene expression analysis**

439 Isolation of total RNA was carried out using the Machery&Nagel Nucleospin RNA plus Kit
440 (Macherey&Nagel, Düren, Germany). cDNA was synthesized from 500-2000 ng total RNA
441 using RevertAid™ H Minus M-MuLV Reverse Transcriptase (Thermo Fisher Scientific) and
442 random hexamer primers. cDNA samples were then diluted to 2.5-5 ng/ μ l and measured in a
443 qPCR reaction with the GoTaq® qPCR Master Mix (Promega, Walldorf, Germany). All
444 reactions were performed by a 2-step PCR in triplicates followed by melting curve analysis on
445 a ViiA7 real-time PCR cycler (Thermo Fisher Scientific). Primers are specified in
446 Supplementary table 2. Data normalization was performed with qBasePlus (Biogazelle,
447 Zwijnaarde, Belgium) against the geometric mean of the housekeeping genes *G6PD*, *TBP* and

448 *TUBA1A*. RT-qPCR data are presented as calibrated normalized relative quantities (CNRQ).

449 Analysis of housekeeping gene stability was performed with the geNorm algorithm.

450 **Flow cytometry**

451 Cells were washed with PBS and dissociated using T/E. Organoids from 3D culture were
452 collected in a 15 ml conical tube, centrifuged at 50 x g for 5 min and subsequently dissociated
453 by incubation with gentle cell dissociation solution (StemCell Technologies) for 15 min and
454 additional T/E for 10 min. Single cells were then centrifuged at 300 x g for 3 min and re-
455 suspended in PBS + 2% FCS before flow cytometric measurement. For flow cytometric
456 staining 1×10^6 cells were washed, incubated for 20 min at 4°C with primary conjugated
457 antibodies and washed twice prior to analysis. Flow cytometric measurements were
458 performed on a CyFlow ML flow cytometer (Partec, Münster, Germany). Data analysis was
459 performed using the FlowJo software (Ashland, OR, USA).

460 The following conjugated antibodies were used: anti CXCR4-PE (FC15004, Neuromics,
461 Minneapolis, USA), anti CXCR4-APC (130-098-357, Miltenyi Biotec), anti-H-2K^K-APC
462 (130-117-324, Miltenyi Biotec), Anti-CD177-APC (130-101-512, Miltenyi Biotec), Anti-
463 CD275-APC (130-098-738, Miltenyi Biotec), anti-CD200-APC (130-118-203, Miltenyi
464 Biotec), anti-CD142-PE-Vio616 (130-115-720, Miltenyi Biotec). Anti-GP2 (D277-3, MBL
465 international, Woburn, MA, USA) was stained at 1:500 and then labelled with 1:500 diluted
466 anti-mouse AF647 (Dianova, Hamburg, Germany).

467 **Cell sorting**

468 Fluorescence activated cell sorting (FACS) was performed at the central facility of the
469 Hannover Medical School. For MACS 1×10^7 dissociated cells were taken up in PBE buffer
470 (PBS, pH 7.2, 0.5 % BSA, and 2 mM EDTA) and were then conjugated with anti H2-K^K
471 magnetic microbeads (Miltenyi-Biotec) for 15 min on ice. Cell sorting was then performed on
472 an autoMACS Pro (Miltenyi-Biotec).

473

474 **Immunofluorescence**

475 For immunofluorescence staining, hPSCs were seeded onto Matrigel-coated glass cover slides
476 (SPL Life Sciences, Pocheon, South Korea) with 5 μ M Y-27632. After 24 h the cells were
477 fixated with 4 % (w/v) paraformaldehyde (PFA), buffered in PBS, pH 7.4. The same fixation
478 was used for organoids at day 15 and day 29 after differentiation which were embedded in
479 paraffin and sectioned. After pretreatment and blocking steps the same primary antibodies
480 were used for cells and organoids and incubated for 1-3 h at room temperature or overnight at
481 4°C (Supplementary Table 3). The cells as well as organoids were stained with conjugated
482 either with AlexaFluor or Cy fluorophores secondary antibodies (Dianova) and counterstained
483 with mounting medium containing DAPI. For comparison immunostaining of human islets
484 from four non-diabetic donors were performed (for details see new (Supplementary Table 4).
485 Stained cells or stained organoids were examined using an inverse Olympus IX81 microscope
486 (Olympus, Hamburg, Germany) or an upright Olympus microscope BX61 and representative
487 pictures were taken of each analyzed sample as previously described [49].

488 **Insulin and C-peptide content and secretion**

489 Cells grown in 2D or 3D culture were washed with bicarbonate-buffered Krebs-Ringer (KR)
490 solution and hungered for 2 h in KR without glucose, supplemented with 0.1 % albumin.
491 Thereafter the cells were stimulated either with 2 or 20 mM glucose or 2 mM glucose and
492 30 mM KCl for 1 h. To measure insulin and C-peptide secretion, the medium was removed
493 and centrifuged for 5 min at 700 x g. For this measurement, the cells were taken up in PBS,
494 sonicated and centrifuged for 5 min at 700 x g. The resulting supernatant was used to
495 determine hormone secretion. Secreted insulin in the supernatant and insulin content of the
496 incubated cells were determined by radioimmunoassay using human insulin as standard and
497 the resulting values were normalized to DNA content [44]. Human C-peptide content and C-
498 peptide secretion was measured by a sandwich ELISA assay (DRG Diagnostics, Marburg,
499 Germany).

500 **Calcium imaging**

501 Cytosolic free-Ca²⁺ was determined with Fura-2/AM. Day 28 clusters were dissociated,
502 grown on Matrigel-coated glass coverslips overnight and loaded with 3 μM Fura-2/AM by
503 incubation in modified Krebs-Ringer (KR) solution (25 mM HEPES, 3 mM glucose, and
504 1.5 % BSA) for 30 min at 37°C. Perfusion was performed with a modified KR solution
505 containing 0 mM or 20 mM glucose and 0 mM glucose plus 40 mM KCl at a flow rate of
506 1 ml/min using a peristaltic pump (Ismatec, Zürich, Switzerland). Images were taken every
507 2 sec using the inverted IX81 microscope equipped with an UPlanSApo 40×0.95 numerical
508 aperture objective (Olympus) and an incubation chamber to maintain 60% humidity, 37°C,
509 and 5% CO₂, with excitation/emission filter settings of 340±26 nm & 387±11 nm,
510 respectively.

511 **Statistics**

512 Unless stated otherwise values represent mean ± SEM and the number of independent
513 experiments (n= independent biological replicates) is stated in each figure legend. Statistical
514 analyses were performed using the GraphPad Prism analysis software (Graphpad, San Diego,
515 CA, USA) using unpaired, two-tailed *Student's* t-test or ANOVA plus *Dunnnett's* or *Tukey's*
516 post-hoc tests for multiple comparisons. P-values for *Student's* t-test are depicted in each
517 figure. A summary of all GraphPad Prism statistical test results in particular the ANOVA plus
518 post-hoc tests are available online.

519

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528

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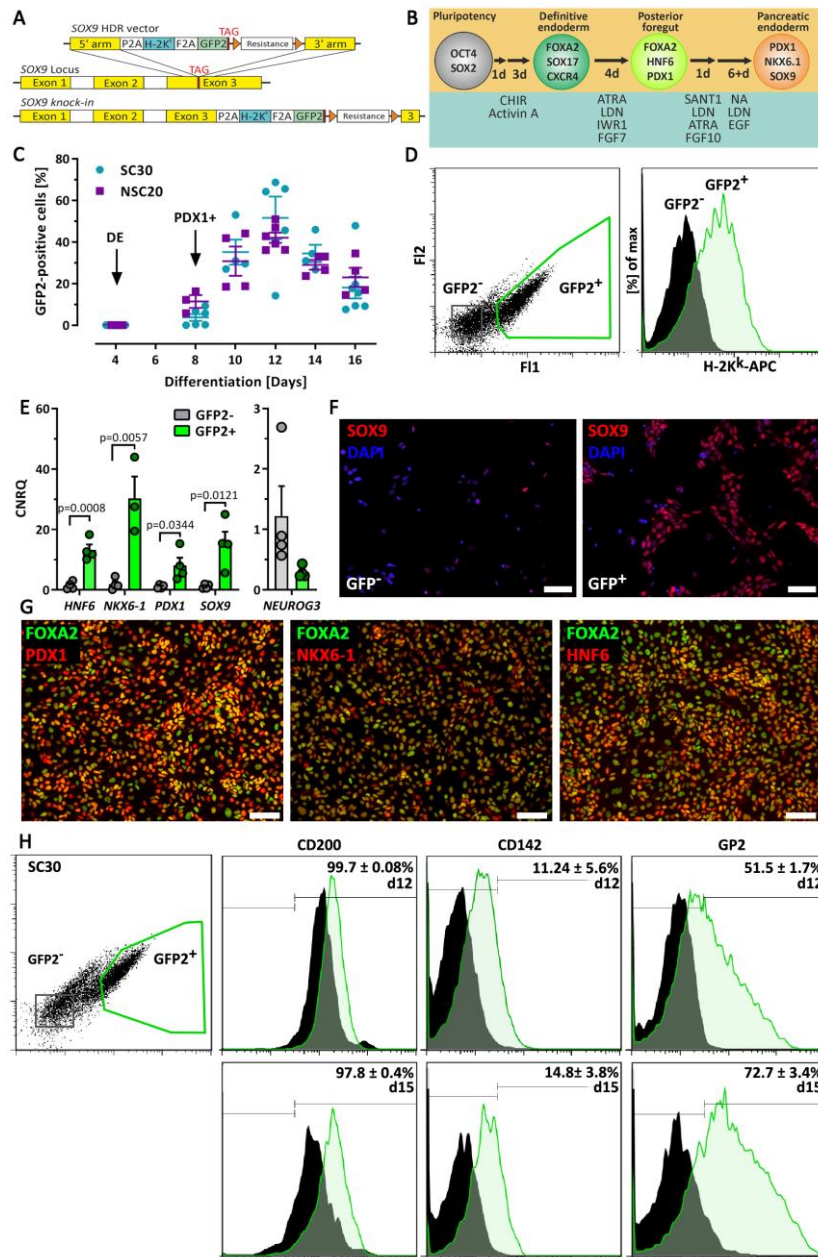
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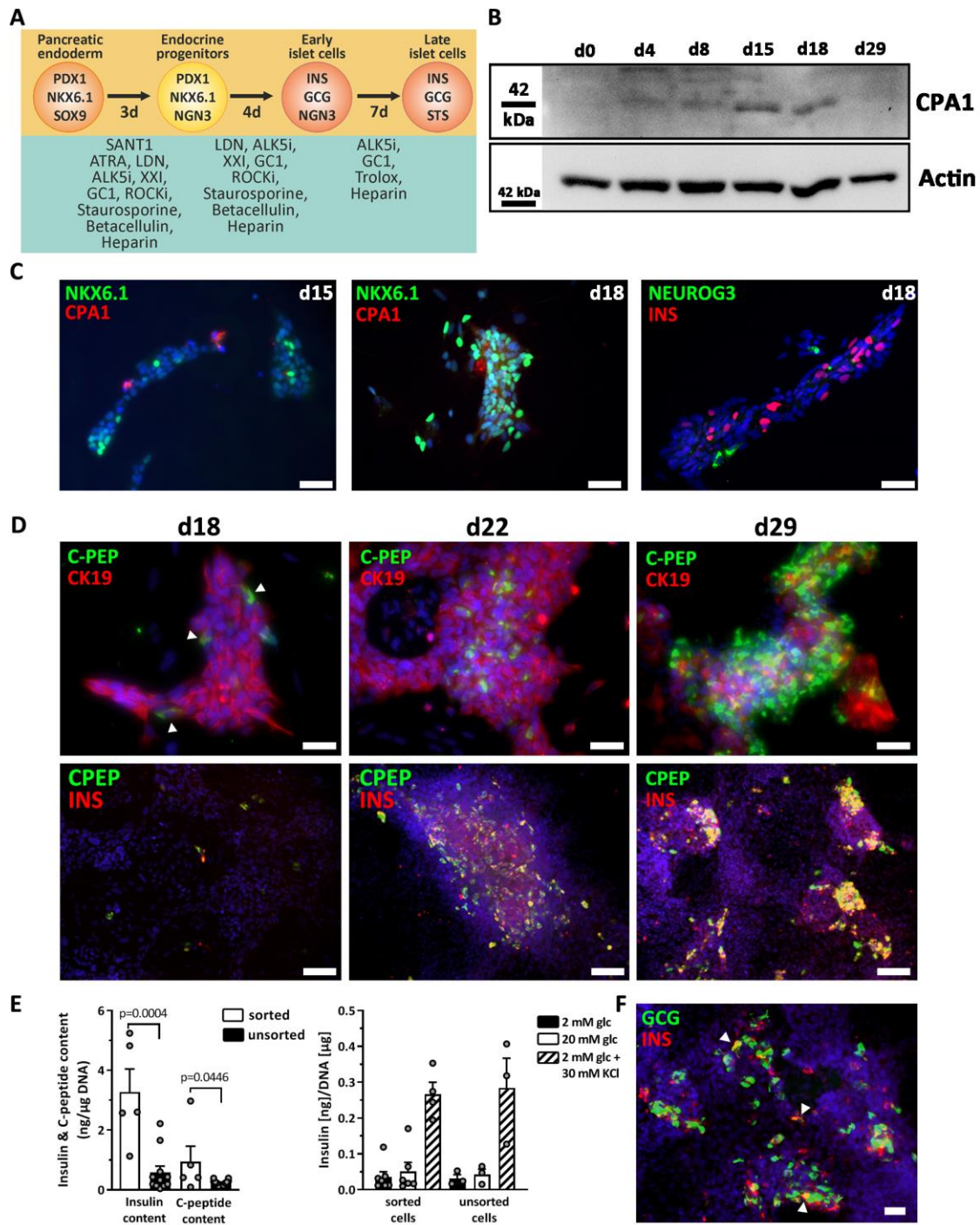
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680 **Figures**



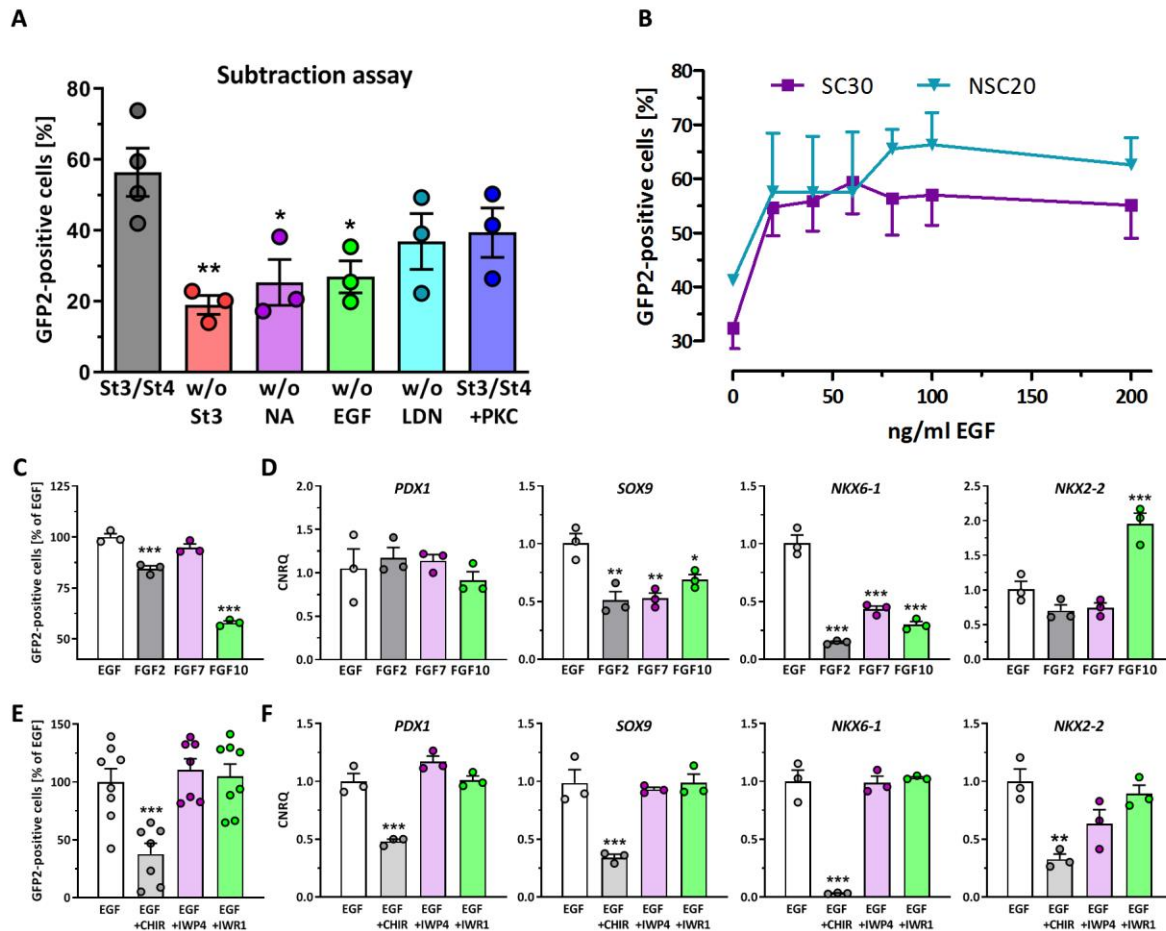
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682 **Figure 1.** (A) Schematic presentation of the SOX9 HDR vector and the human *SOX9* locus
 683 before and after homologous recombination. (B) Schematic presentation of the 4-stage
 684 experimental 2D differentiation protocol for the generation of SOX9⁺ progenitors. (C) GFP2
 685 expression during differentiation of the SC30 and NSC20 cells. Data are means ± SEM, n = 4-
 686 8. Arrows mark developmental stages. (D) Flow cytometry dot plot and histogram of SC30
 687 GFP2 expression and gated H2-K^k staining at d12. (E) RT-qPCR analysis of sorted SC30
 688 derived GFP2⁺ and GFP2⁻ cells (d11-d12). Depicted is the relative gene expression of *HNF6*,
 689 *NKX6-1*, *PDX1*, and *SOX9*. Data are means ± SEM, n = 3-4. Two-tailed *Student's t*-test. (F)
 690 Immunofluorescence staining of SOX9 (red) in SC30 derived GFP2⁺ and GFP2⁻ cells (d12).
 691 Nuclei were counterstained with DAPI. (G) Immunofluorescence staining of PDX1, HNF-6
 692 and NKX6-1 (red) and FOXA2 (Green) of sorted SC30 derived GFP2⁺ cells (d12). (F/G)
 693 Scale bar = 100 μm. (H) Flow cytometry dot plot and histogram of SC30 GFP2 and CD200,
 694 CD142 and GP2 expression at d12 and d15 (end of stage 4). Bifurcated gates were set
 695 according to unstained controls, values are means ± SEM, n = 3-4.



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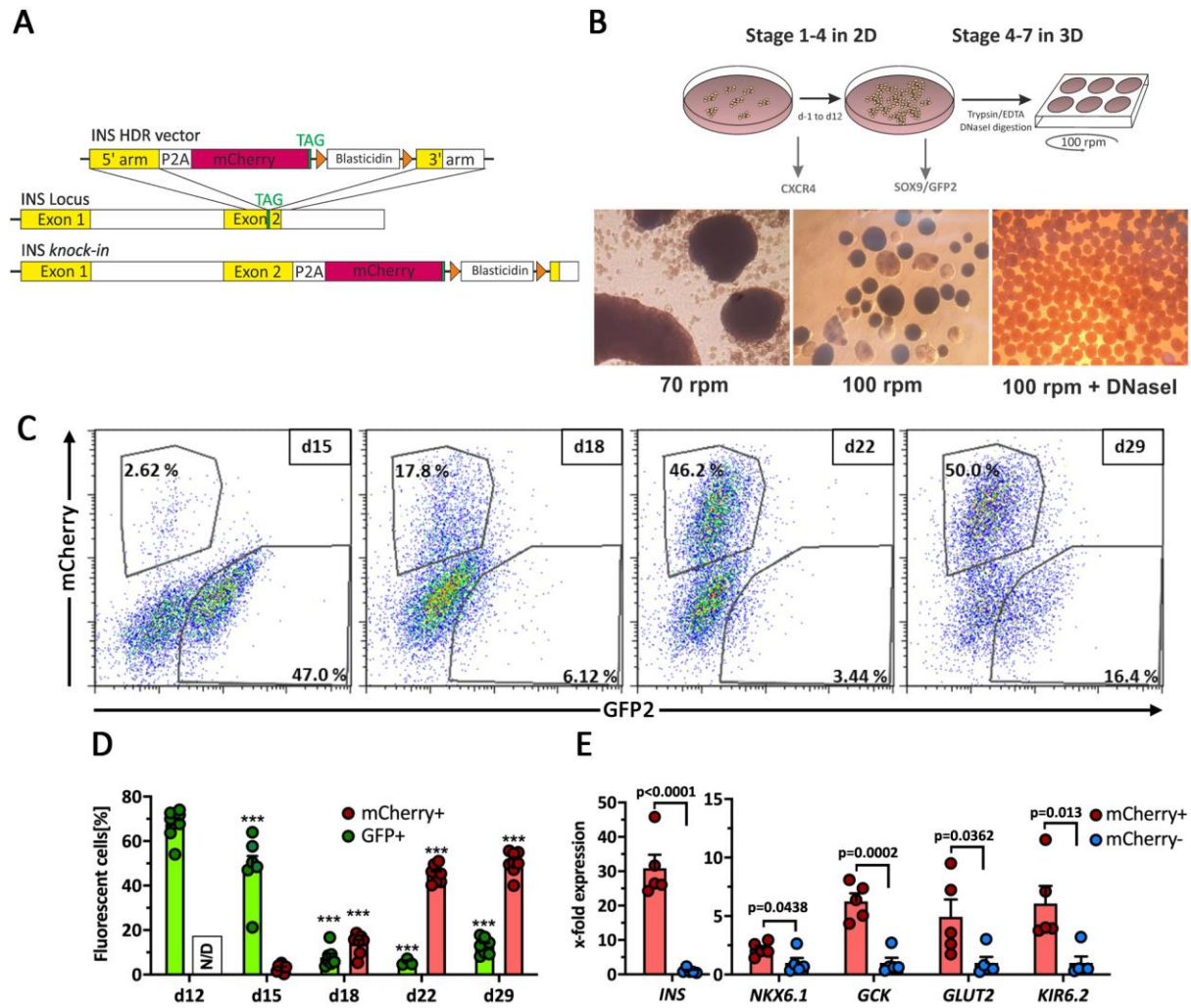
697 **Figure 2.** (A) Scheme of the 3-stage protocol for differentiation of SOX9+ MPCs into stem
698 cell-derived beta cells. MACS was performed at d12 using the SC30 cell clone. (B) Analysis
699 of CPA1 protein expression during differentiation (d0-d29) by Western Blot. (C)
700 Immunofluorescence staining of NKX6.1/CPA1 and NEUROG3/insulin after stage 4 (d15) or
701 5 (d18), respectively. Scale bar = 50 μm. (D) Immunofluorescence staining of CK19/C-
702 peptide and C-peptide at d18, d22 or d29 of differentiation. Scale bar = 50 μm (CK19/C-
703 peptide) or 100 μm. Arrowheads indicate early insulin-positive cells. (E) Measurement of
704 insulin and C-peptide secretion and content in d29 sorted SC30 cells vs unsorted cells. Data
705 are means ± SEM, n= 5-12 (content) and n=3-7 (secretion). Two-tailed *Student's t*-test,
706 *** p < 0.001, * p < 0.05. (F) Immunofluorescence staining of glucagon and insulin in d29
707 cells. Arrowheads mark polyhormonal cells. Scale bar = 50 μm.



708

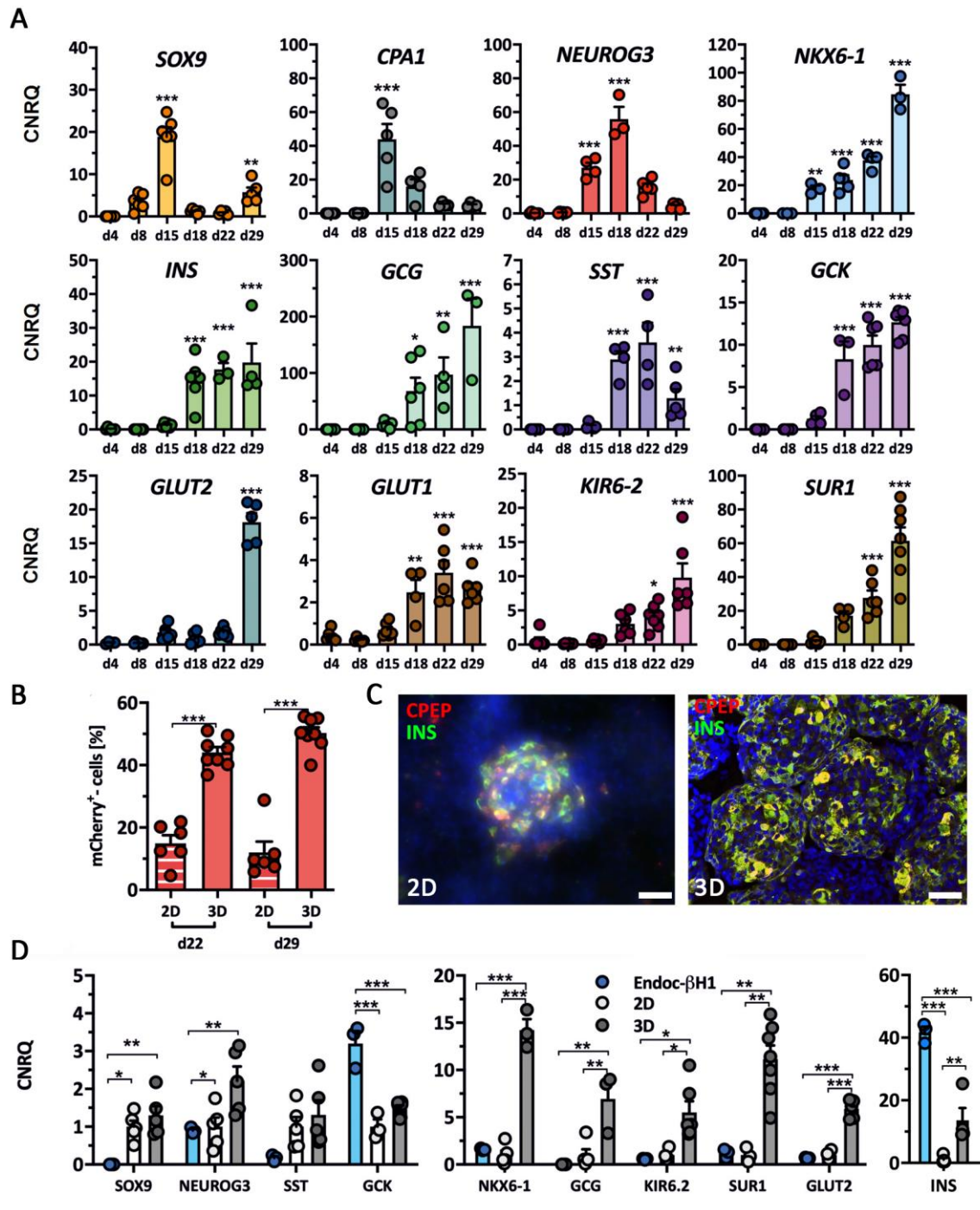
709 **Figure 3.** (A) Measurement of GFP2+ cells at d12 after subtraction of either stage 3,
 710 nicotinamide (NA), EGF, or LDN193189 (LDN). For comparison stage 4 plus protein kinase
 711 C activation by 100 nM PDBu. Data are means \pm SEM, n= 3. (B) GFP2-expression in
 712 dependence of the EGF concentration at d12. Data are means \pm SEM, n= 3. (C/D) Effect of
 713 different growth factors each used at 100 ng/ml on GFP2 expression (C) at d12 and pancreatic
 714 marker gene expression (D). Depicted is the relative gene expression of *PDX1*, *SOX9*, *NKX6-1*,
 715 and *NKX2-2*. Data are means \pm SEM. n= 7-8 (GFP2 flow cytometry), n=3 (RT-qPCR).
 716 (E/F) Effect of canonical Wnt-signaling on GFP2 expression (E) at d12 and pancreatic
 717 marker gene expression (F). The pathway was activated by CHIR (3 μ M) or inhibited by
 718 IWP4 (1 μ M) or IWR-1 (2 μ M). Depicted is the relative gene expression of *PDX1*, *SOX9*,
 719 *NKX6-1*, and *NKX2-2*. Data are means \pm SEM. n= 3 (GFP2, RT-qPCR). ANOVA plus
 720 *Dunnnett's* post-test, *** p < 0.001, ** p < 0.01, * p < 0.05.

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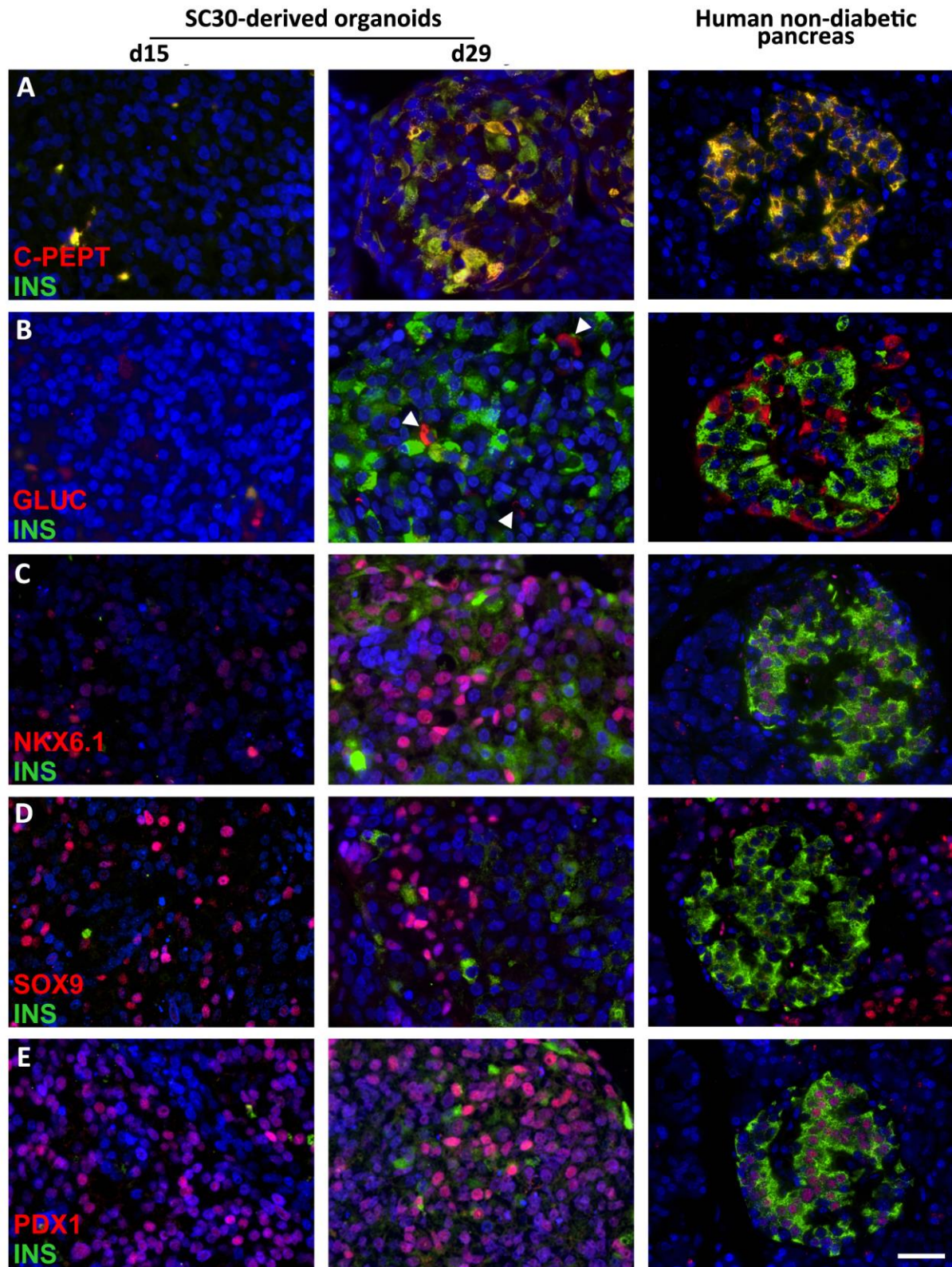
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723 **Figure 4.** (A) Schematic presentation of the INS HDR vector and the human *INS* locus before
 724 and after homologous recombination. (B) Schematic presentation of the 3D production
 725 protocol for the differentiation of SC30/NSC20 and SC30 ICNC4 cell clones into stem cell-
 726 derived islets and phase contrast images of clusters generated by 3D orbital shaking culture.
 727 Monitoring of differentiation with CXCR4 and GFP2 measurement on d4 and d12. (C)
 728 Representative flow cytometry dot plots of mCherry vs GFP2 protein expression during 3D
 729 differentiation. The numbers in the gates indicate the percentage of SOX9- or INS-expressing
 730 cells at different stages of differentiation. (D) Kinetics of GFP2 and mCherry protein
 731 expression in SC30 ICNC4 cells during 3D differentiation. Values are means \pm SEM. n = 3-7.
 732 ANOVA plus Tukey's post-test, *** p < 0.001, ** p < 0.01, * p < 0.05, compared to d12/d15
 733 of differentiation. (E) RT-qPCR analysis of the beta cell marker genes *INS*, *NKX6-1*,
 734 glucokinase (*GCK*), *GLUT2* and *KIR6.2* in sorted mCherry+ vs mCherry- cells at d29 of
 735 differentiation generated with the SC30 ICNC4 cell clone. Values are means \pm SEM. n = 5,
 736 *Student's t*-test *** p < 0.001, * p < 0.05. Expression values for mCherry- cells were set to 1.



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738

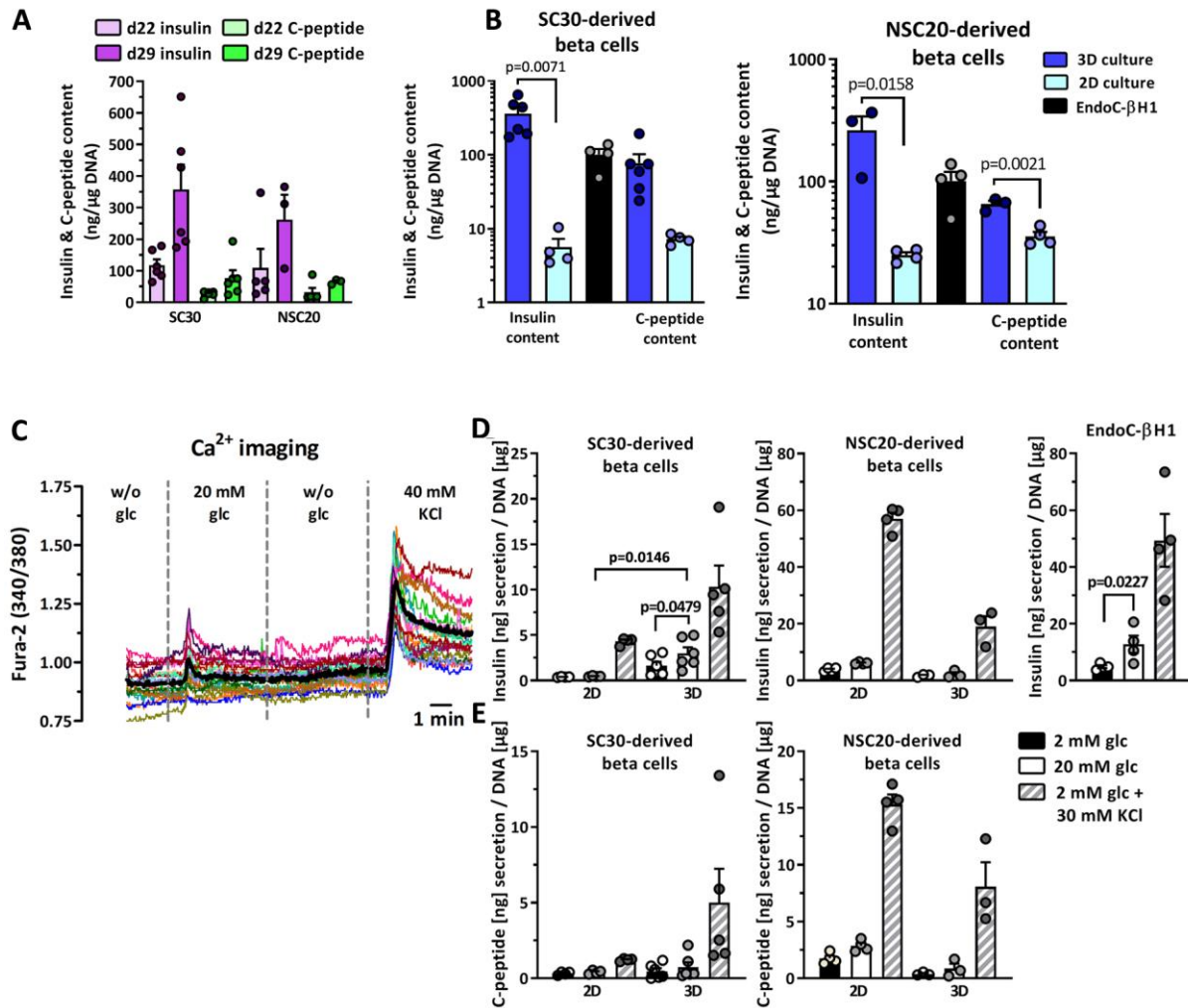
739 **Figure 5.** (A) Expression kinetics of pancreatic and endocrine genes during differentiation
740 from d4 to d29 measured by RT-qPCR in SC30 ICNC4 cells. Values are means \pm SEM. n = 3-
741 6. ANOVA plus *Tukey's* post-test, *** p < 0.001, ** p < 0.01, * p < 0.05, compared to d4 of
742 differentiation. (B) Effect of 2D vs 3D differentiation on mCherry expression at d22 and d29
743 in SC30 ICNC4 cells. Values are means \pm SEM. n = 4-6. ANOVA plus *Tukey's* post-test,
744 *** p < 0.001, ** p < 0.01, * p < 0.05. (C) Double-immunofluorescence staining of insulin
745 (green) and C-peptide (red) in SC30-derived cells at d29 in 2D- or 3D-derived cells. Scale bar
746 = 50 μ m. (D) Effect of 2D vs 3D differentiation on pancreatic and endocrine marker gene
747 expression measured by RT-qPCR comparing SC30 ICNC4 to Endoc- β H1 cells. Values are
748 means \pm SEM. n = 3-6. ANOVA plus *Tukey's* post-test, *** p < 0.001, ** p < 0.01, * p < 0.05.
749 Relative expression values for 2D differentiation were set to 1.



750

751 **Figure 6.** Immunohistochemical analysis of SC-derived pancreatic organoids. d15 spheroids
752 and d29 stem cell-derived organoids derived in 3D from the SC30 clone were fixed, sectioned
753 and double-stained for (A) C-peptide (red) and insulin (green) or insulin (green) and
754 glucagon, NKX6.1, SOX9 or PDX1 (B-E, all in red). A human non-diabetic pancreas was
755 taken as control. Scale bar = 20 μ m.

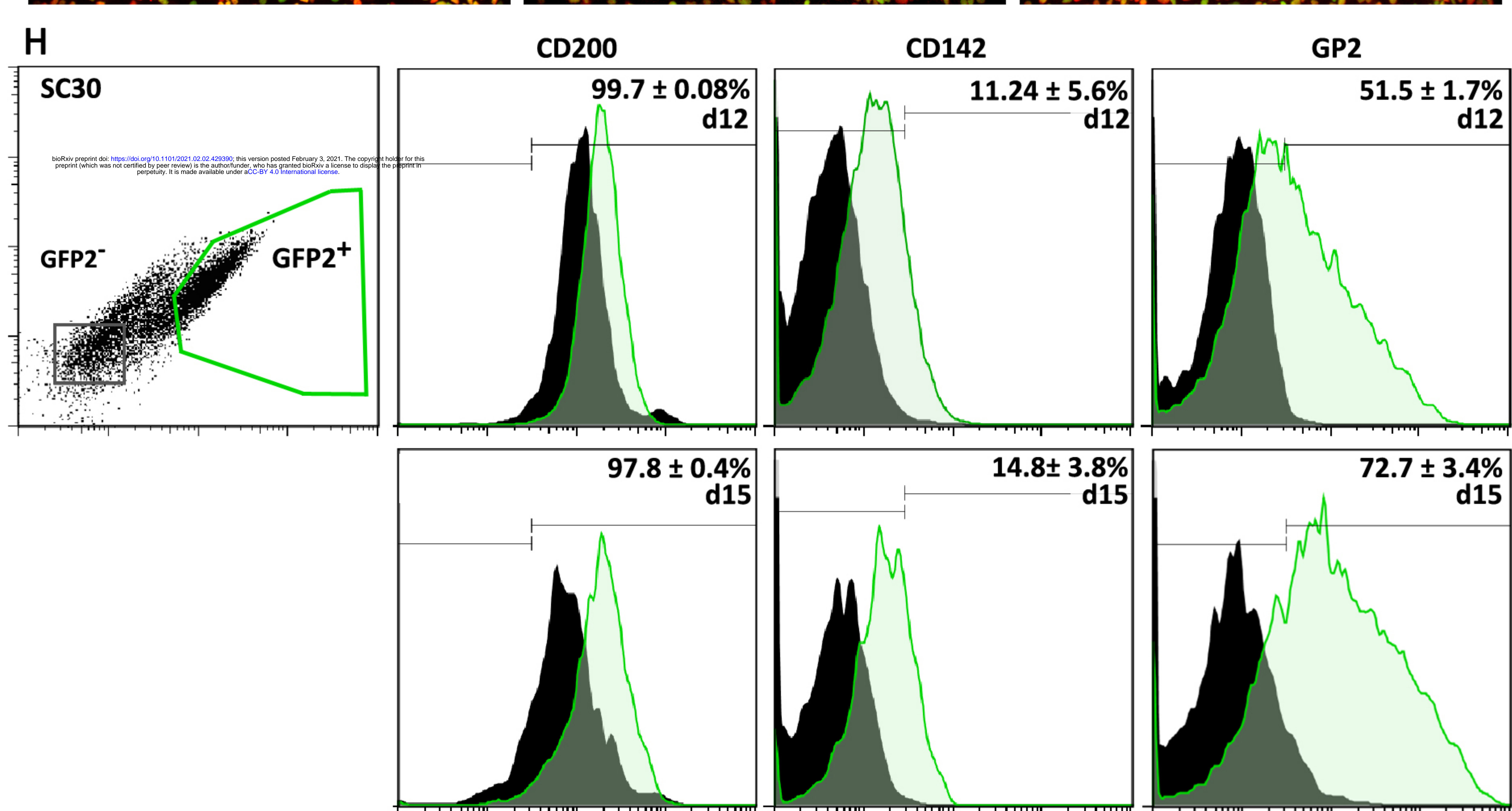
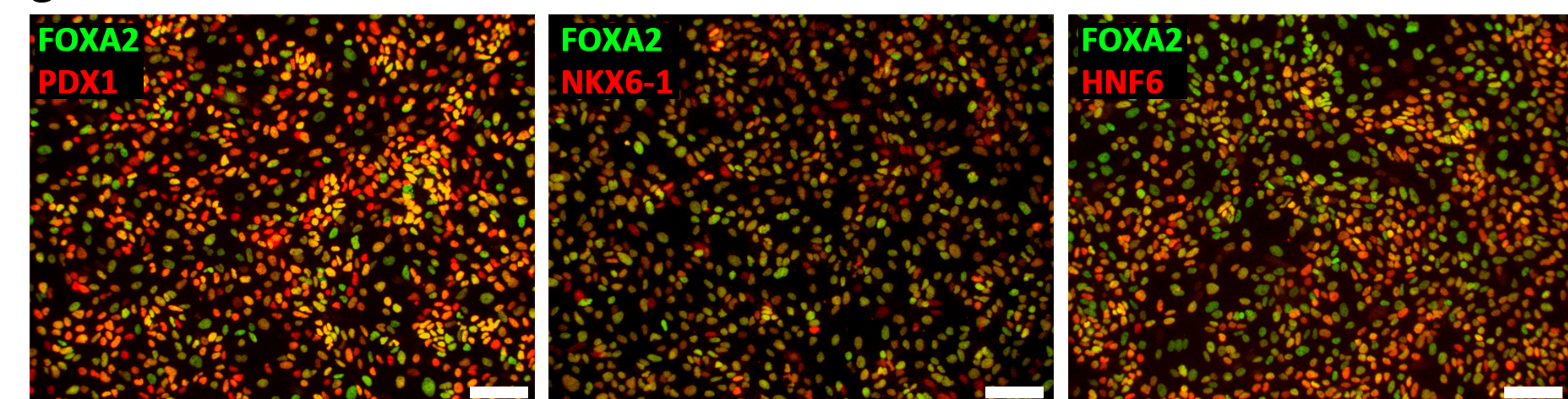
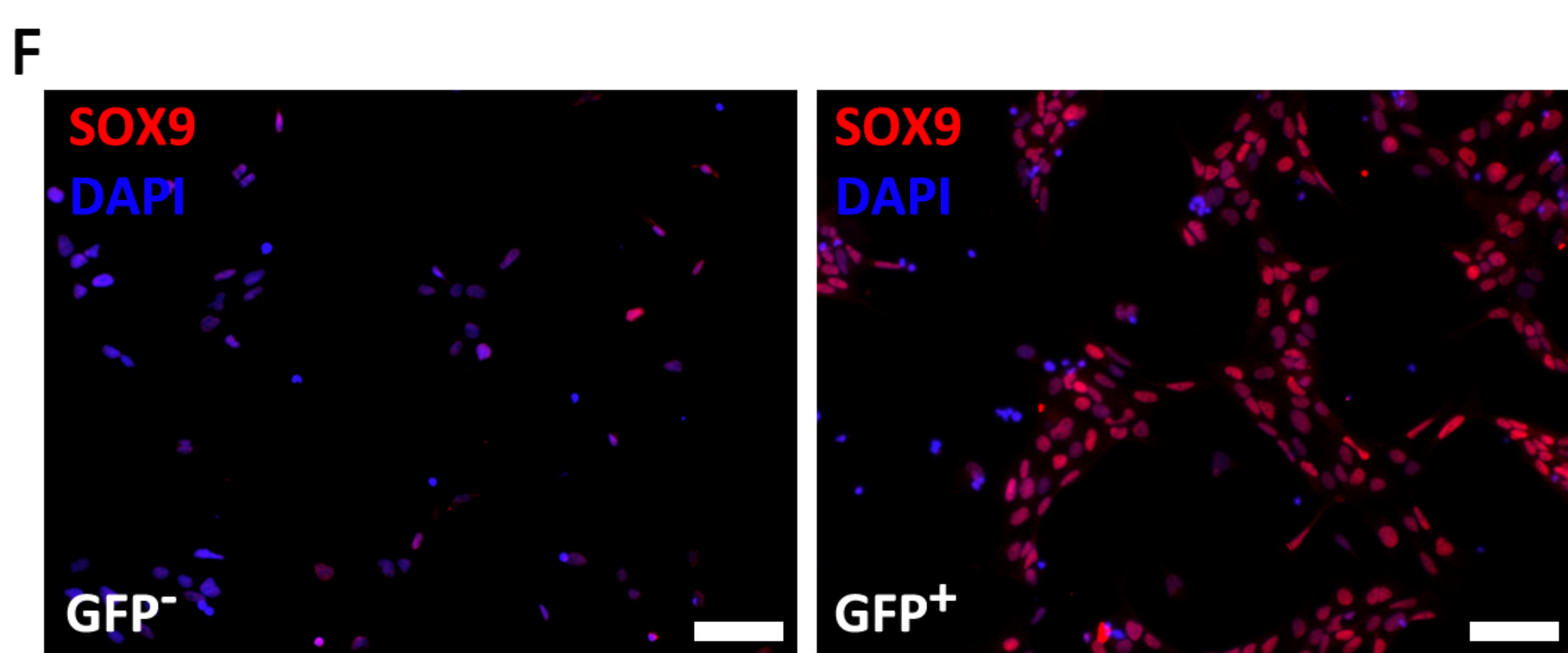
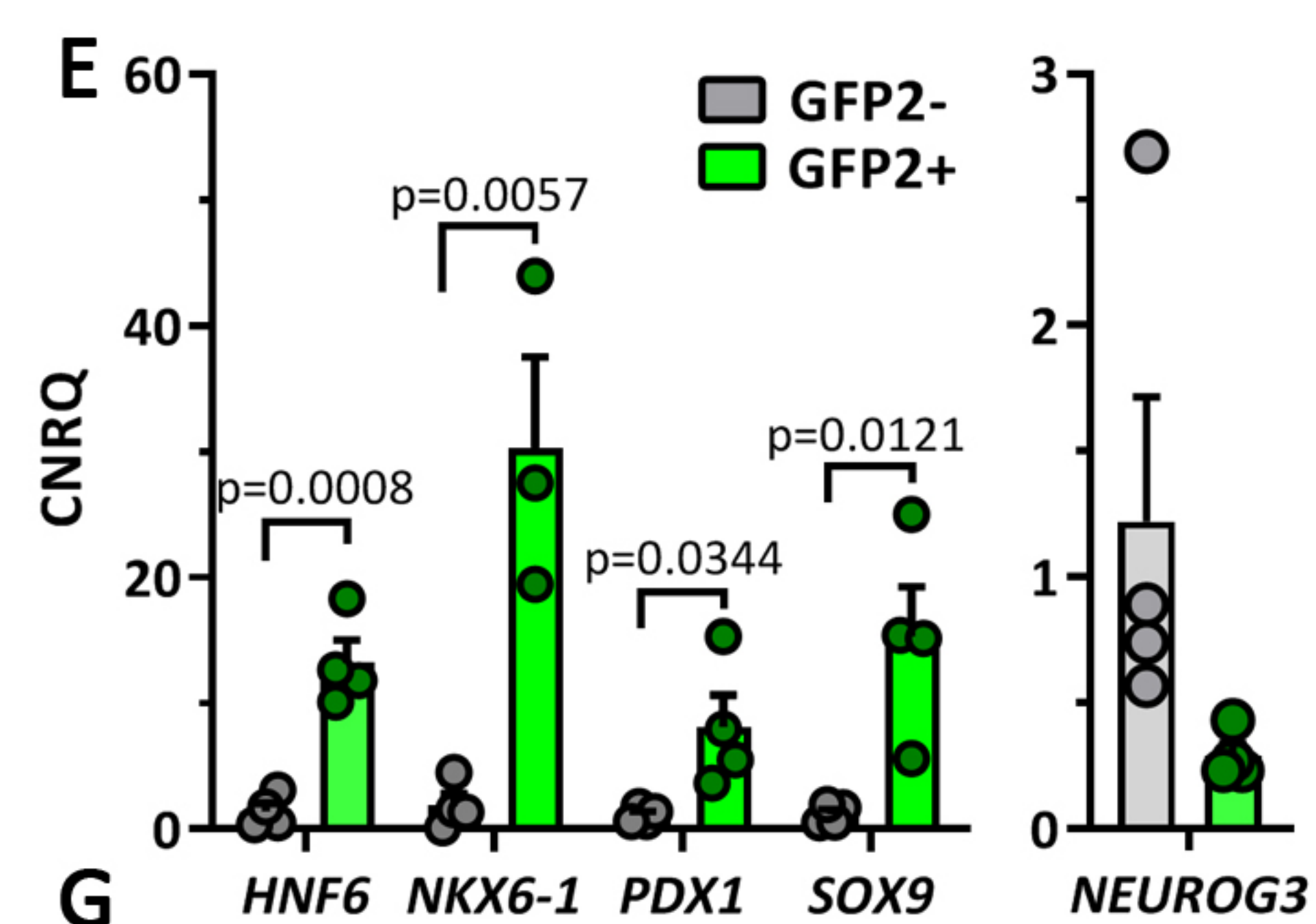
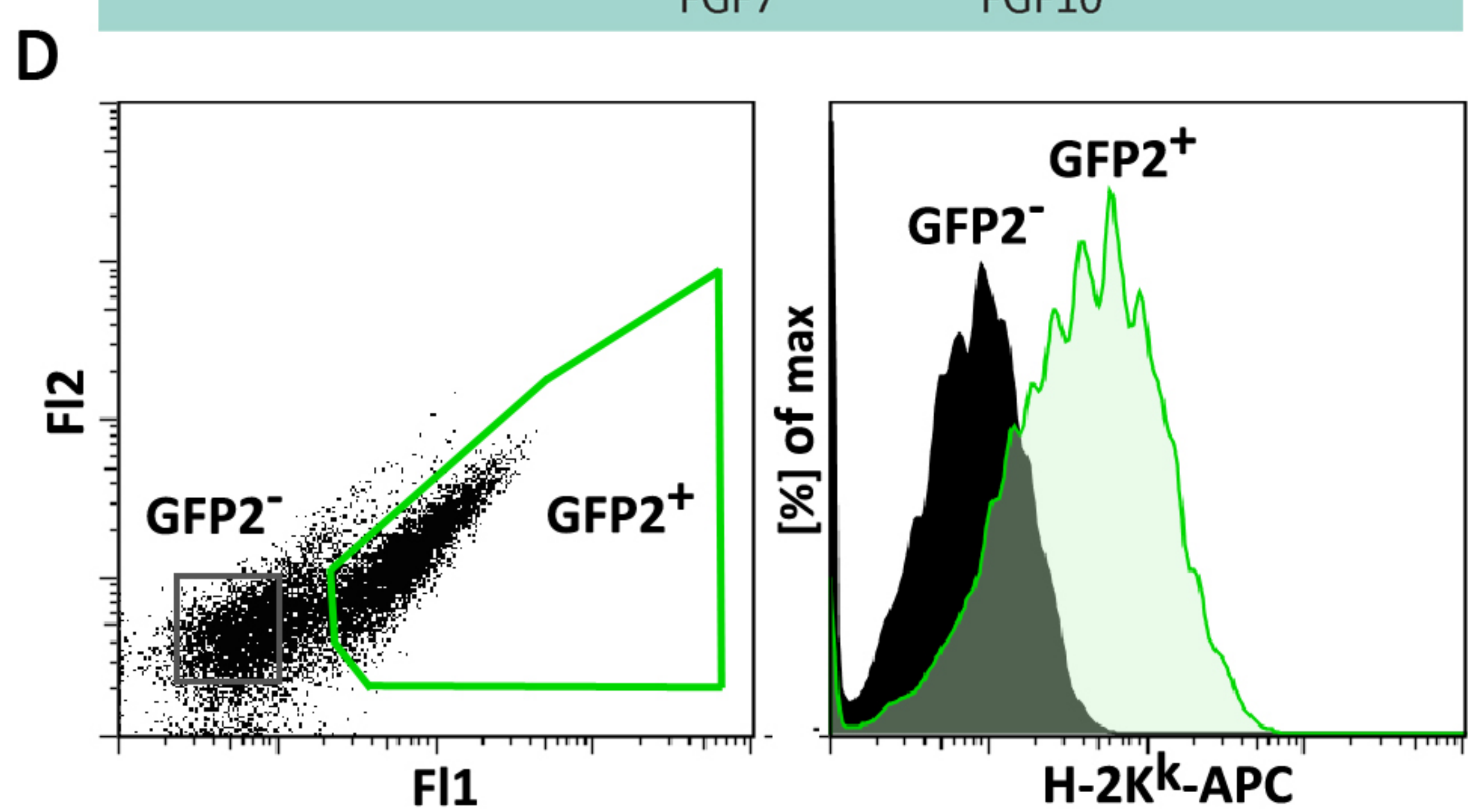
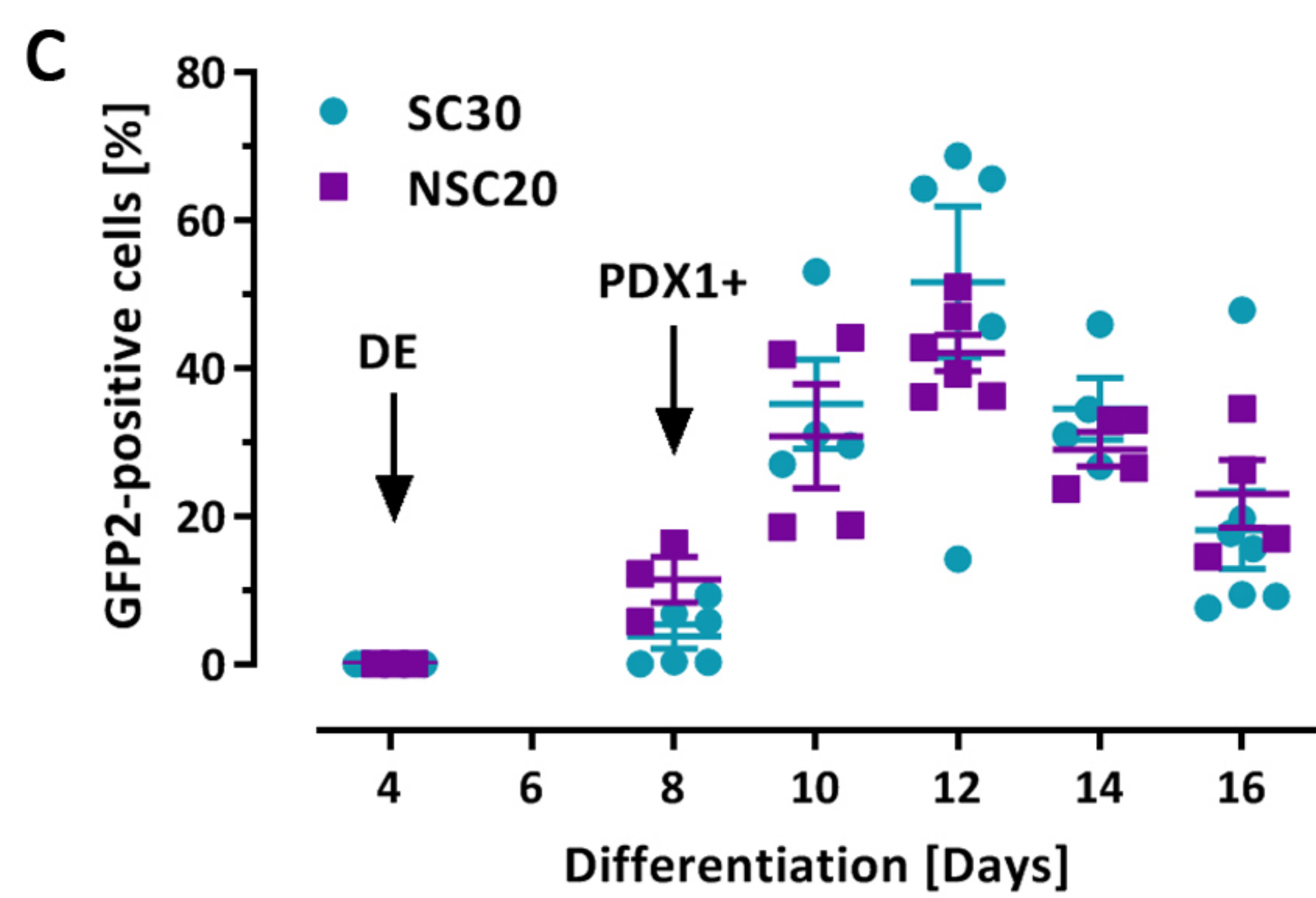
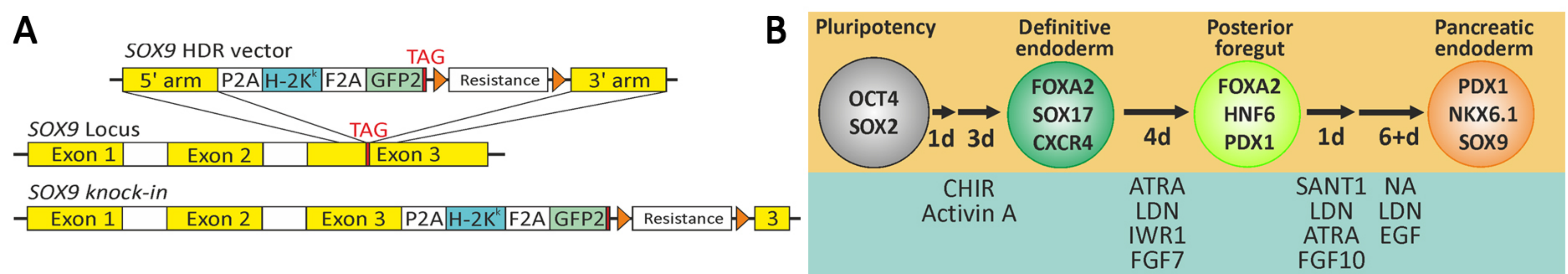
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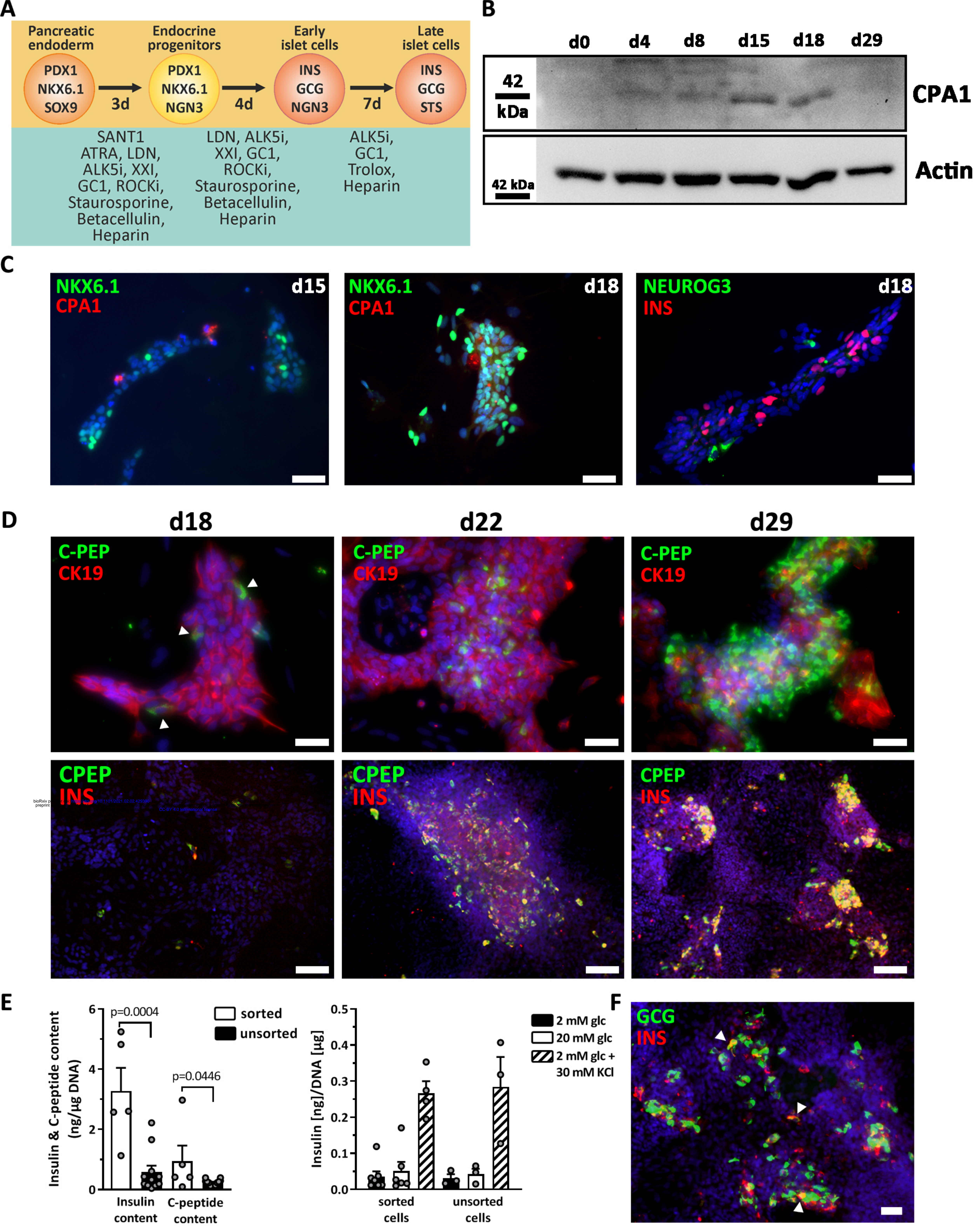


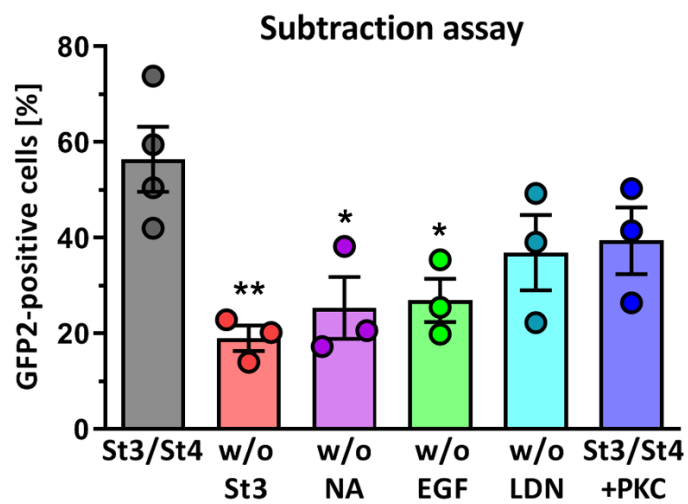
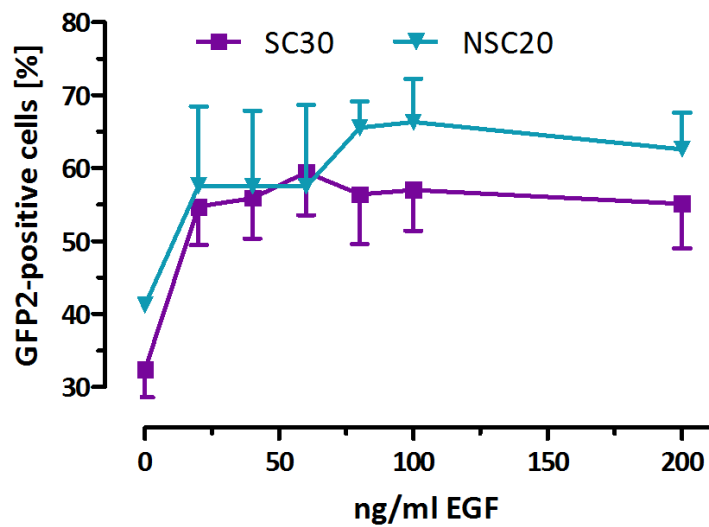
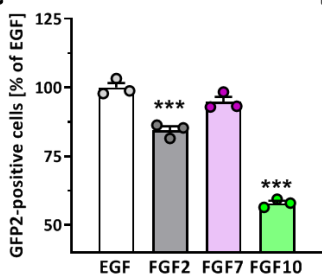
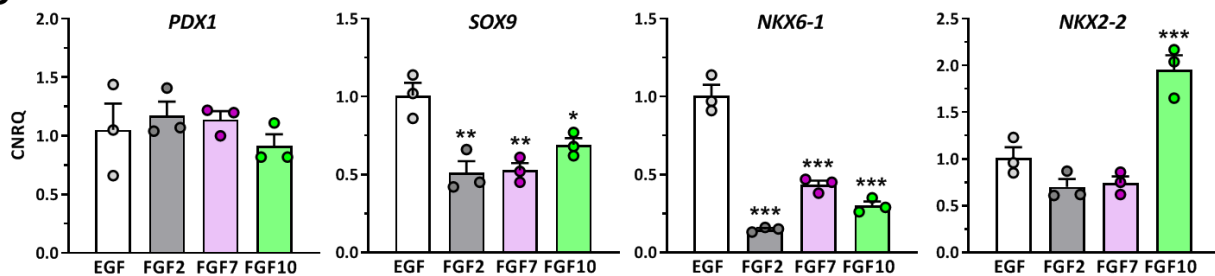
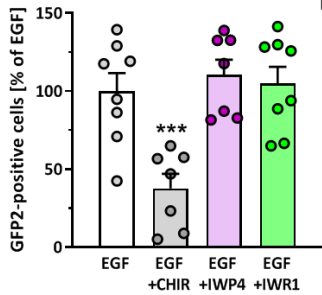
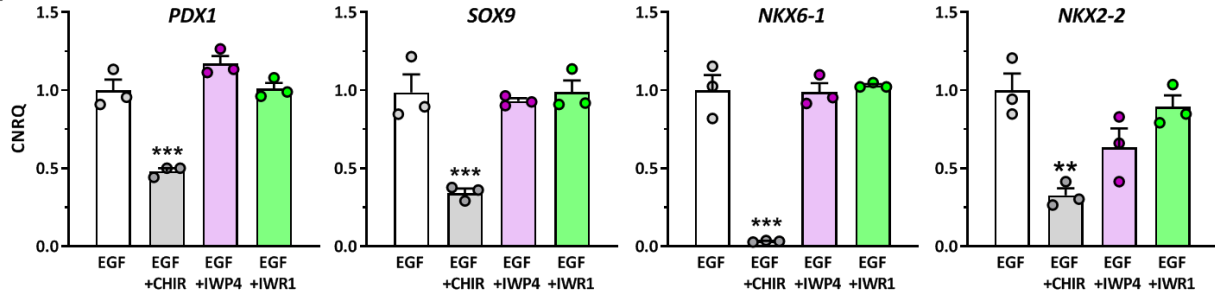
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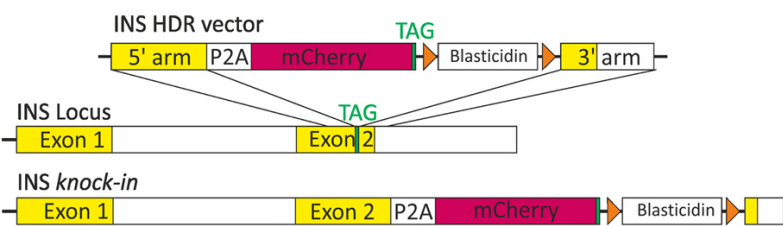
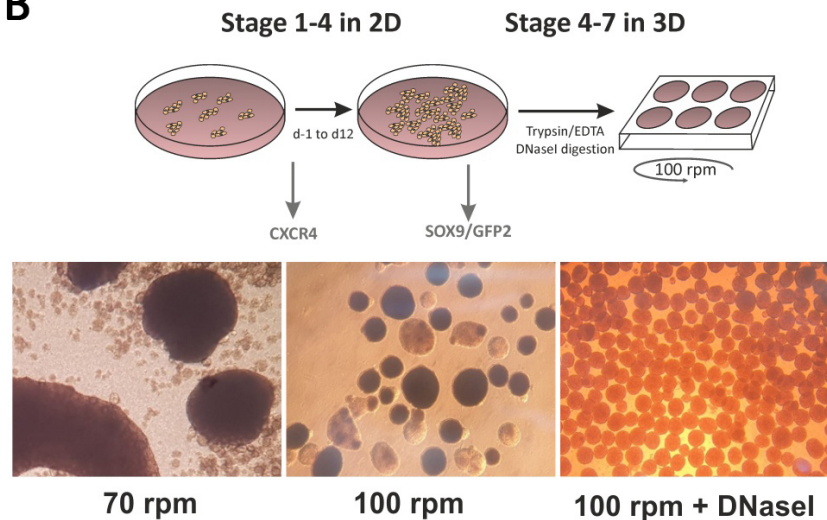
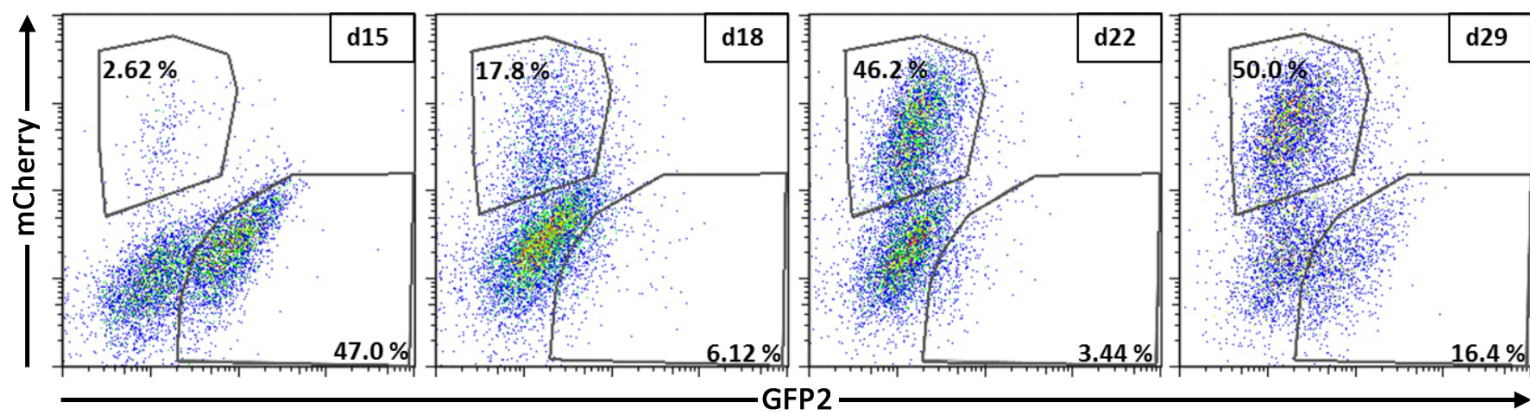
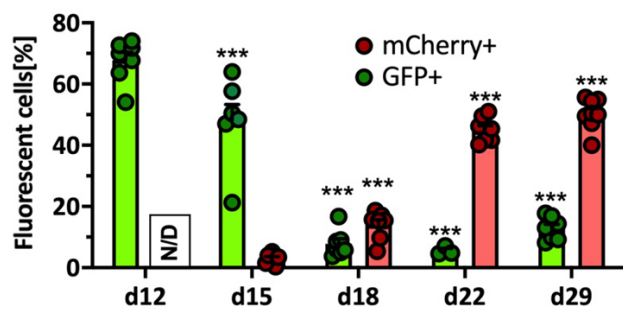
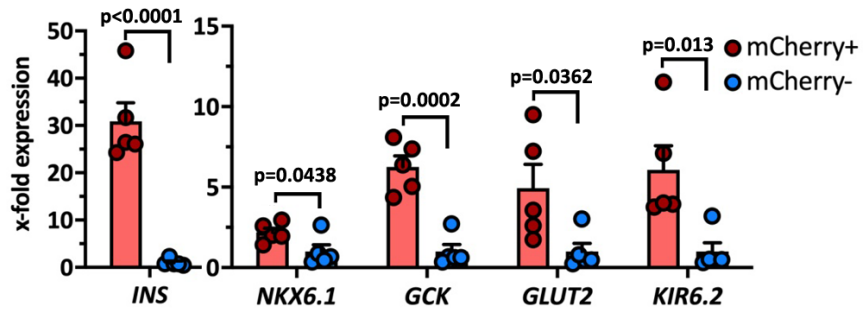
758 **Figure 7. Insulin and C-peptide content**

759 (A) Insulin and C-peptide content of NSC20- and SC30-derived organoids at d22 and d29 of
 760 differentiation in 3D. Values are means \pm SEM, $n=3-6$. (B) Insulin and C-peptide content of
 761 NSC20- and SC30-derived organoids at d29 differentiated in 2D or 3D in comparison to
 762 EndoC- β H1 cells. (C) Real time detection of cytosolic free- Ca^{2+} in SC30-derived organoids
 763 by recording of the Fura-2/AM emission ratio at 340 and 380 nm. The cells were perfused
 764 with basal KR w/o glucose, 20 mM glucose in KR, basal KR w/o glucose and finally KR plus
 765 40 mM KCl. Mean value of 19 recorded cells are shown in bold black. (D/E) Measurement of
 766 insulin and C-peptide secretion in NSC20- and SC30-derived organoids at d29 after 2D and
 767 3D differentiation in comparison to EndoC- β H1 cells. Data are means \pm SEM, $n=3-6$. Two-
 768 tailed *Student's t*-test, ** $p < 0.01$, * $p < 0.05$.

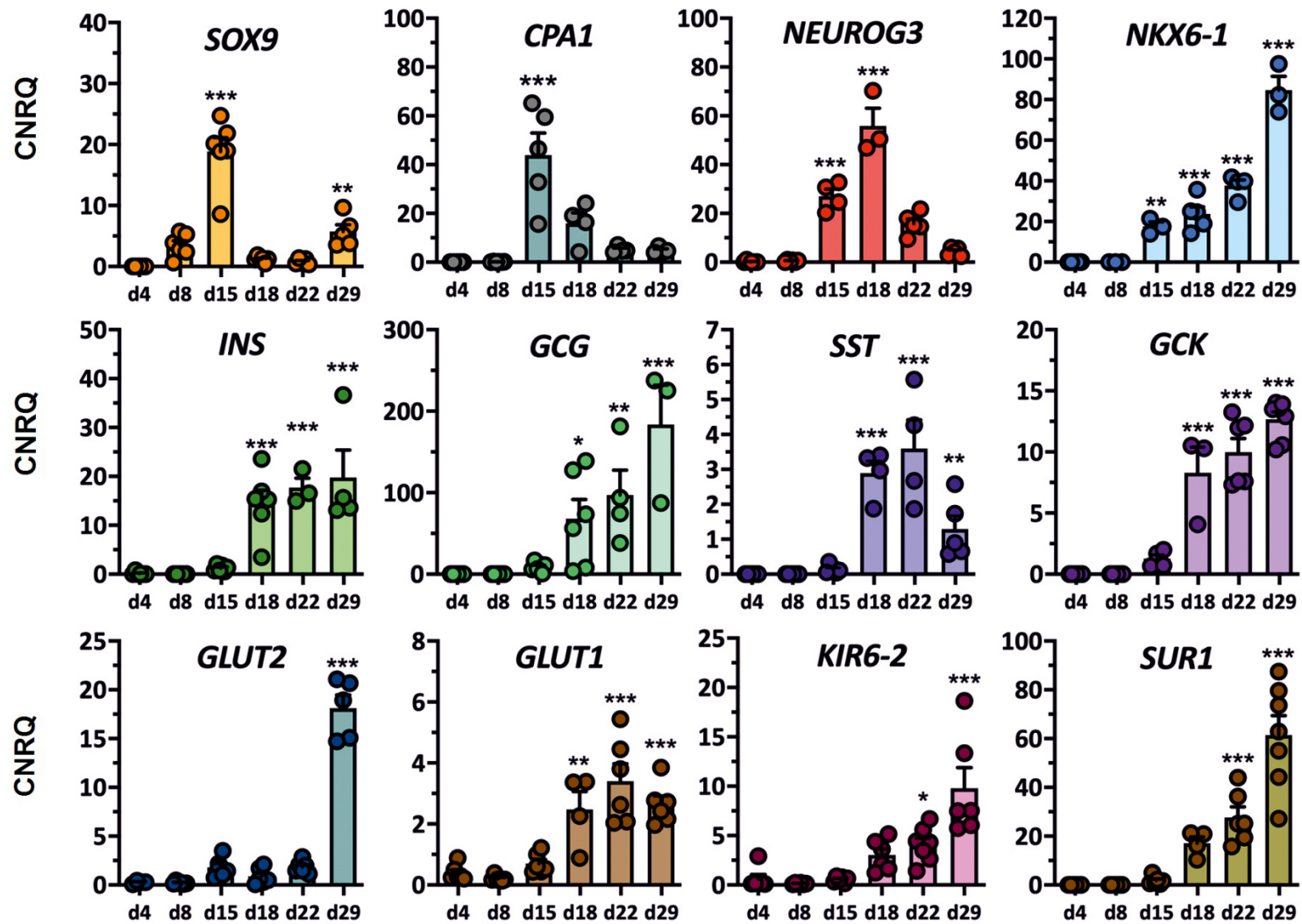




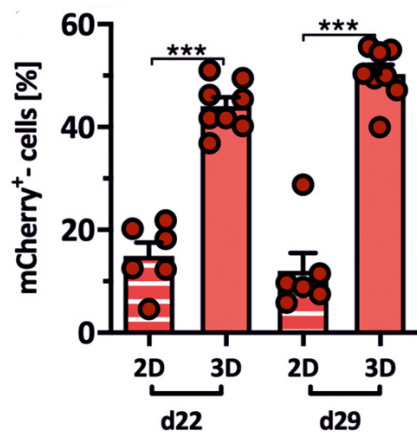
A**B****C****D****E****F**

A**B****C****D****E**

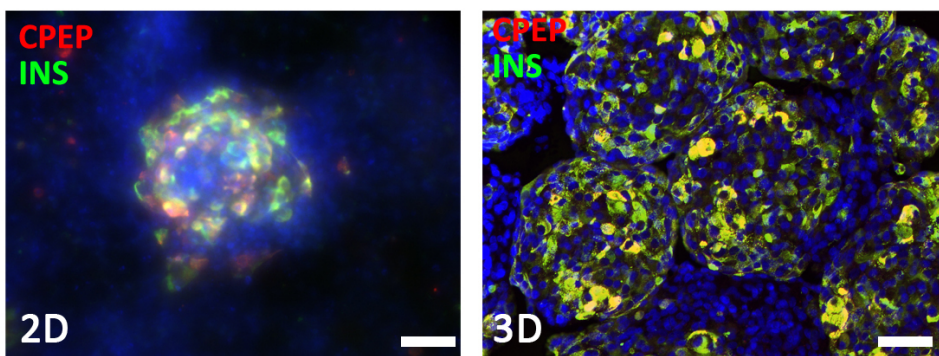
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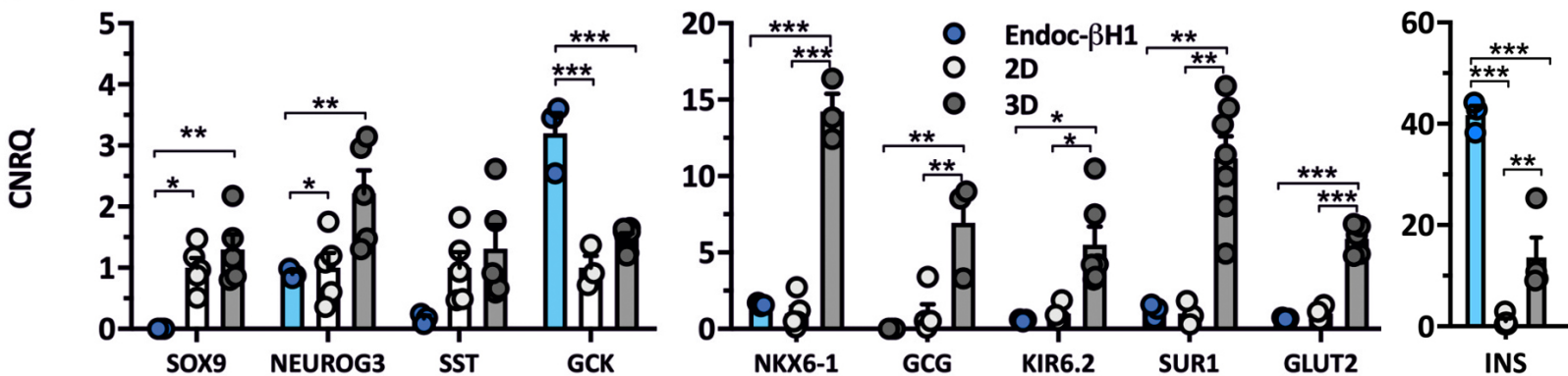
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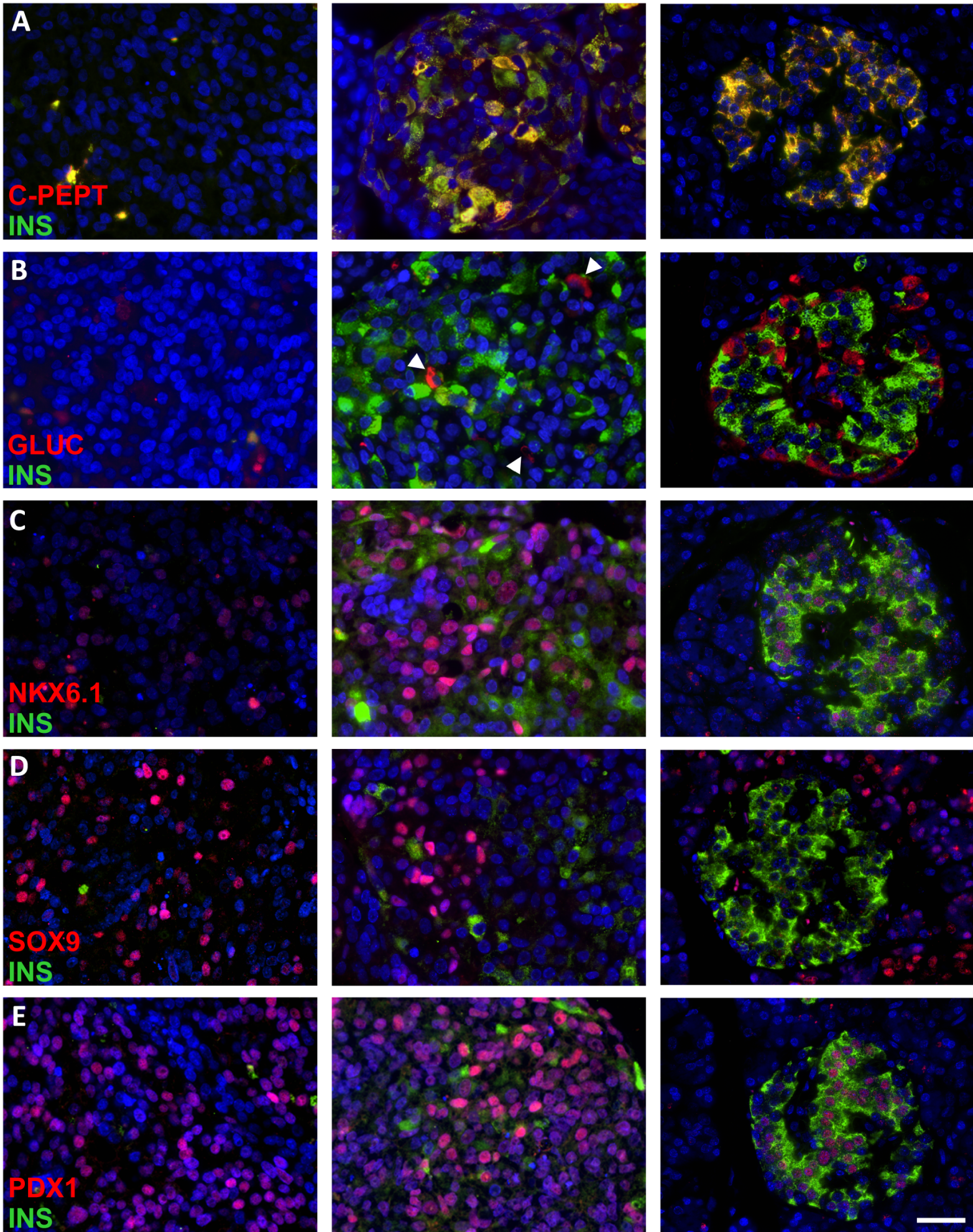


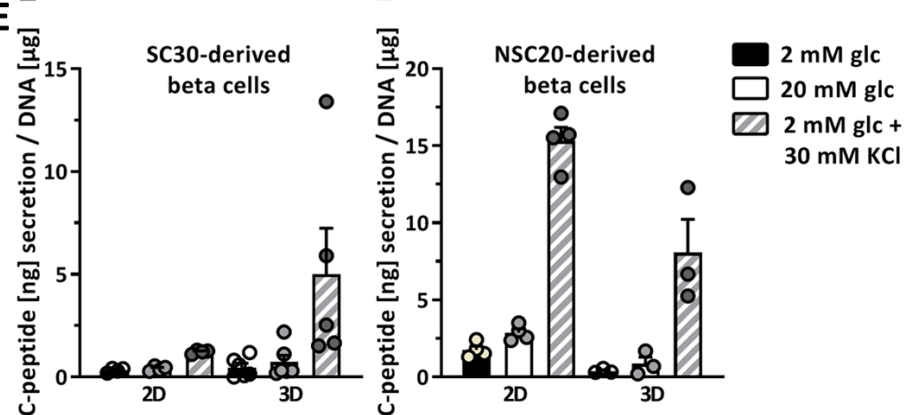
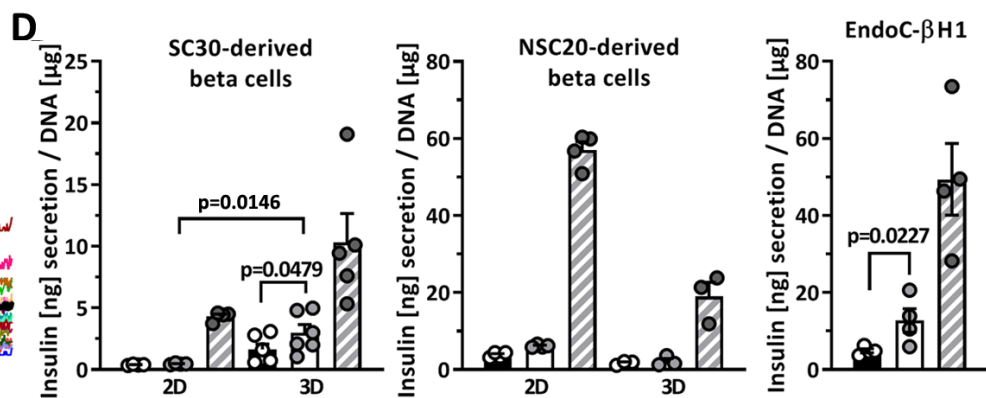
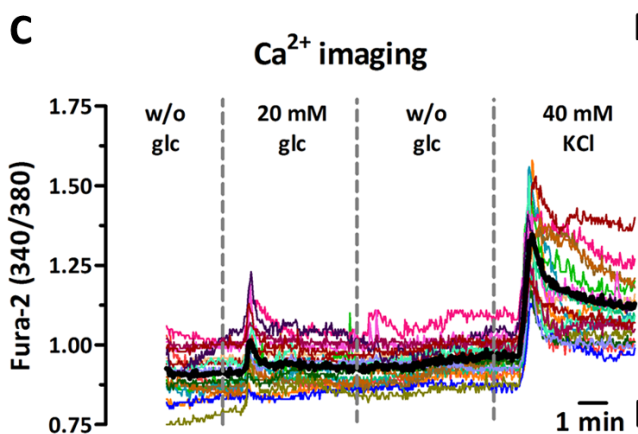
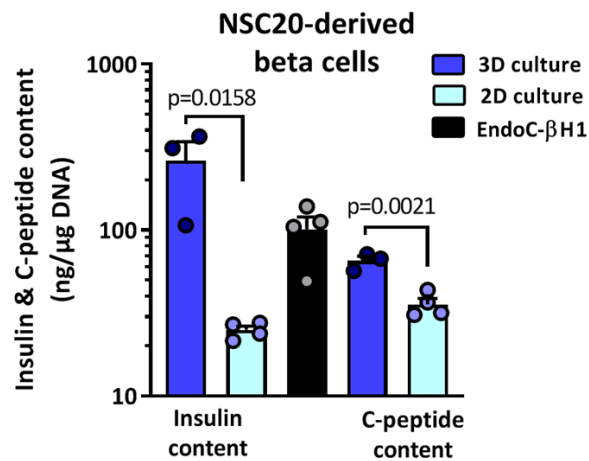
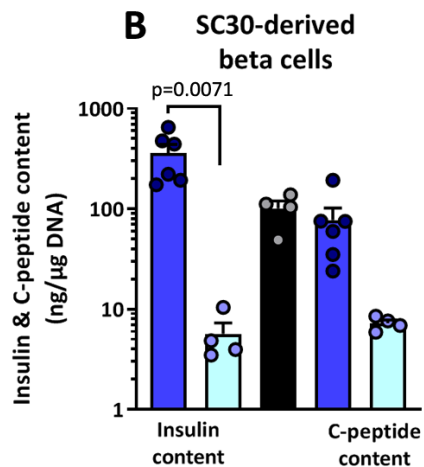
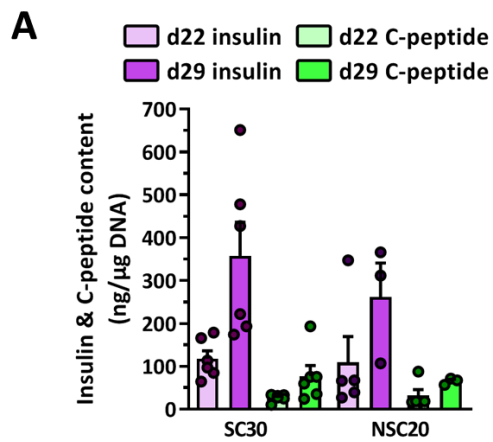
SC30-derived organoids

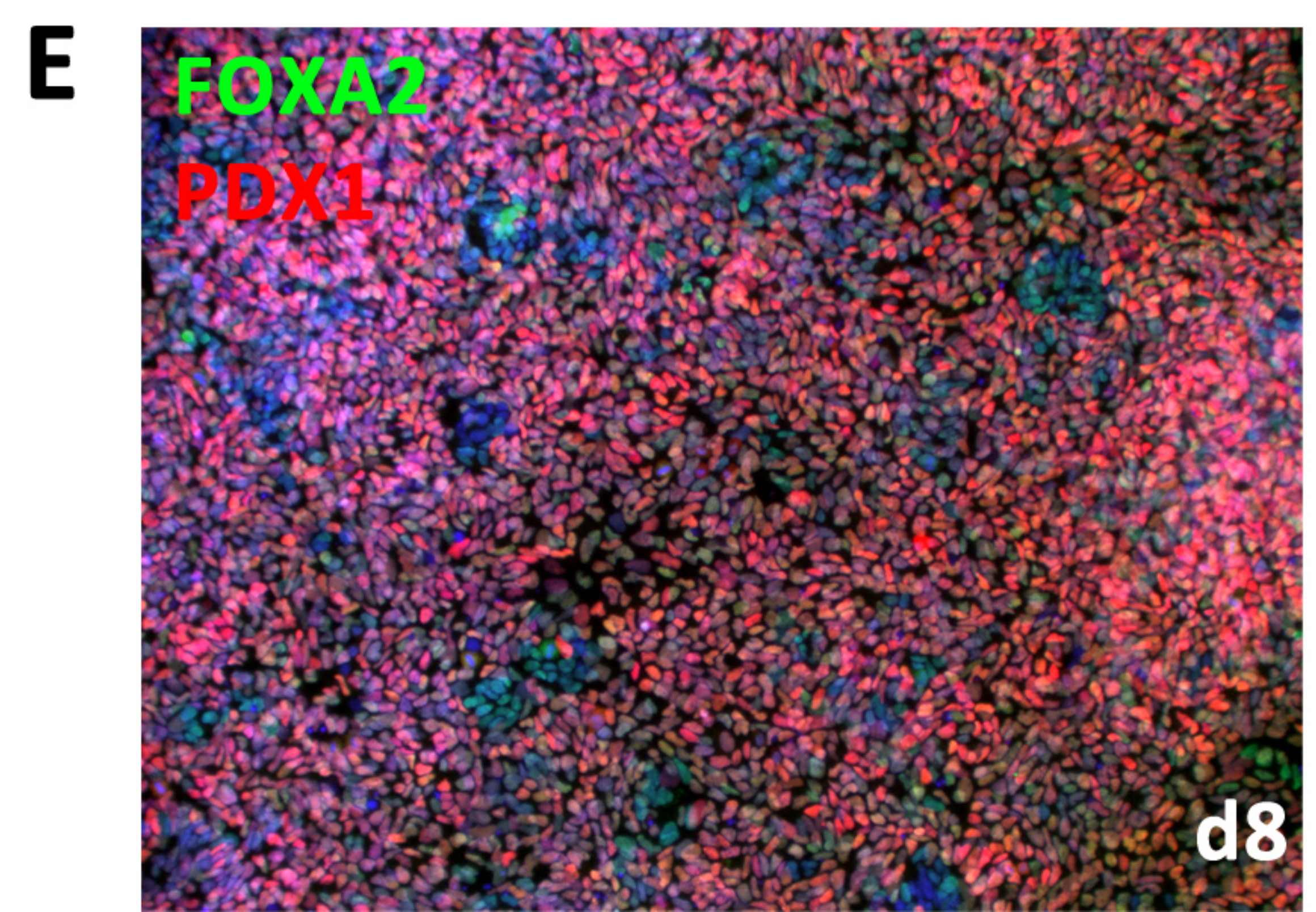
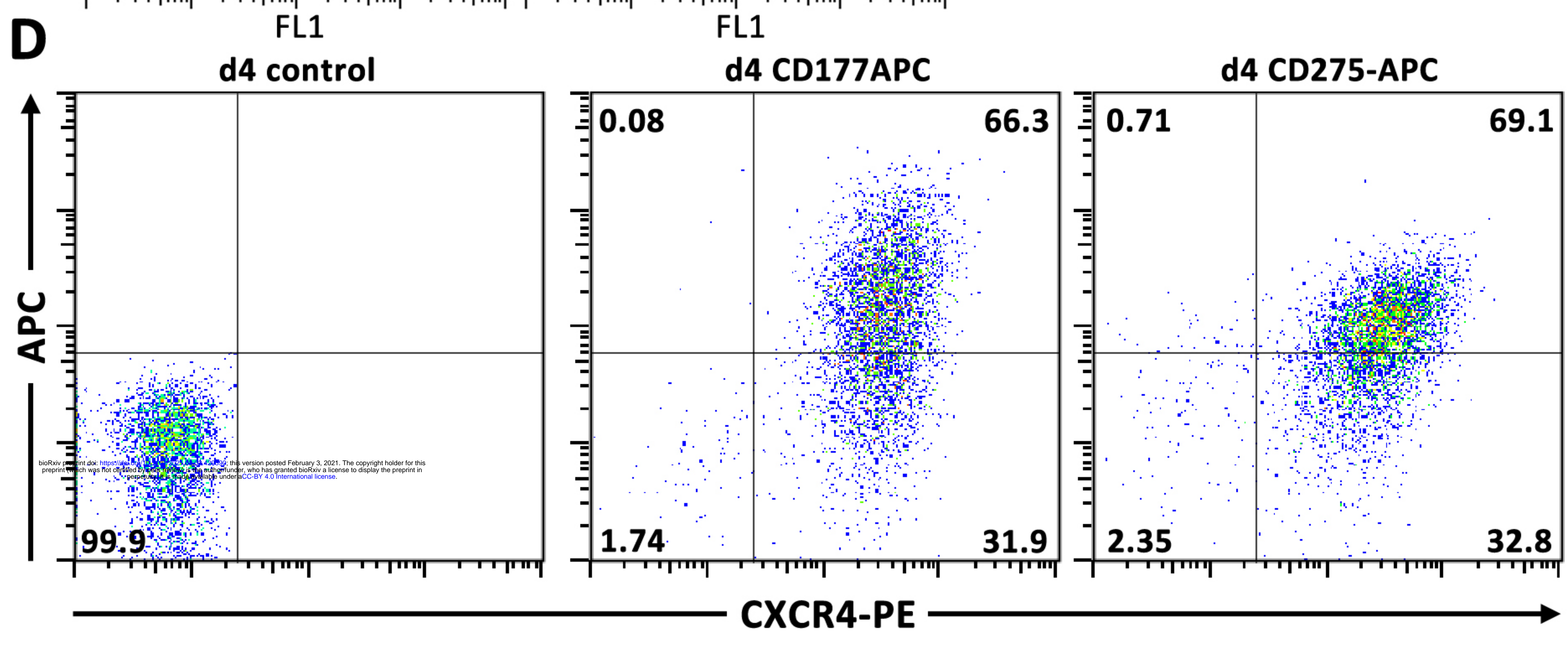
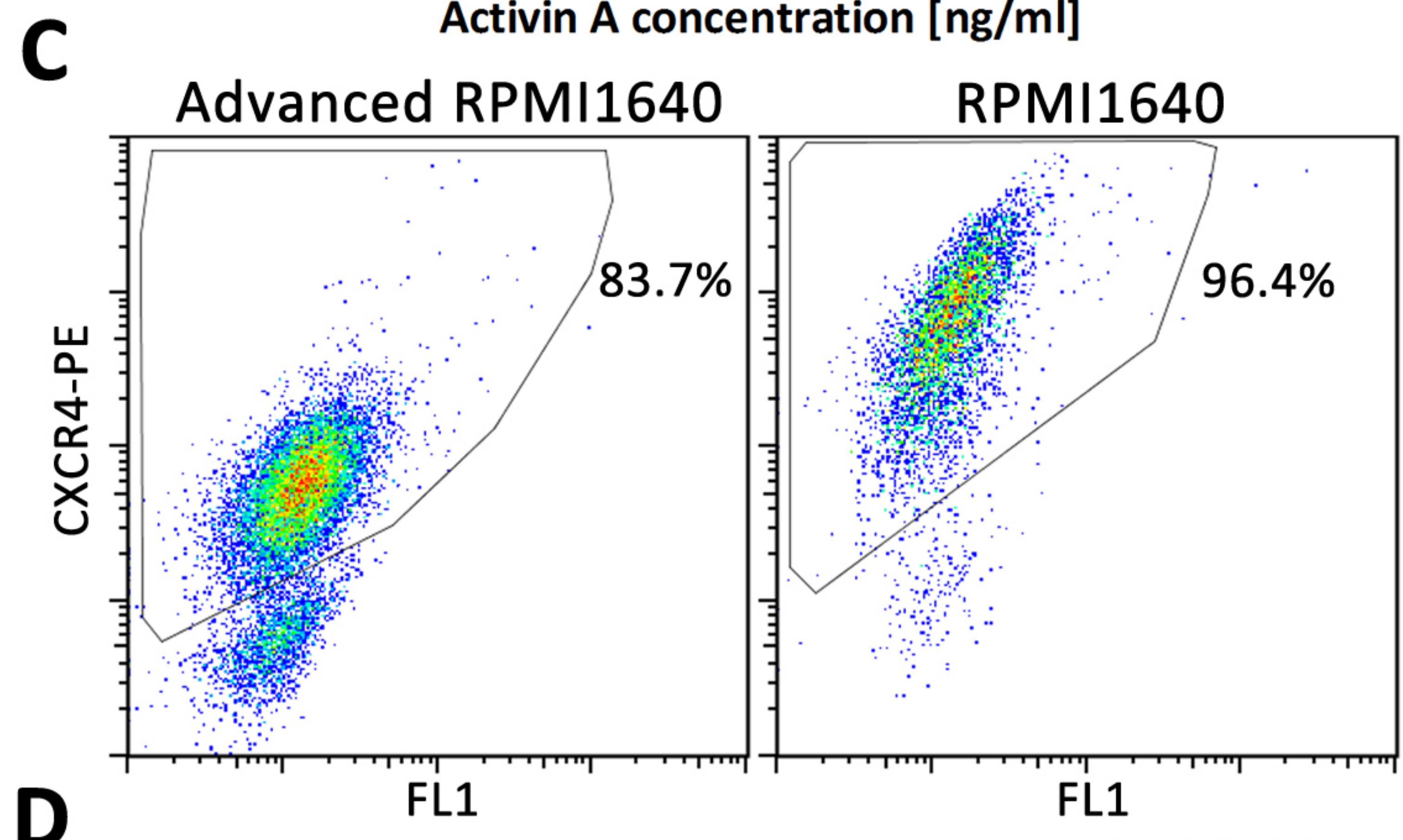
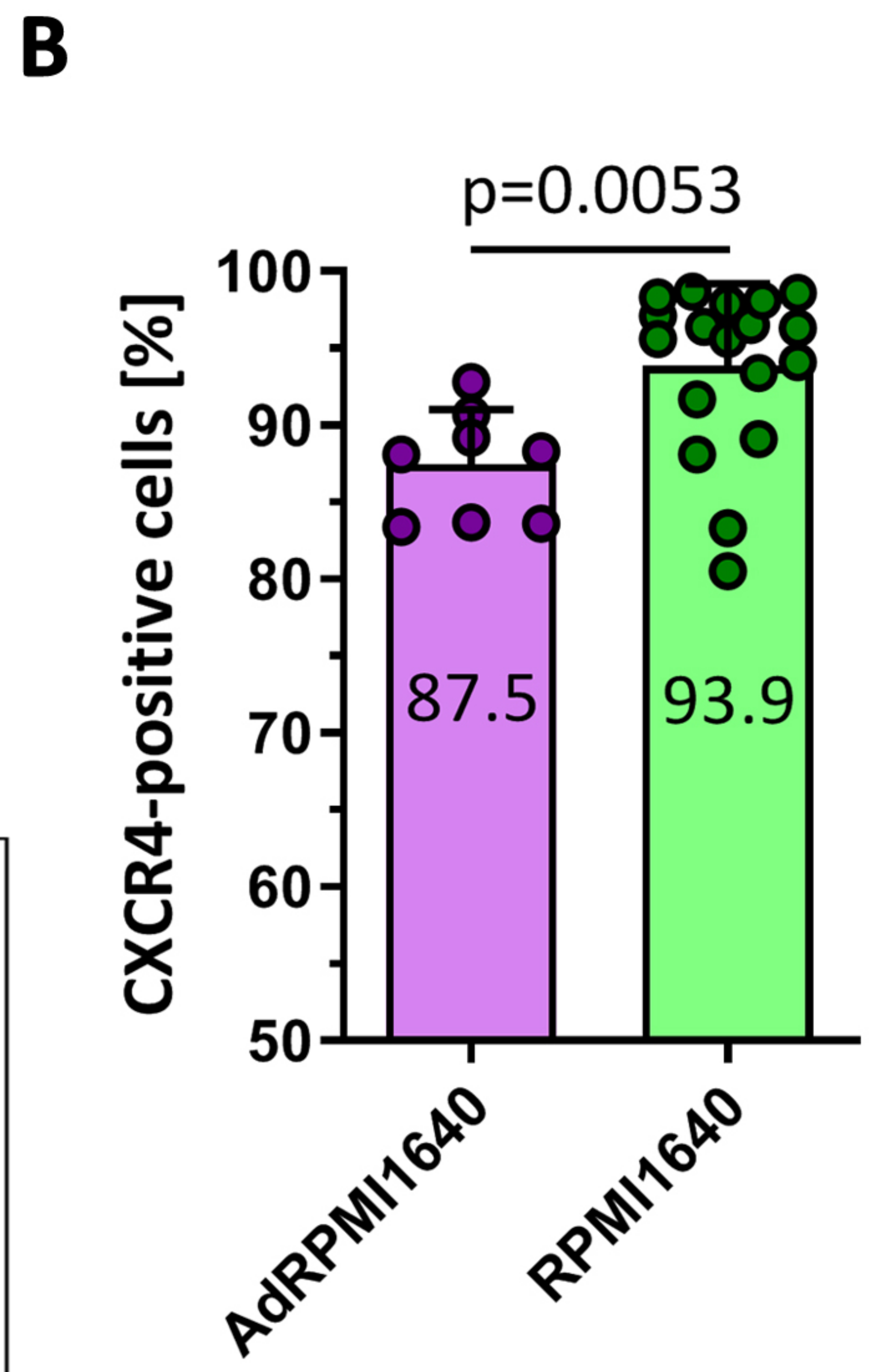
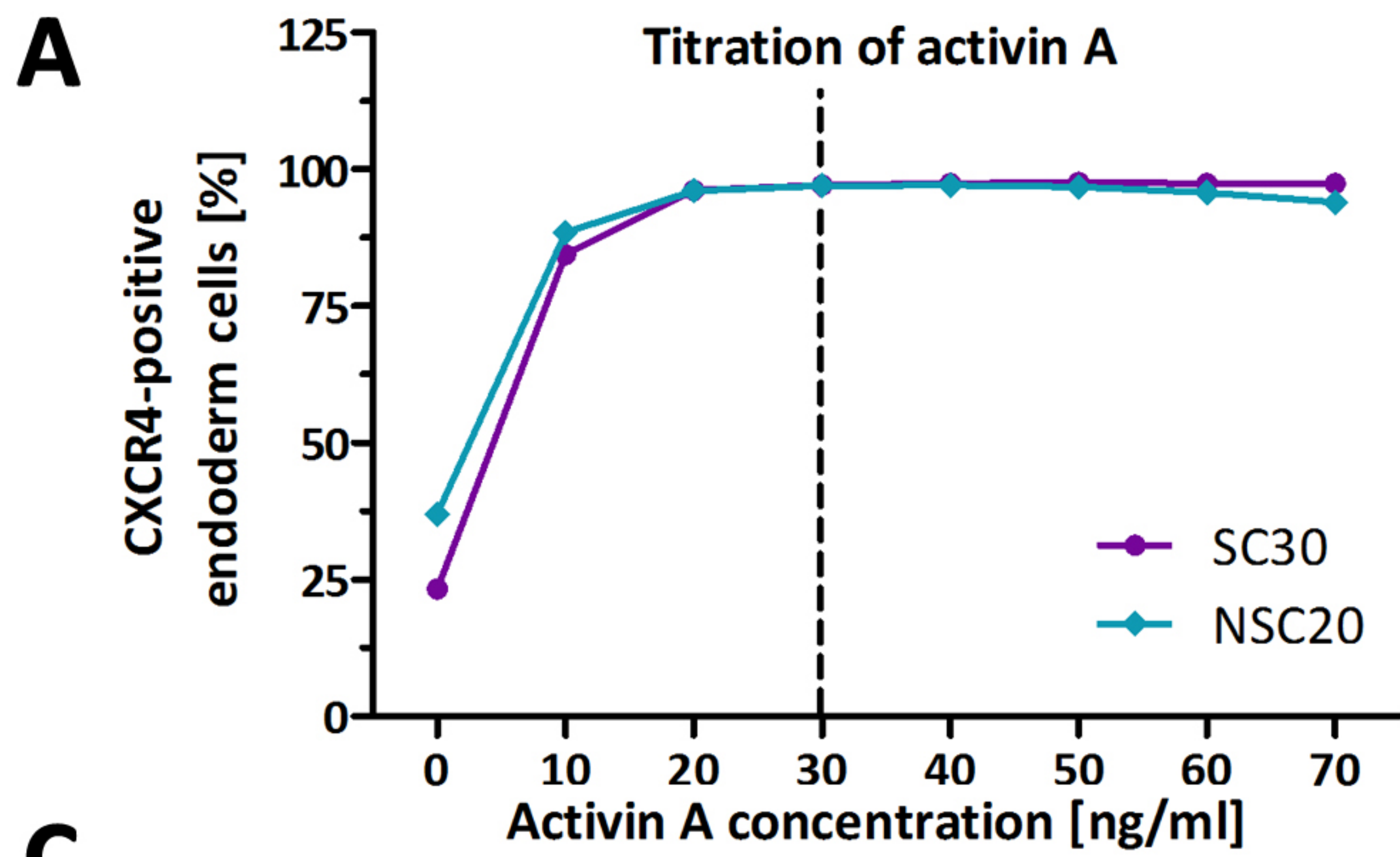
Human non-diabetic
pancreas

d15

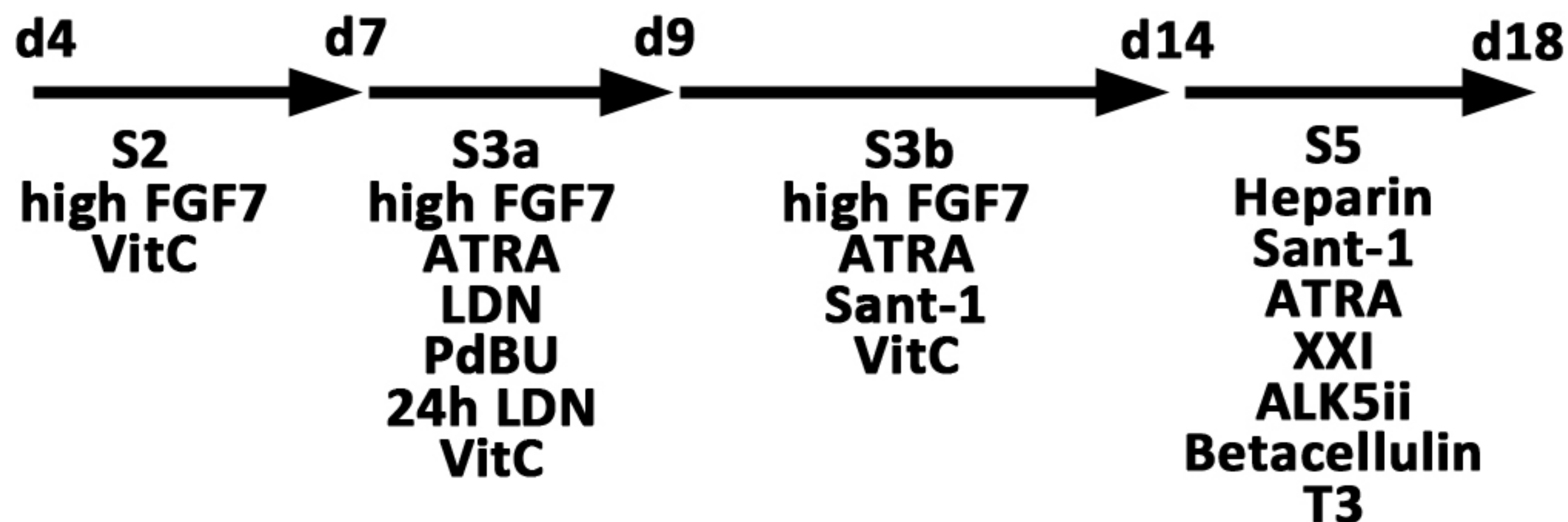
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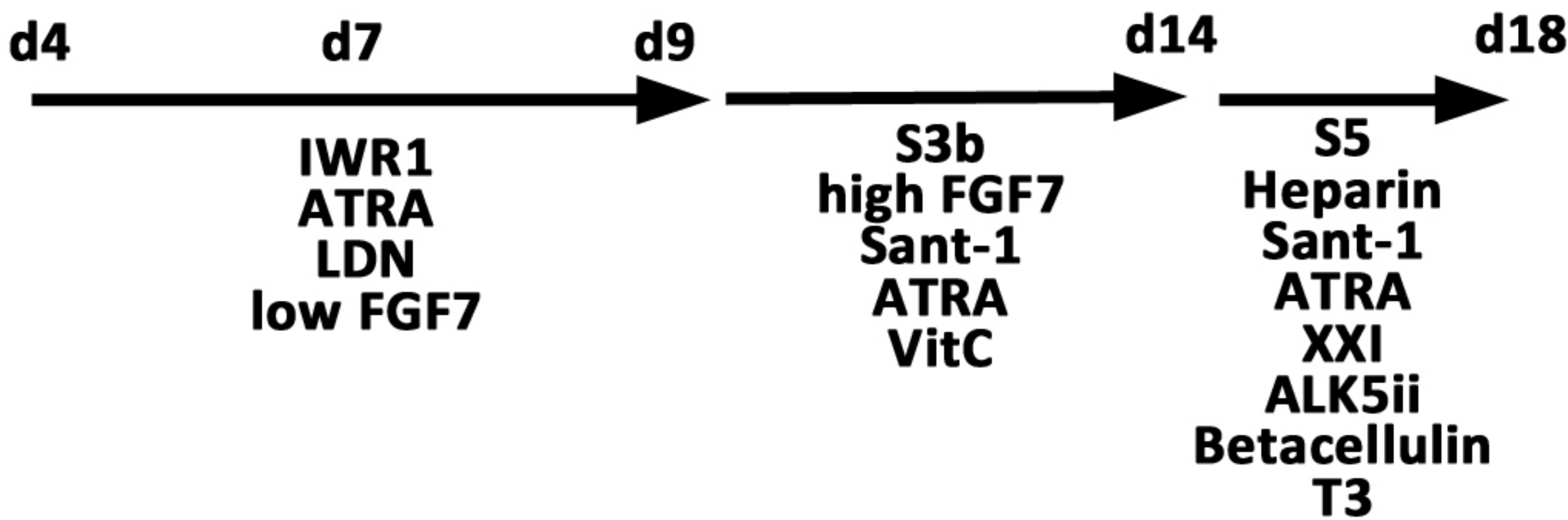




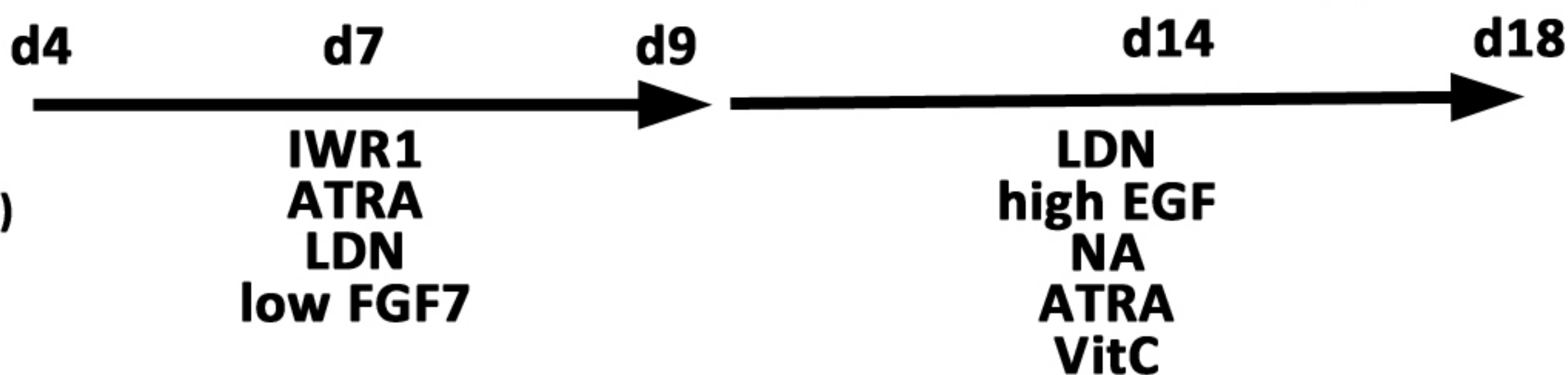
P1. Pagliuca et al.
(Cell, 2014)



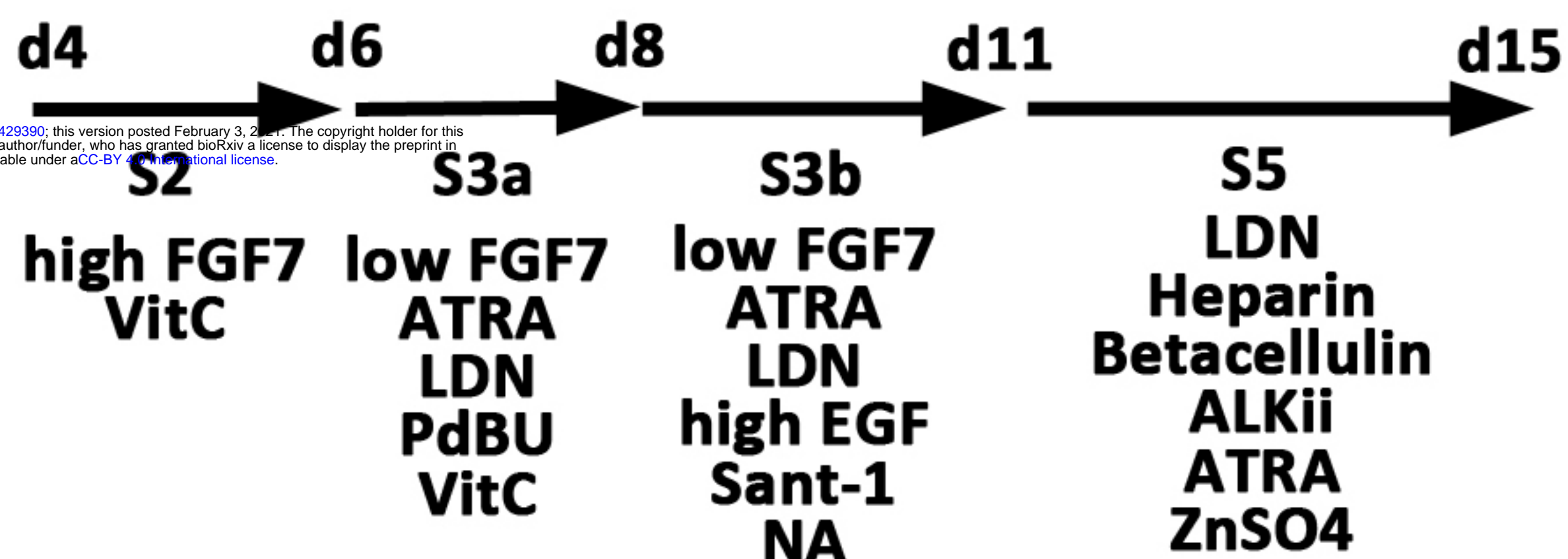
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Pagliuca et al. &
Davenport et al.
(Stem Cells 2016)



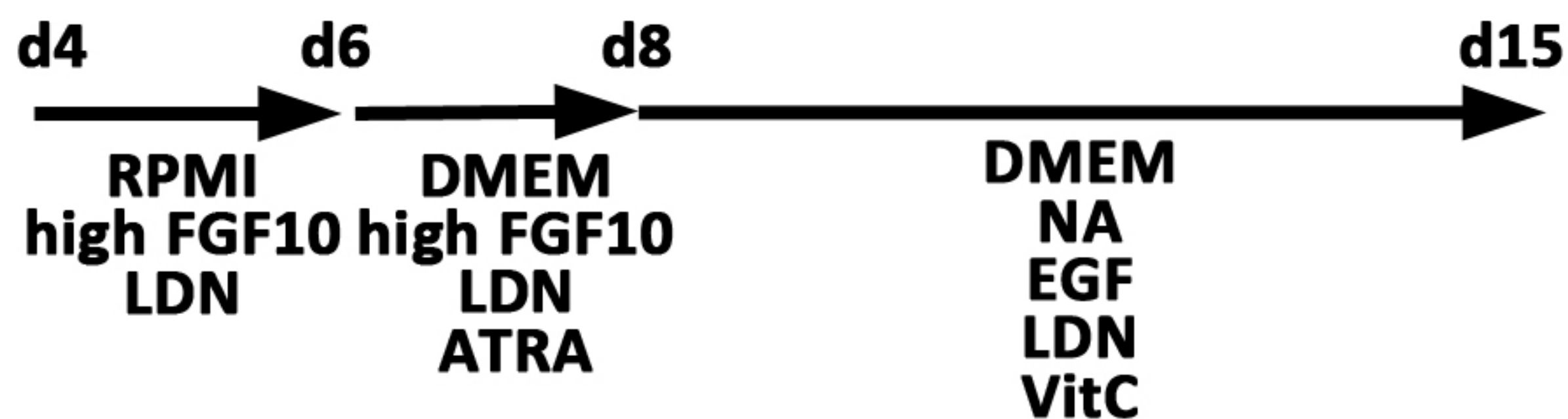
P3. Davenport et al.
& St4 Nostro et al.
(Stem Cell Rep 2015)



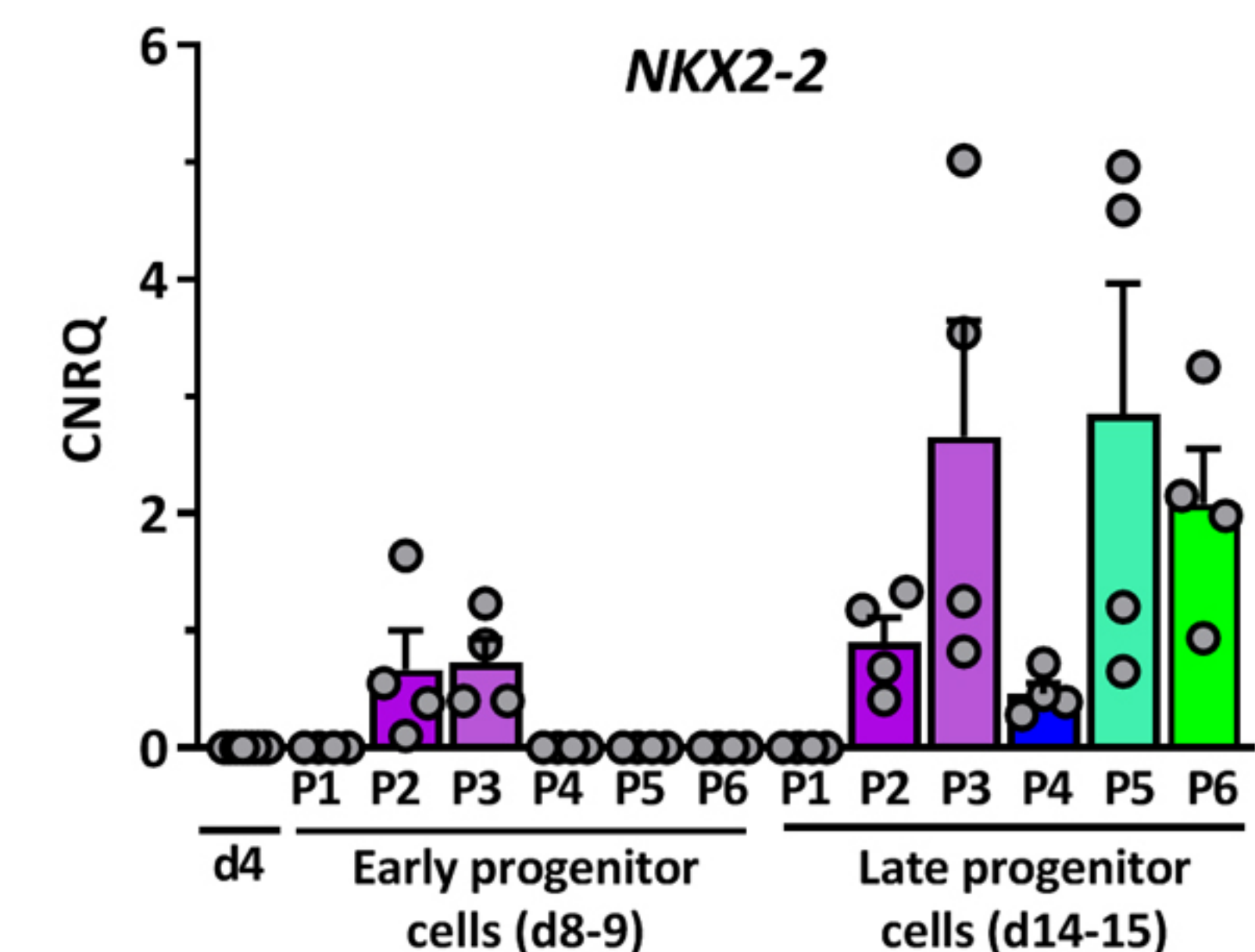
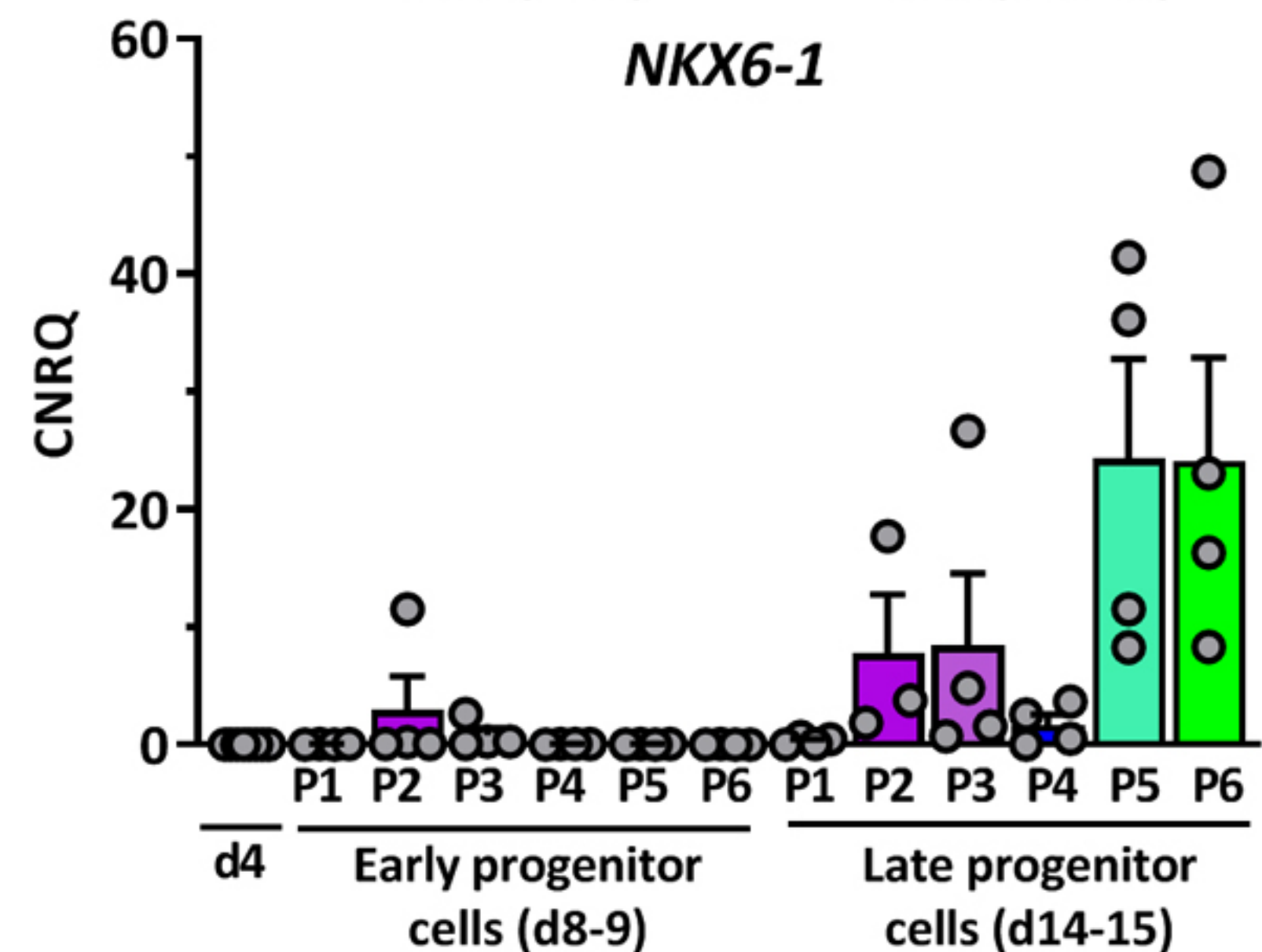
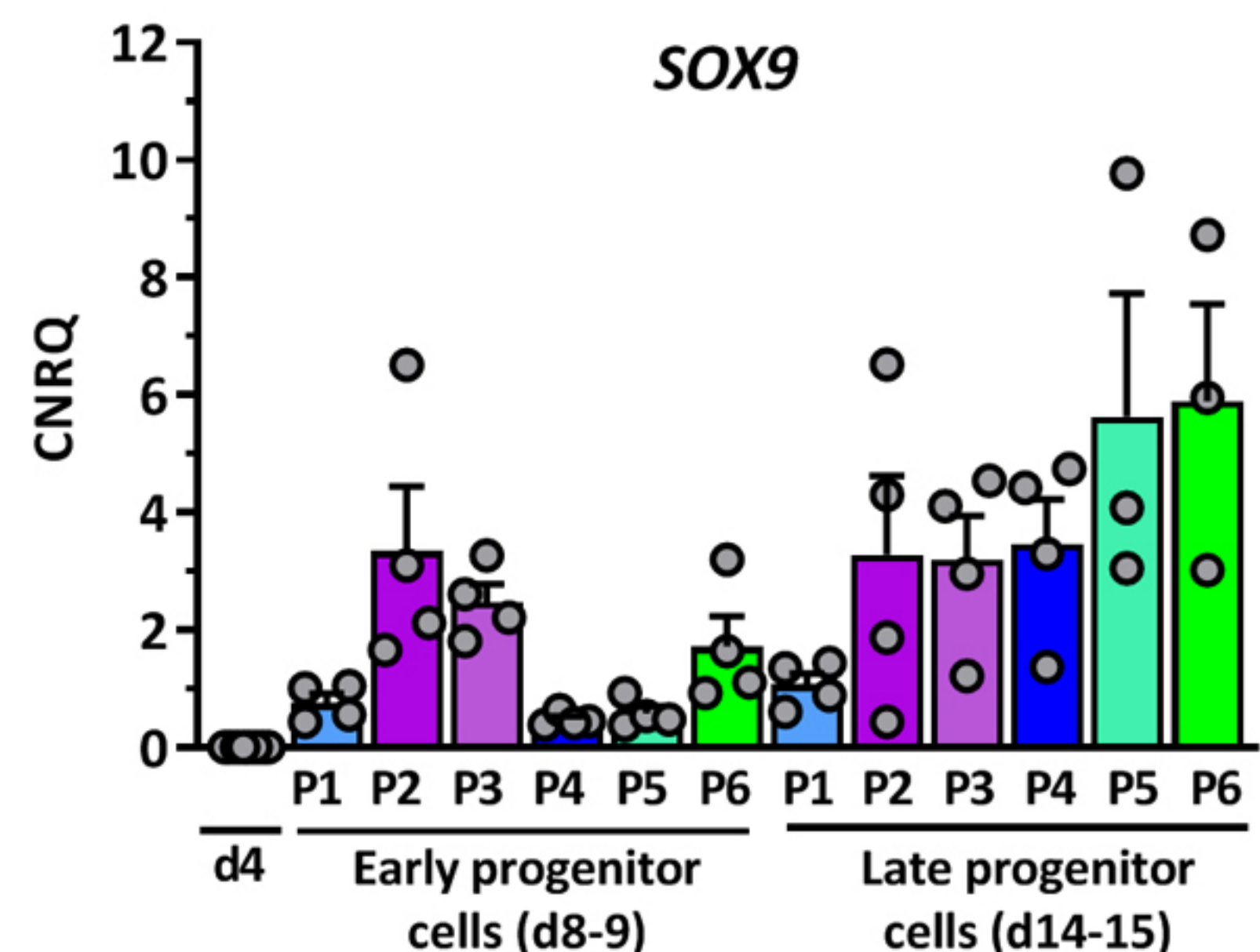
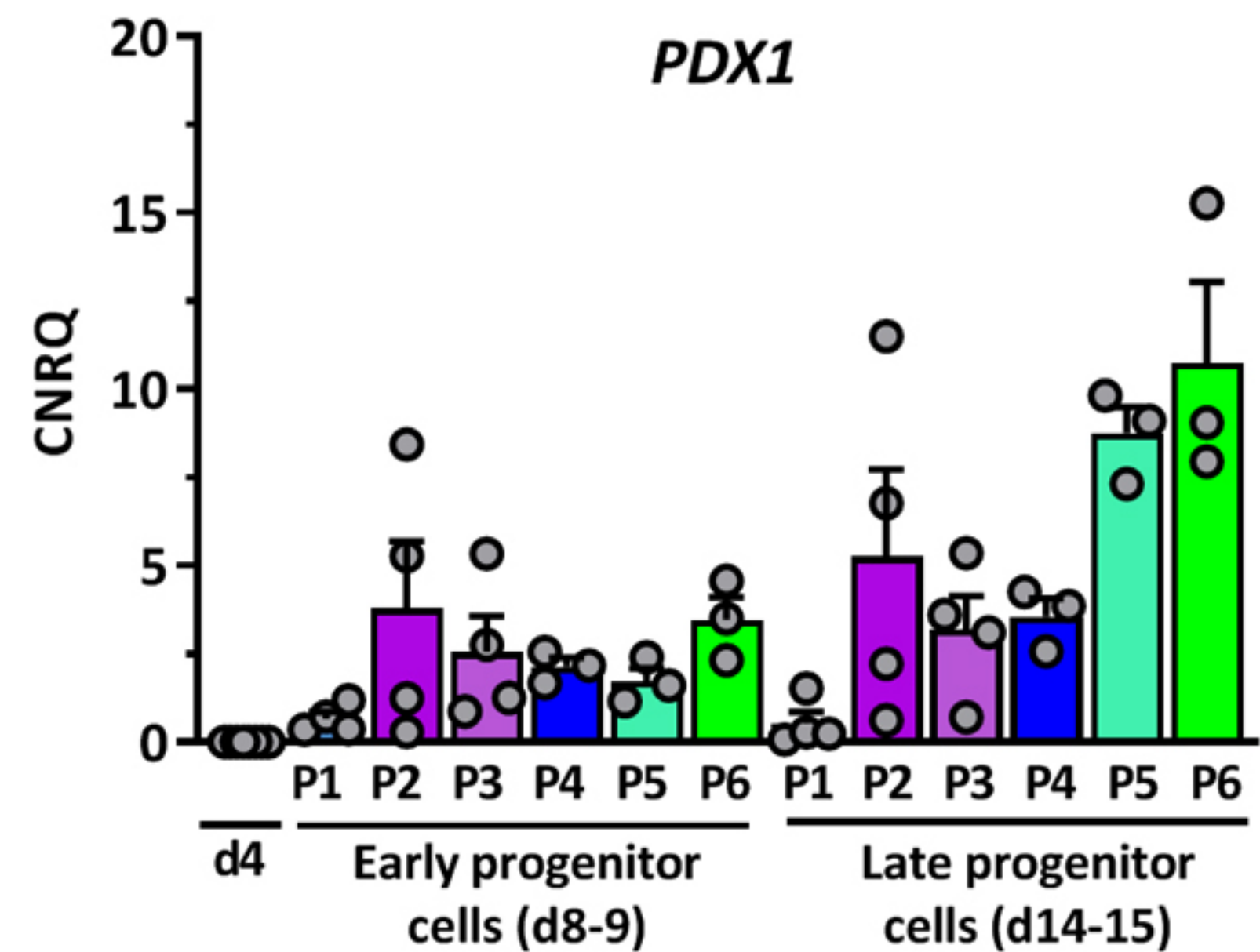
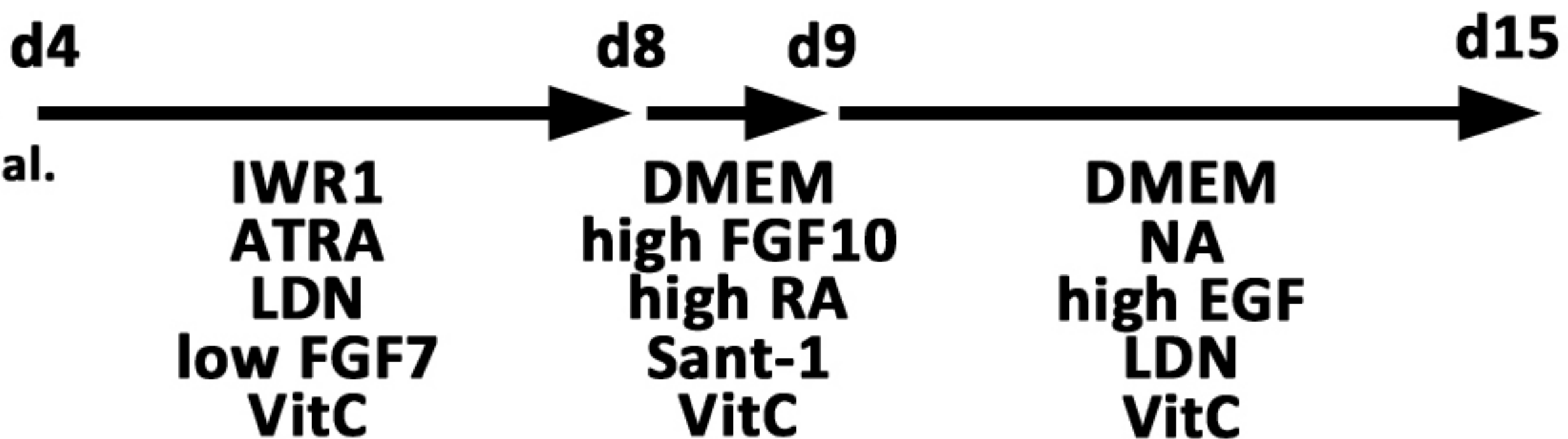
P4. Adopted
Pagliuca et al.



P5. Nostro et al.



P6. Davenport et al.
& St3+St4 Nostro et al.



SC30

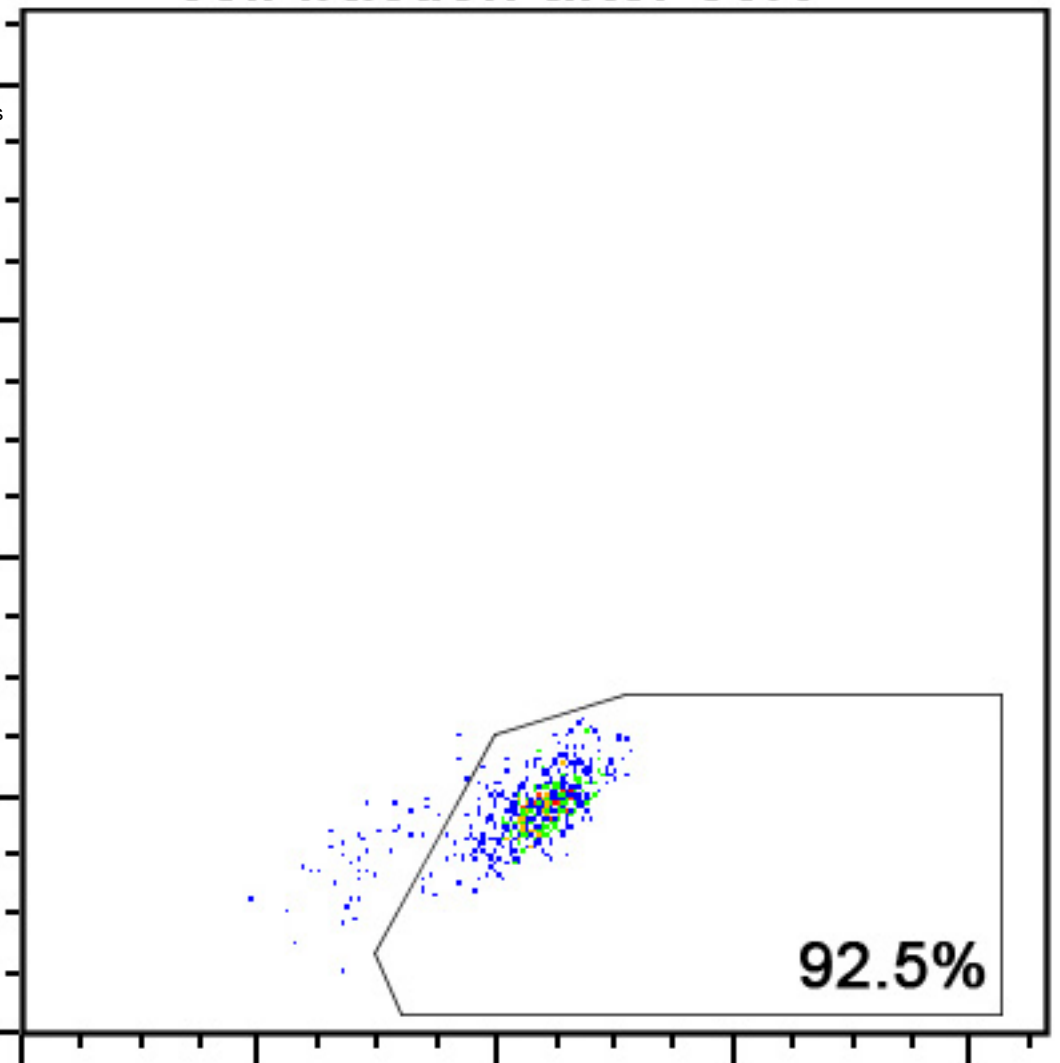
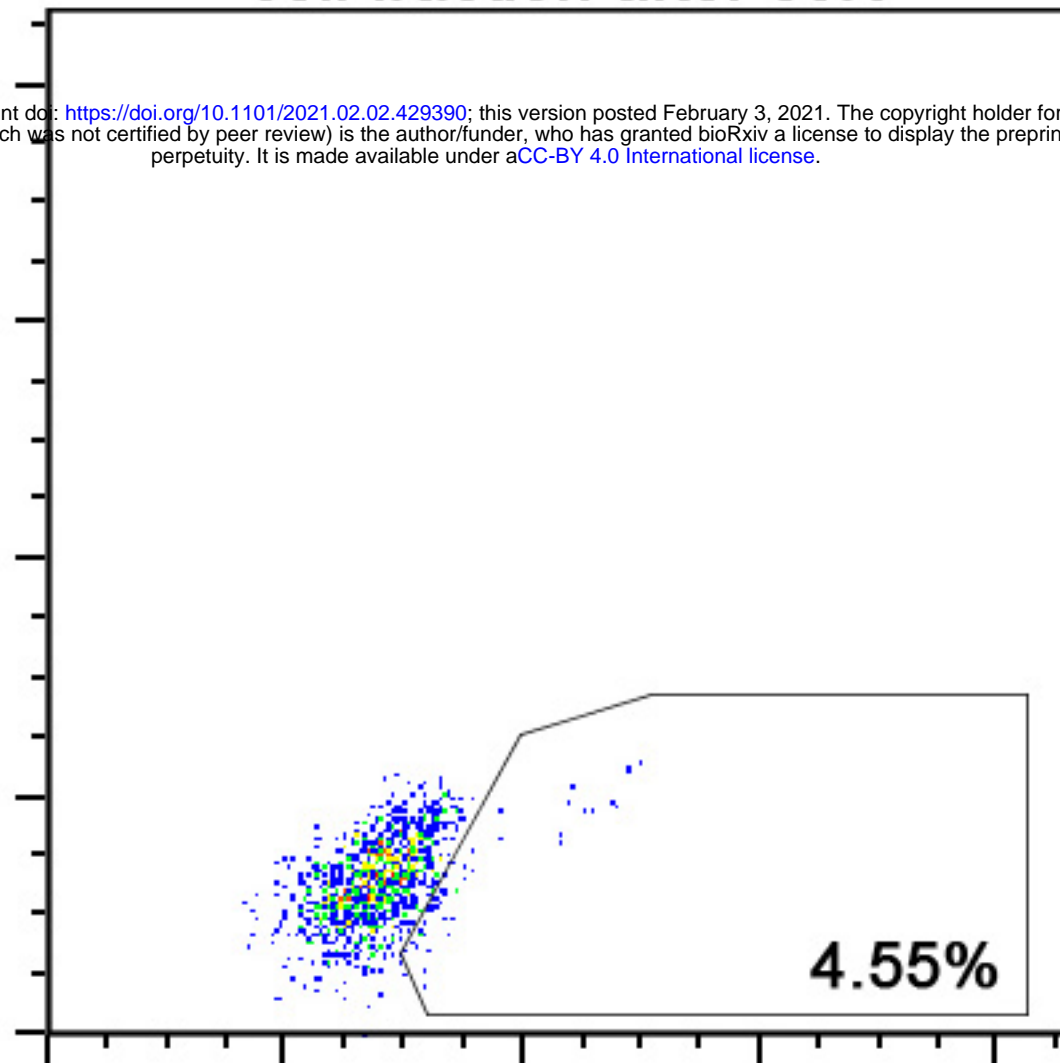
GFP2/H-2KK- negative
cell fraction after sort

GFP2/H-2KK-positive
cell fraction after sort

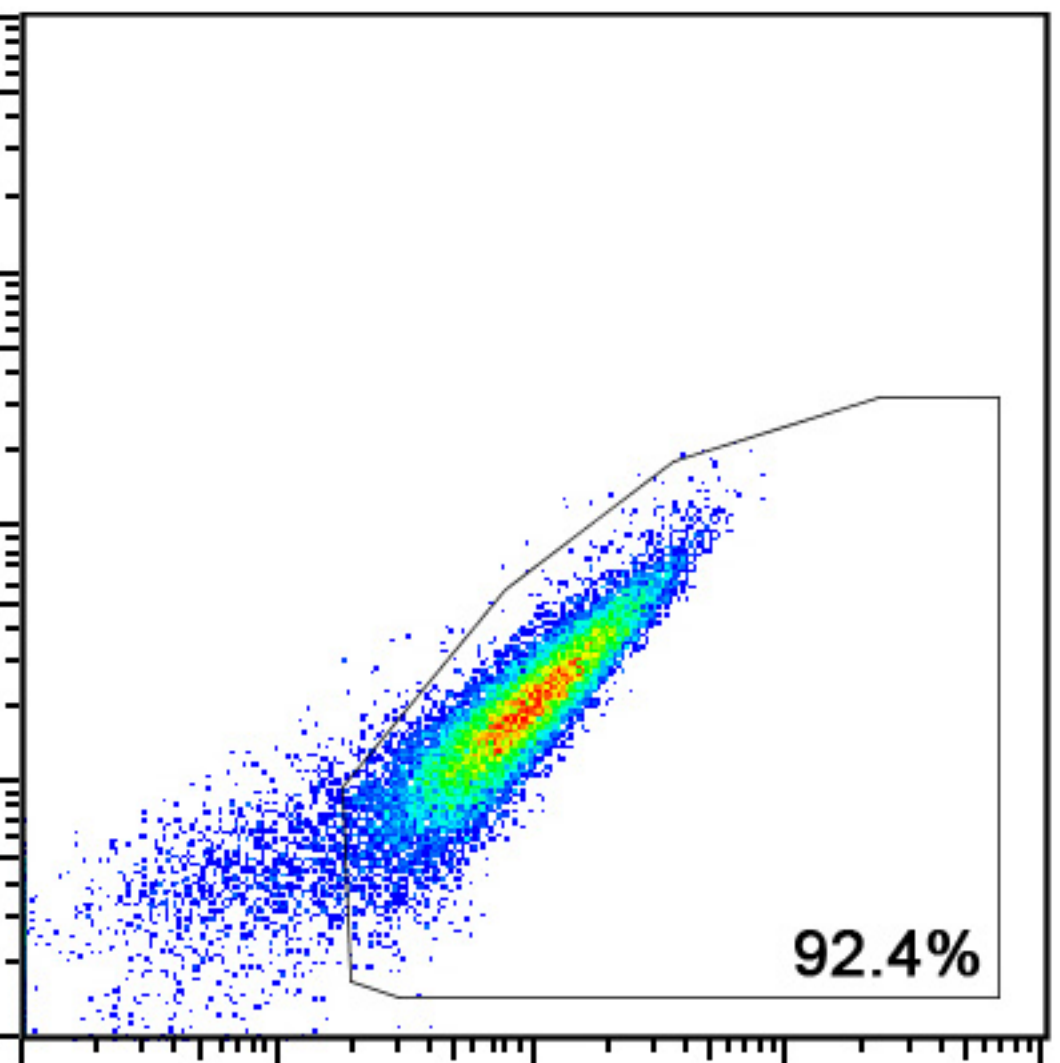
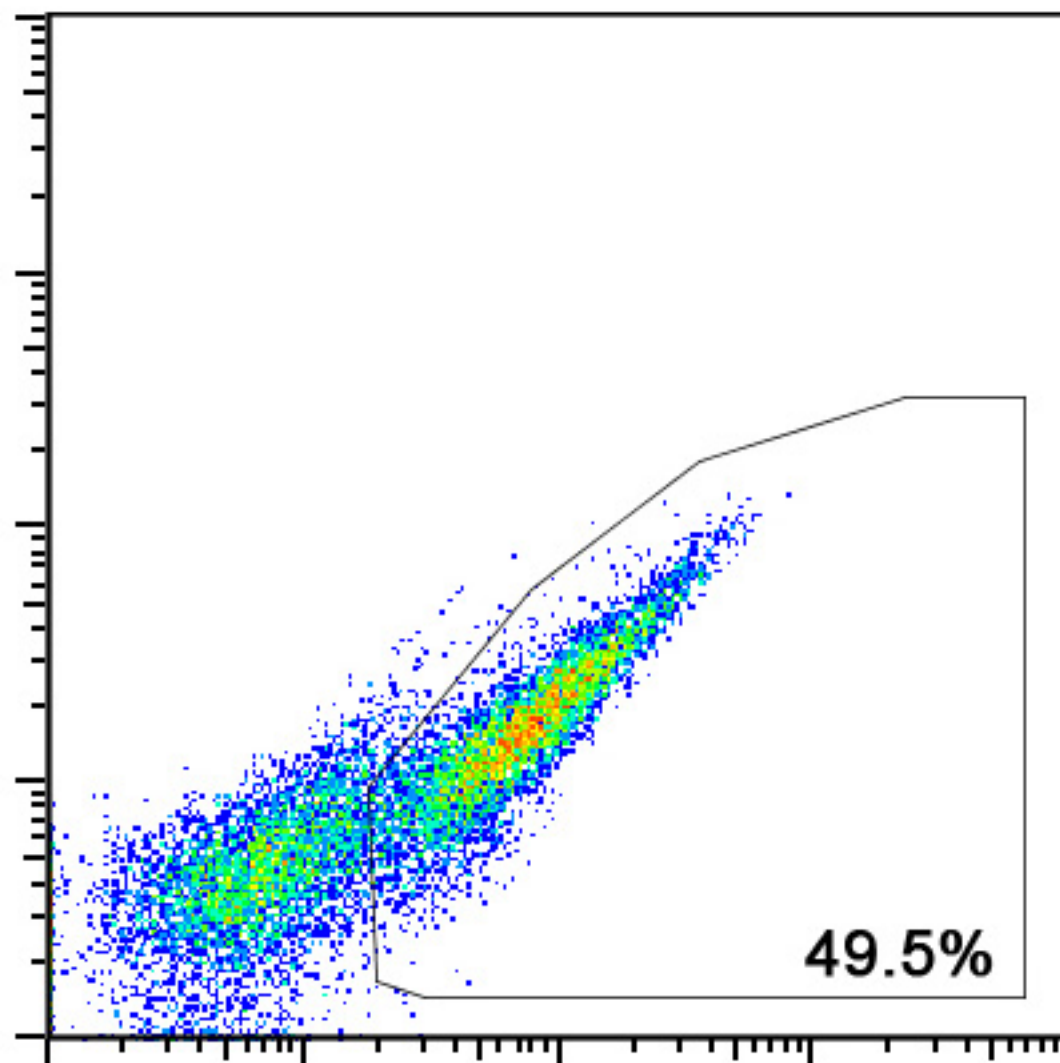
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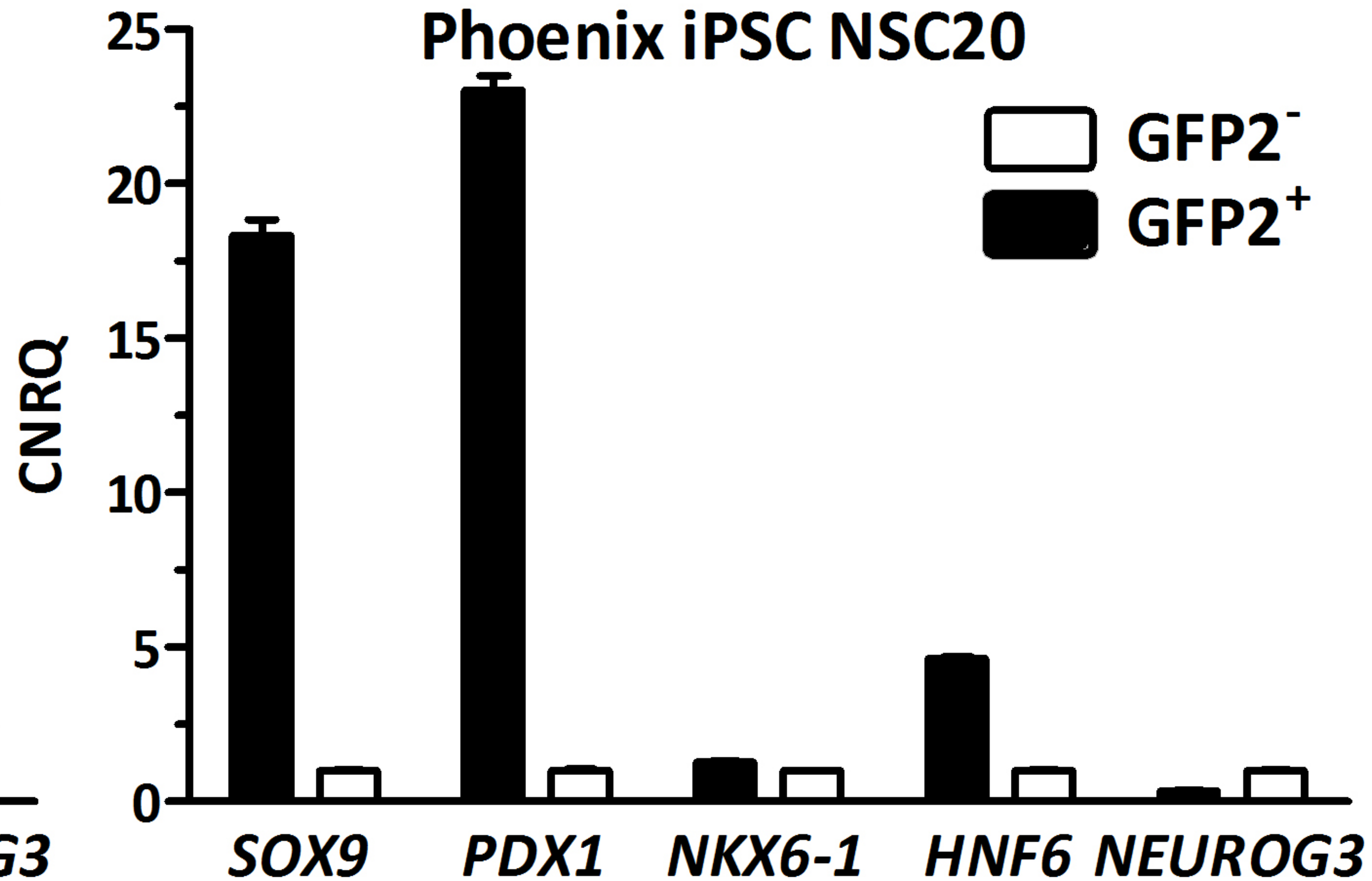
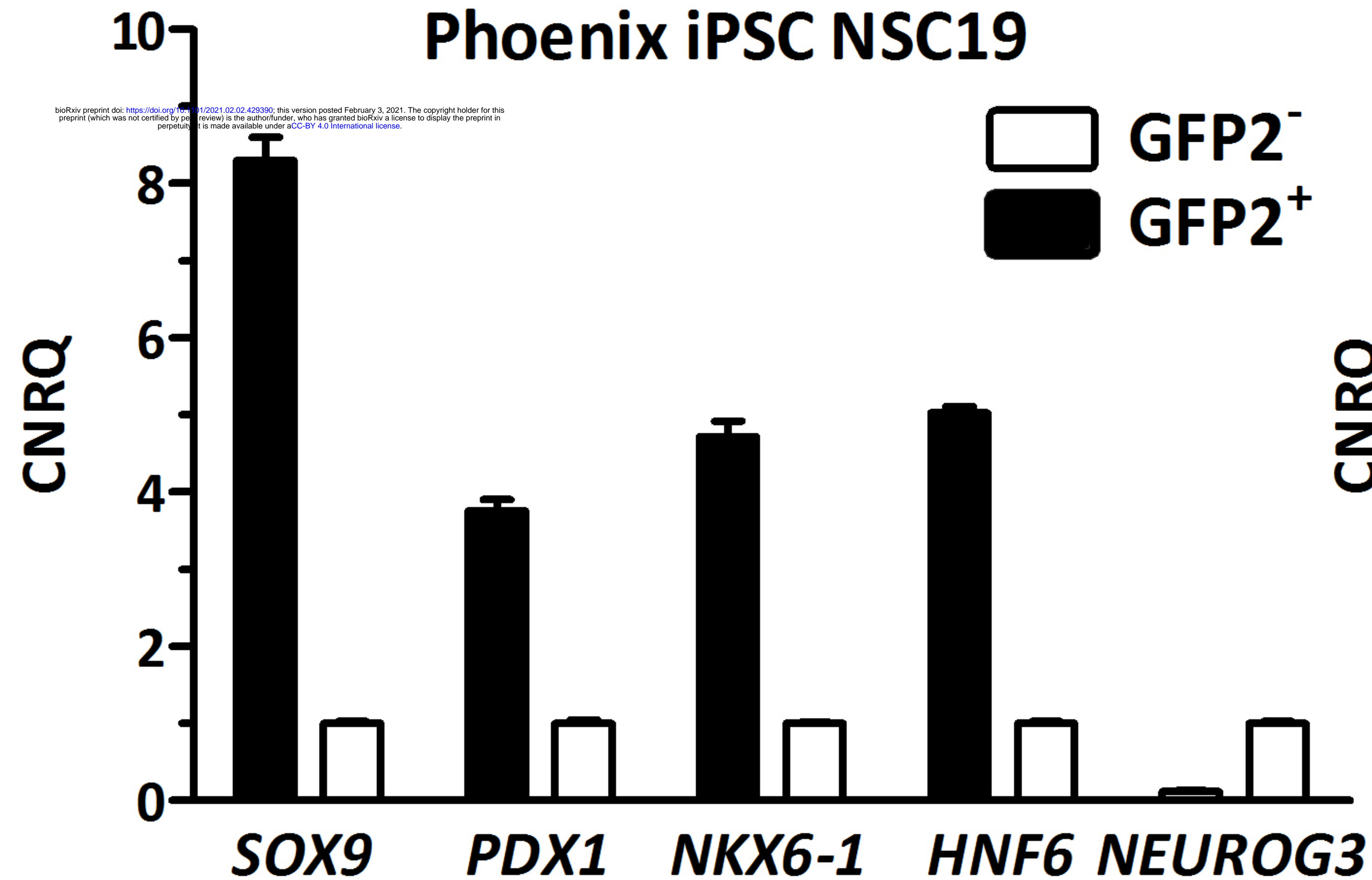
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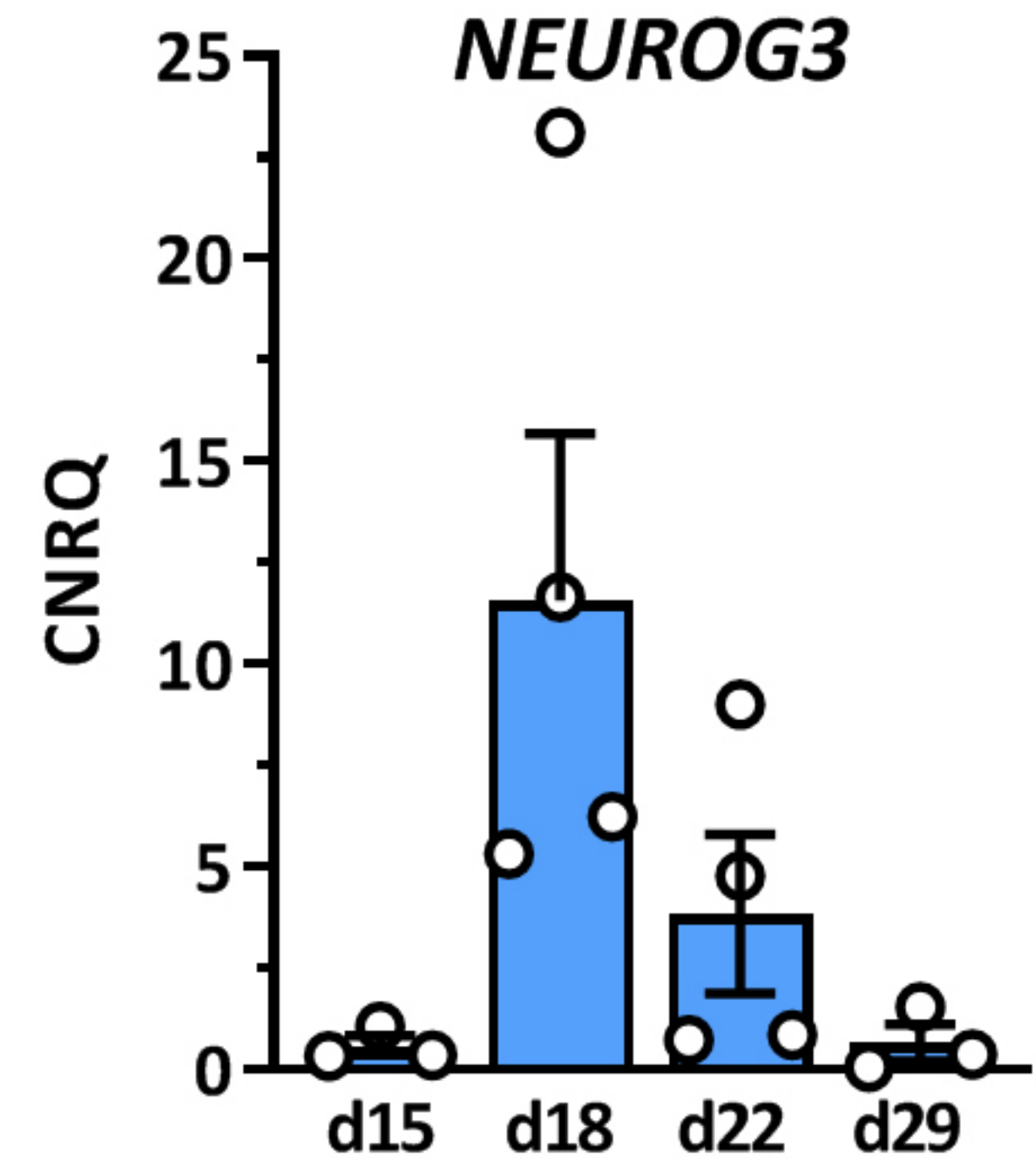
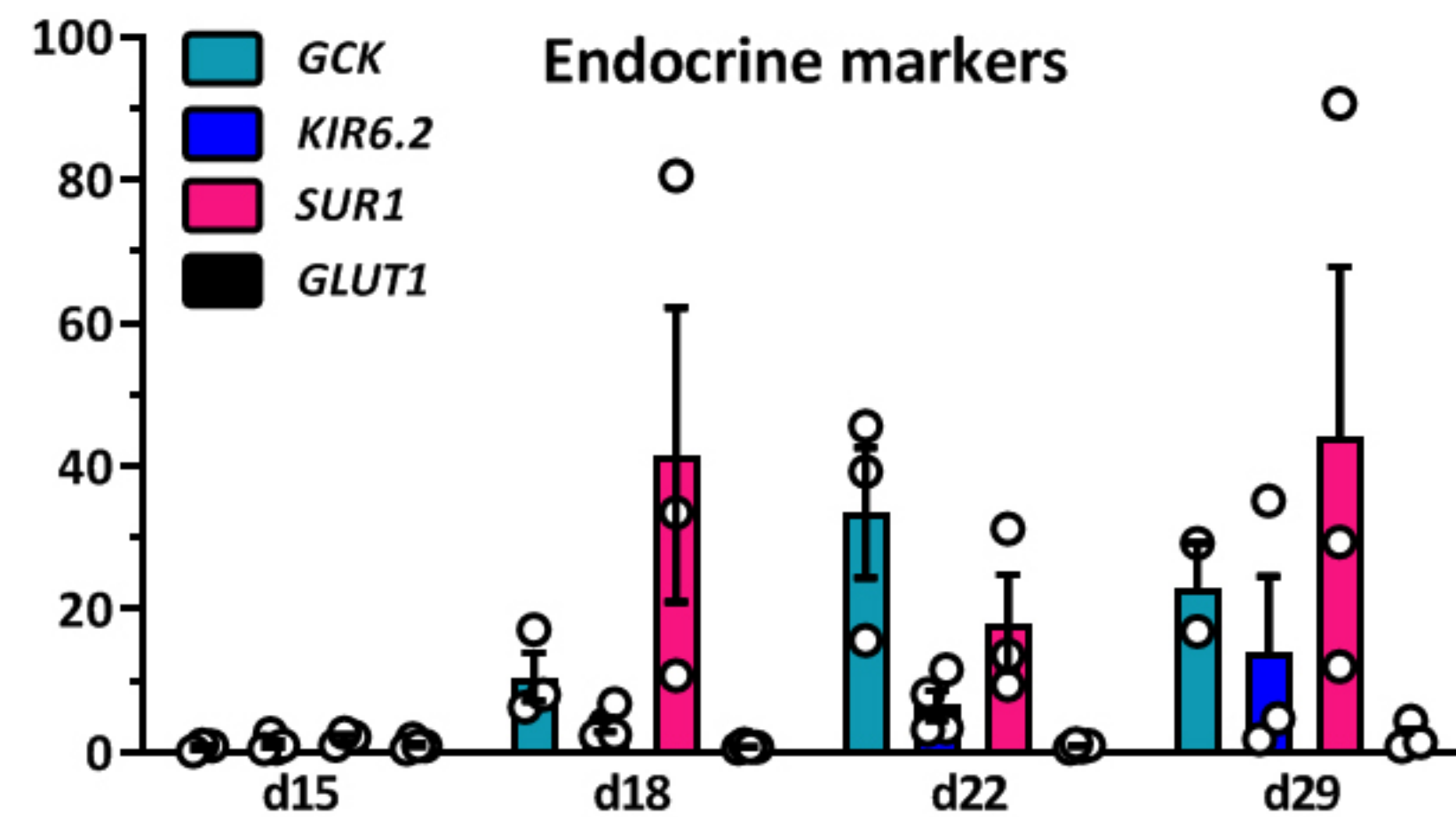
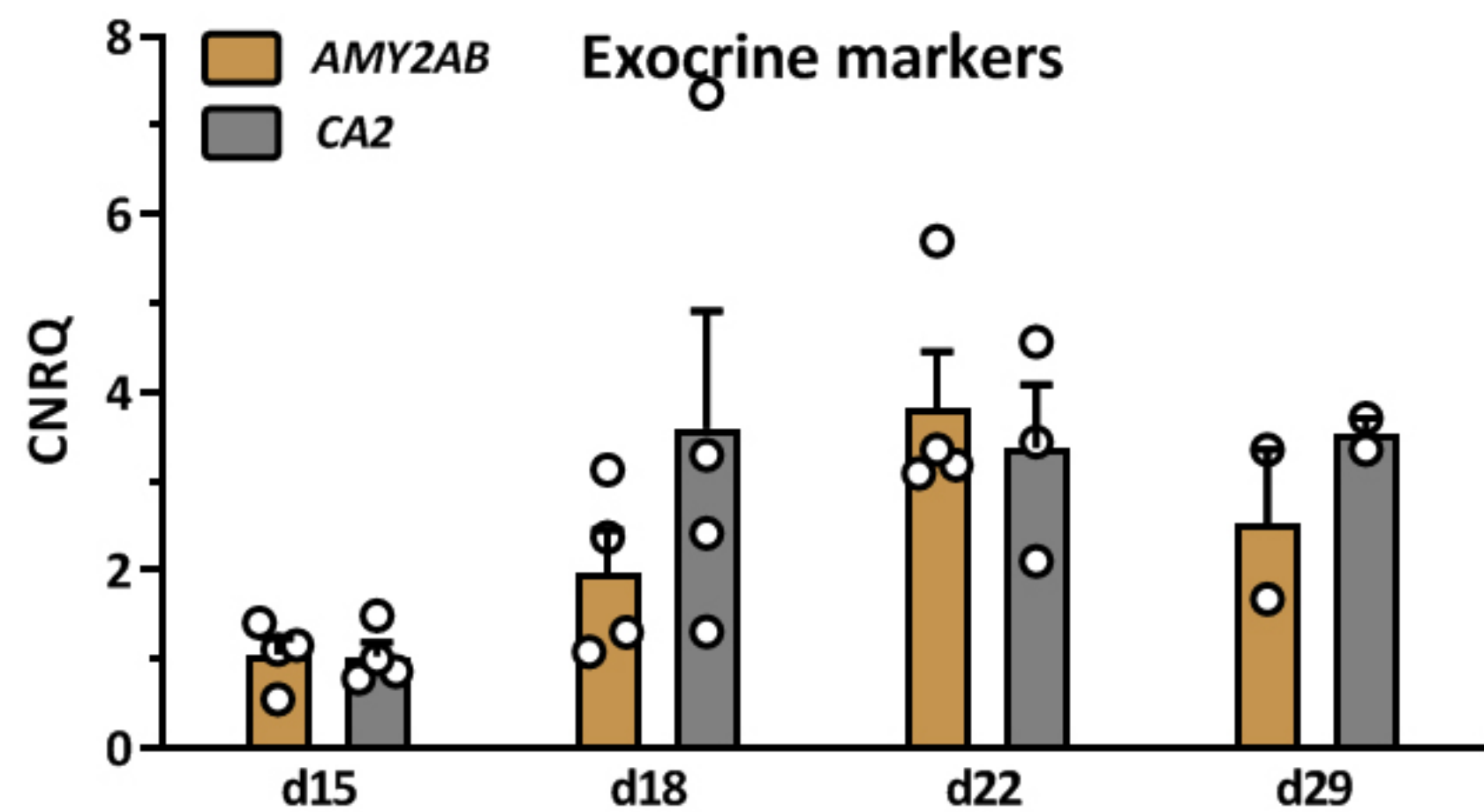
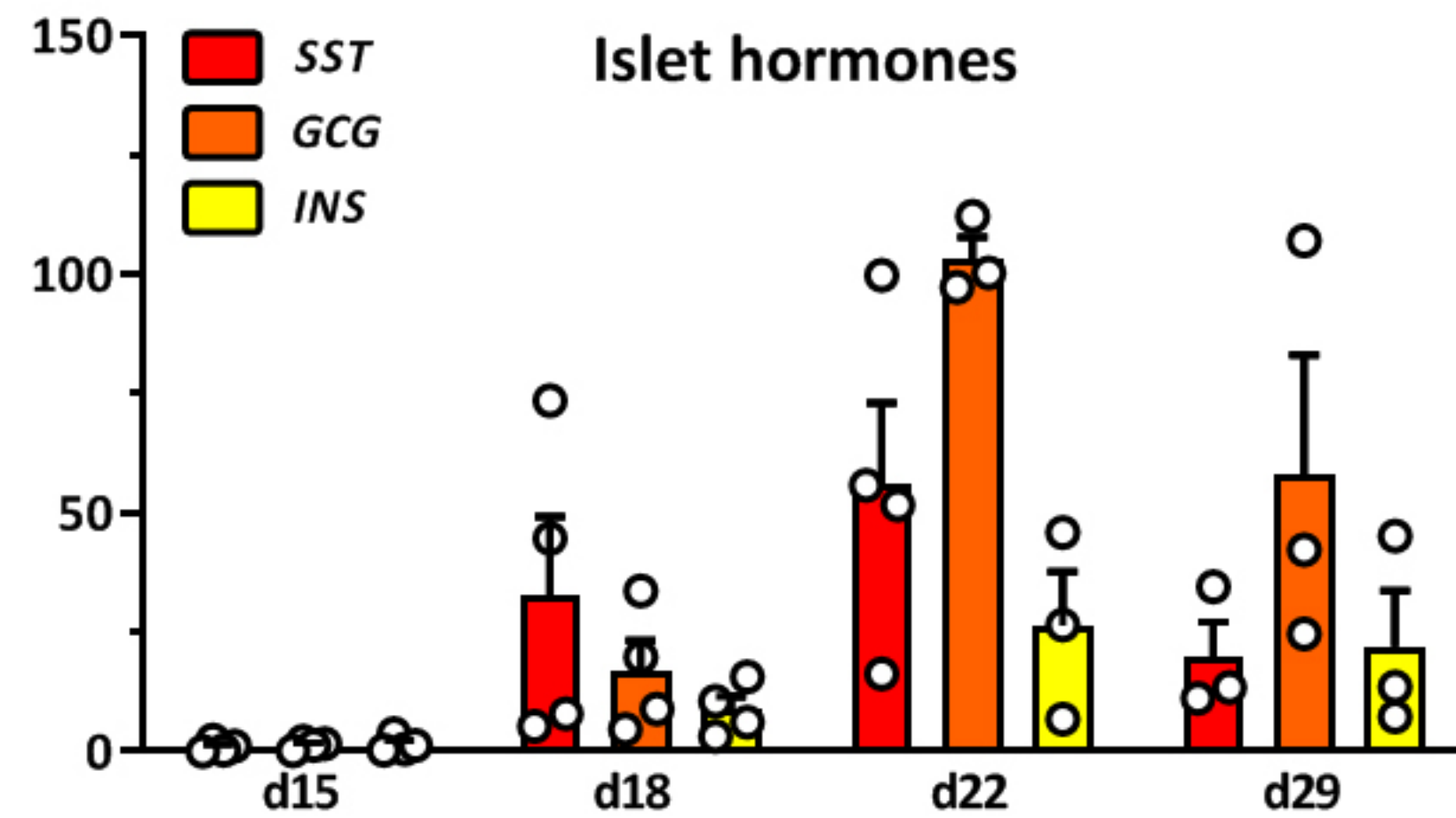
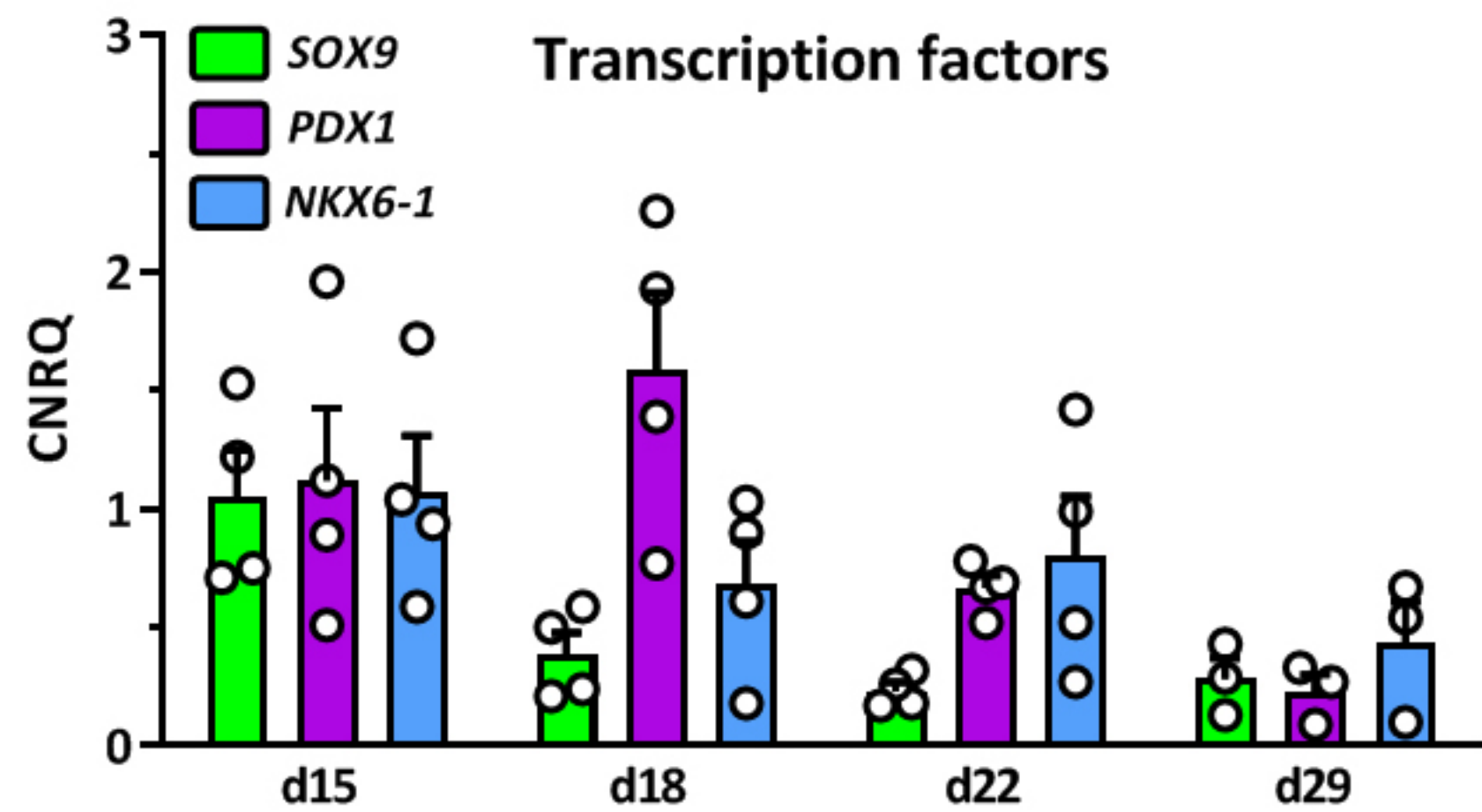


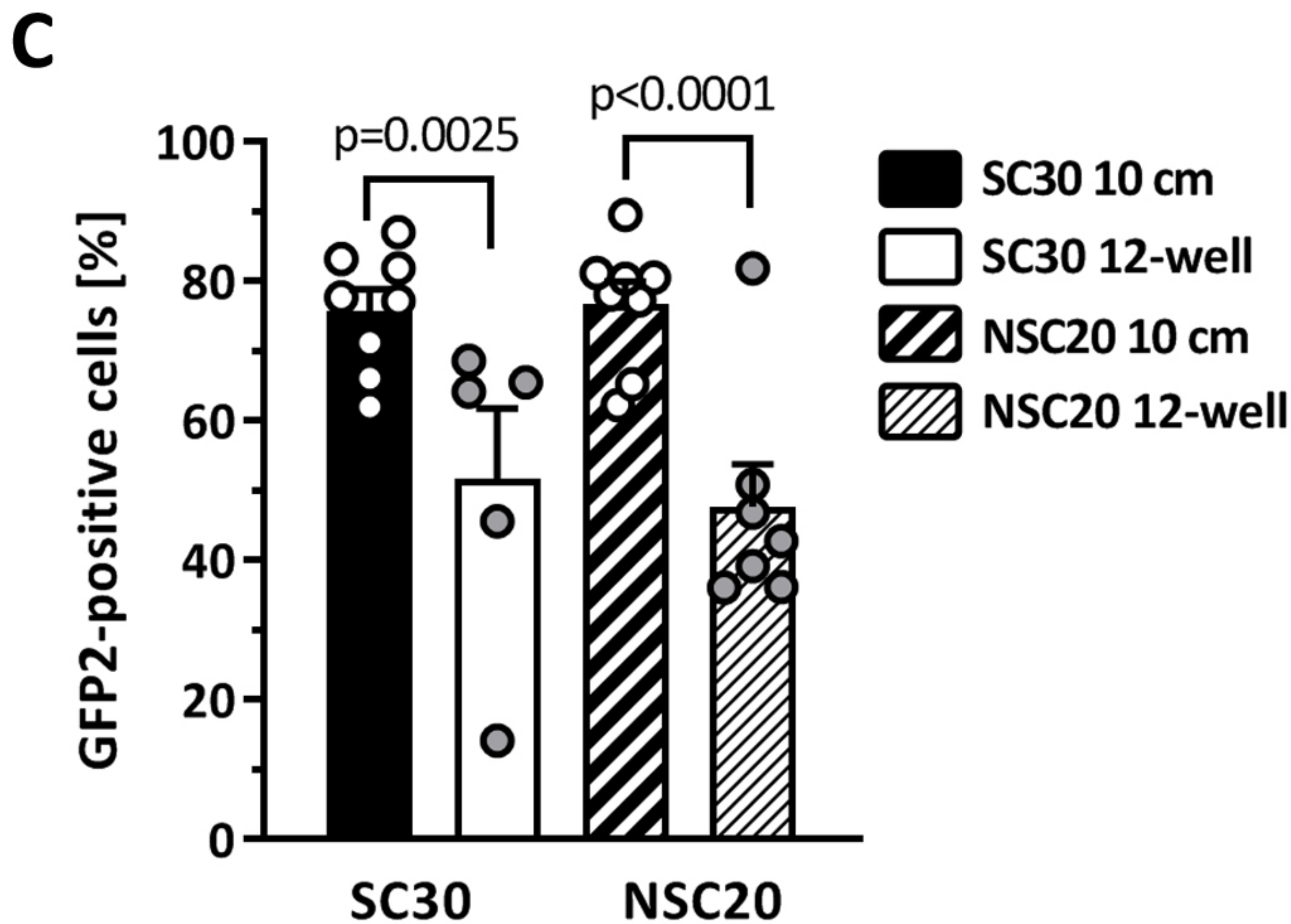
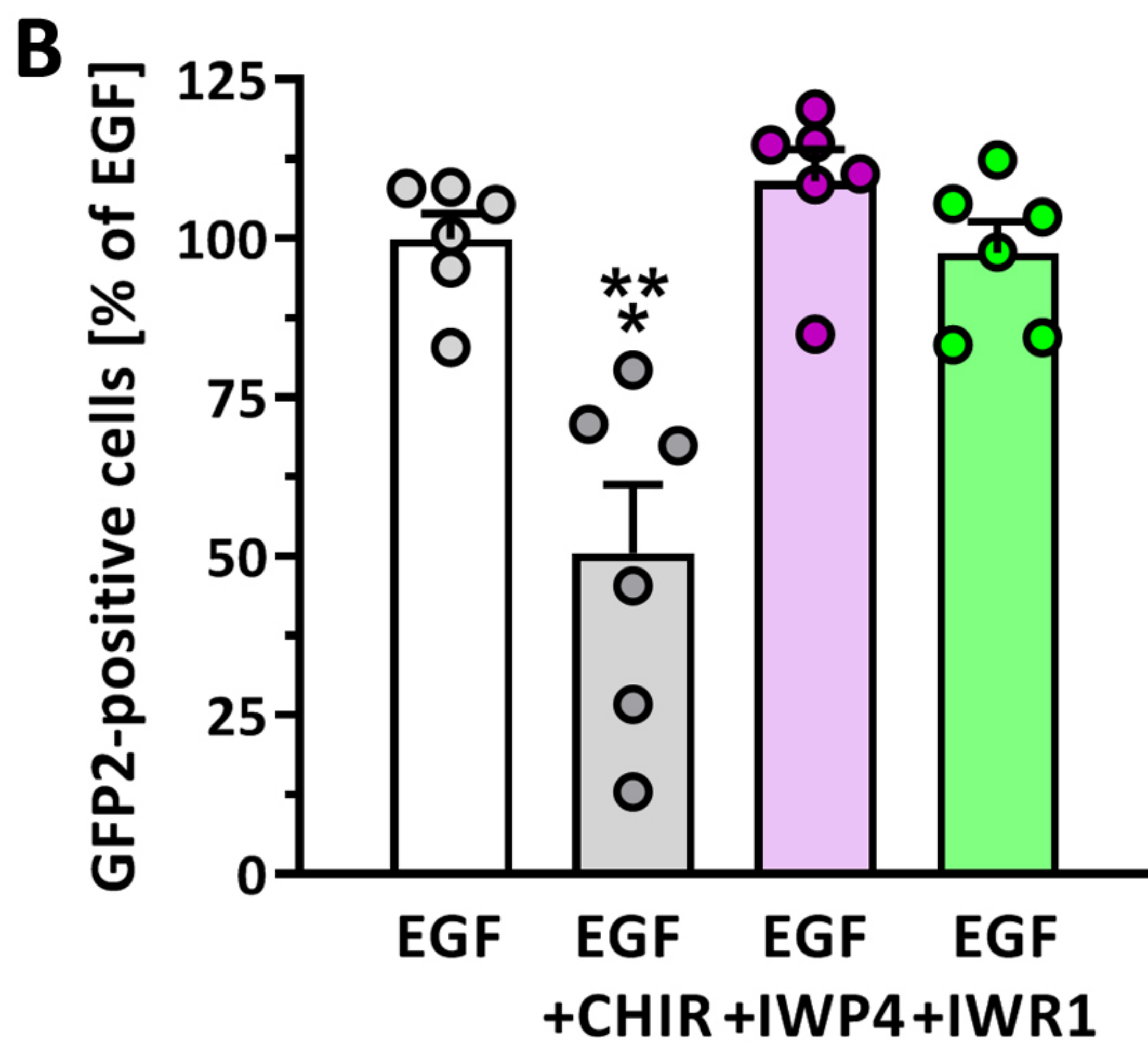
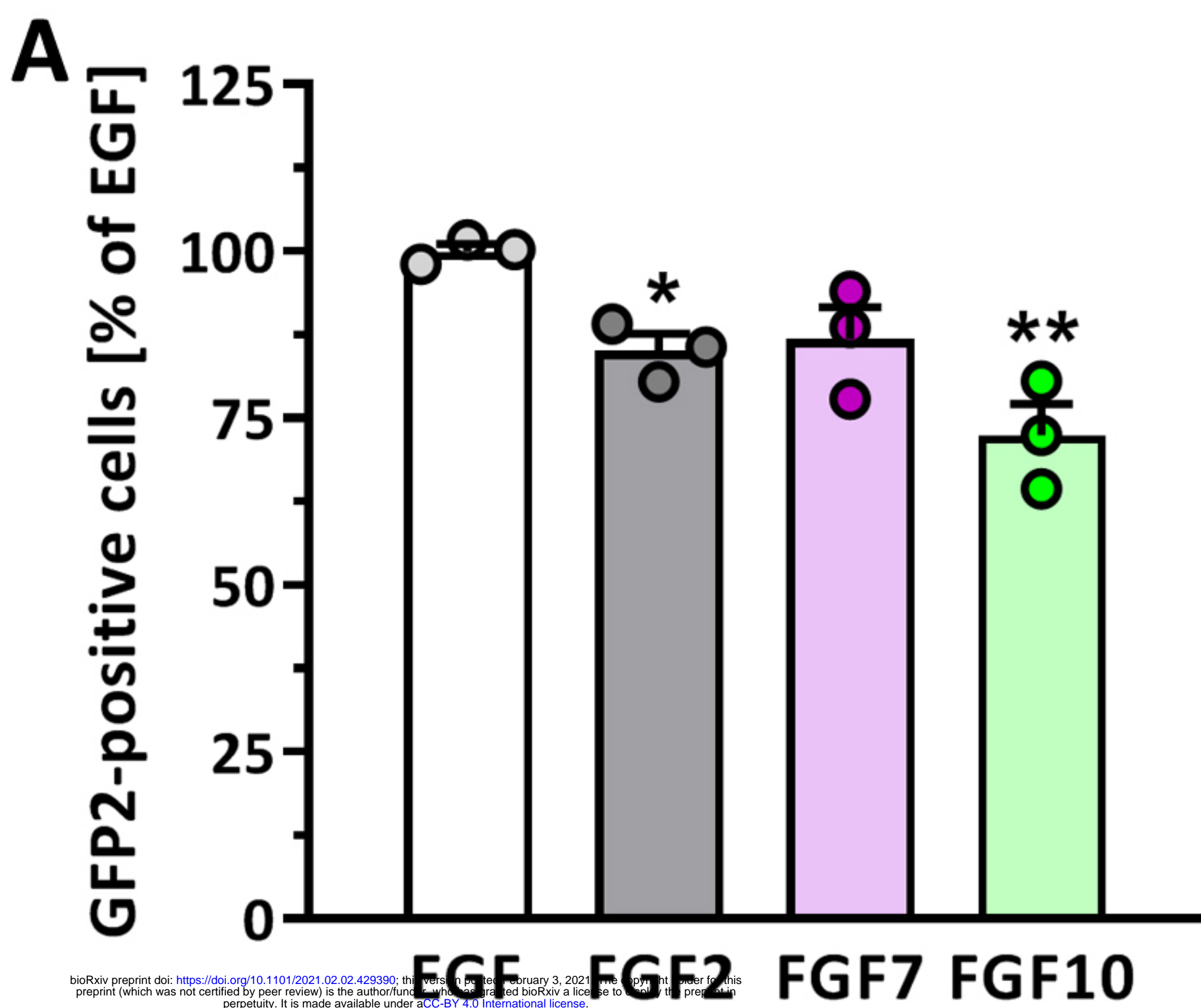
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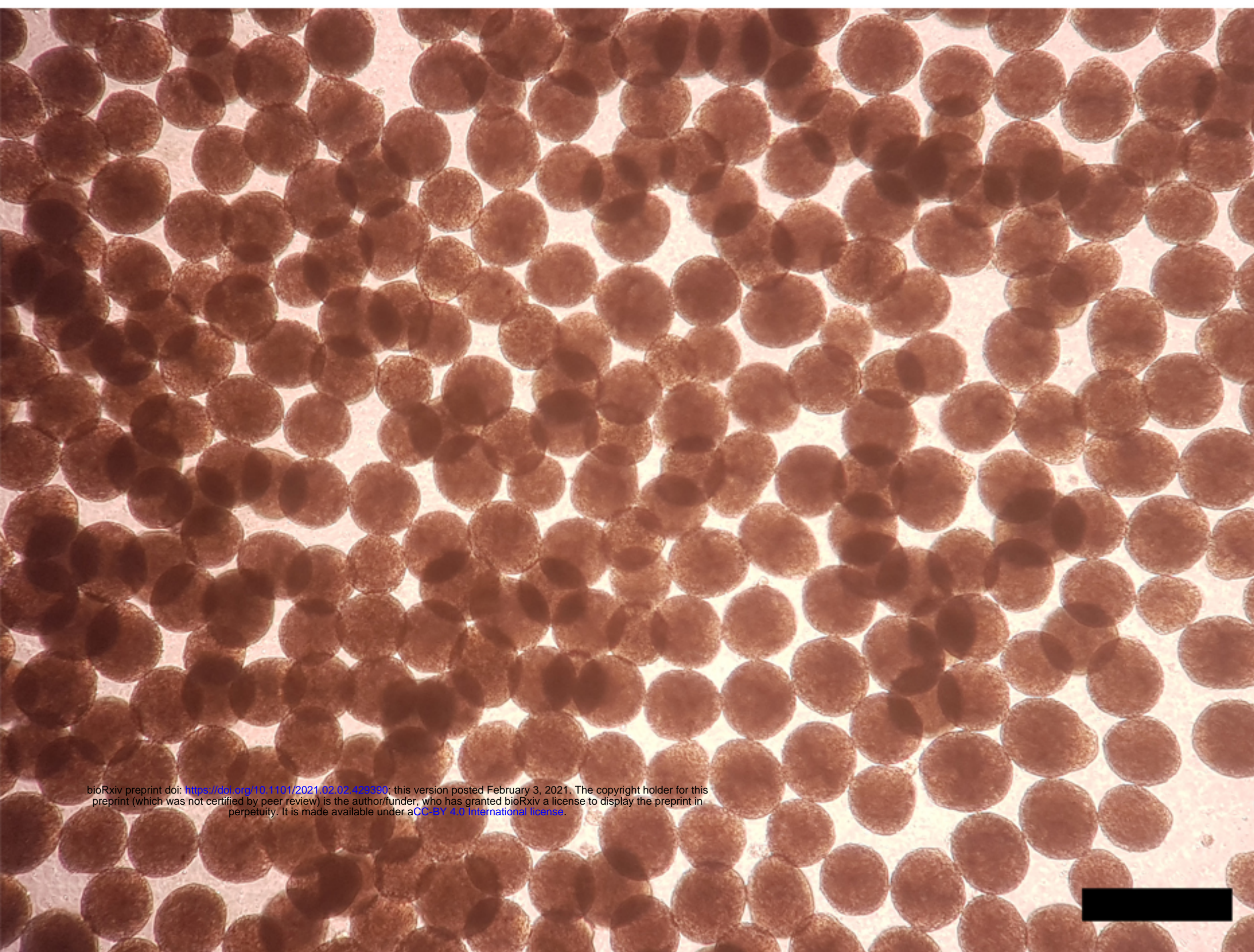
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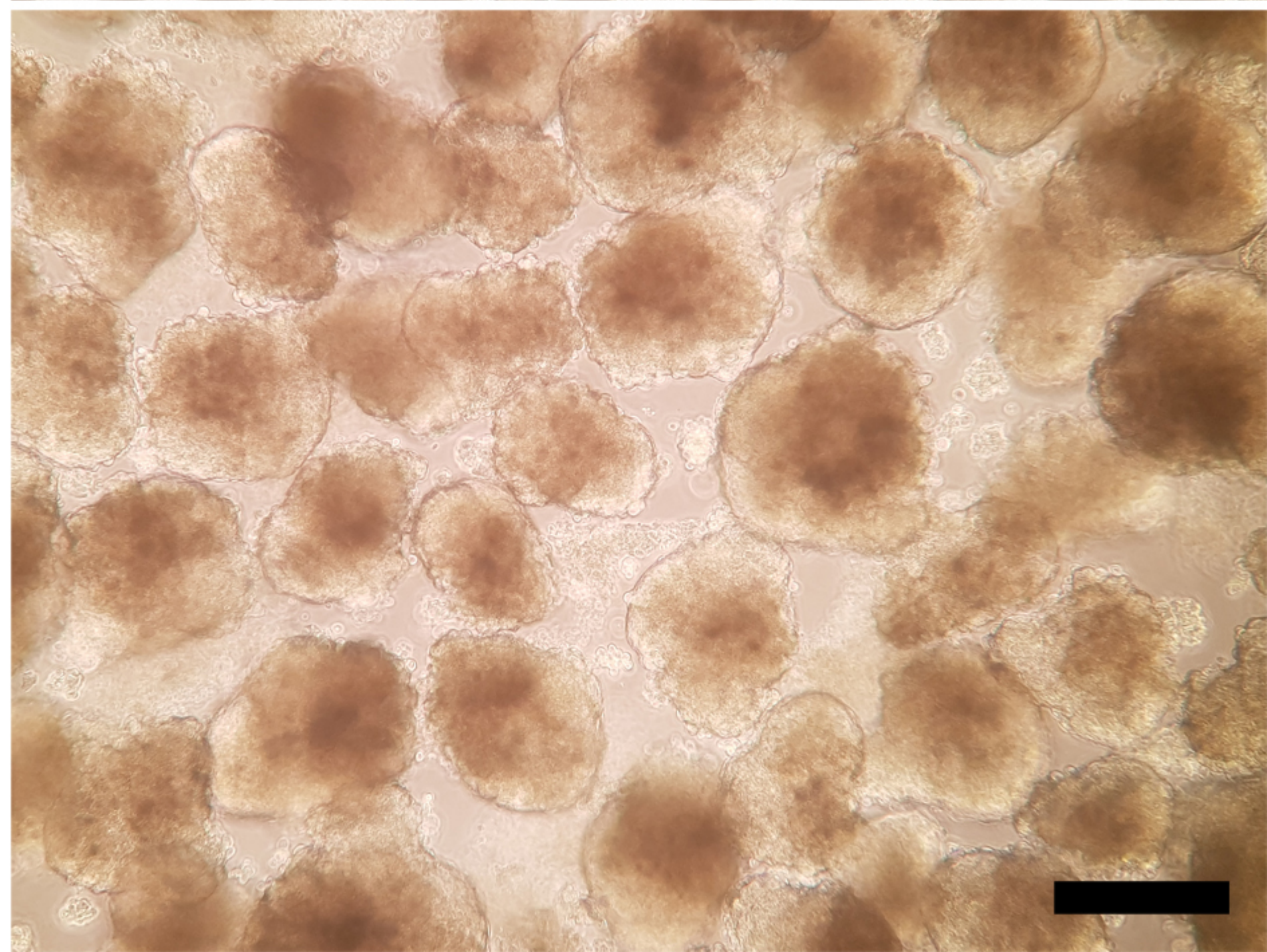
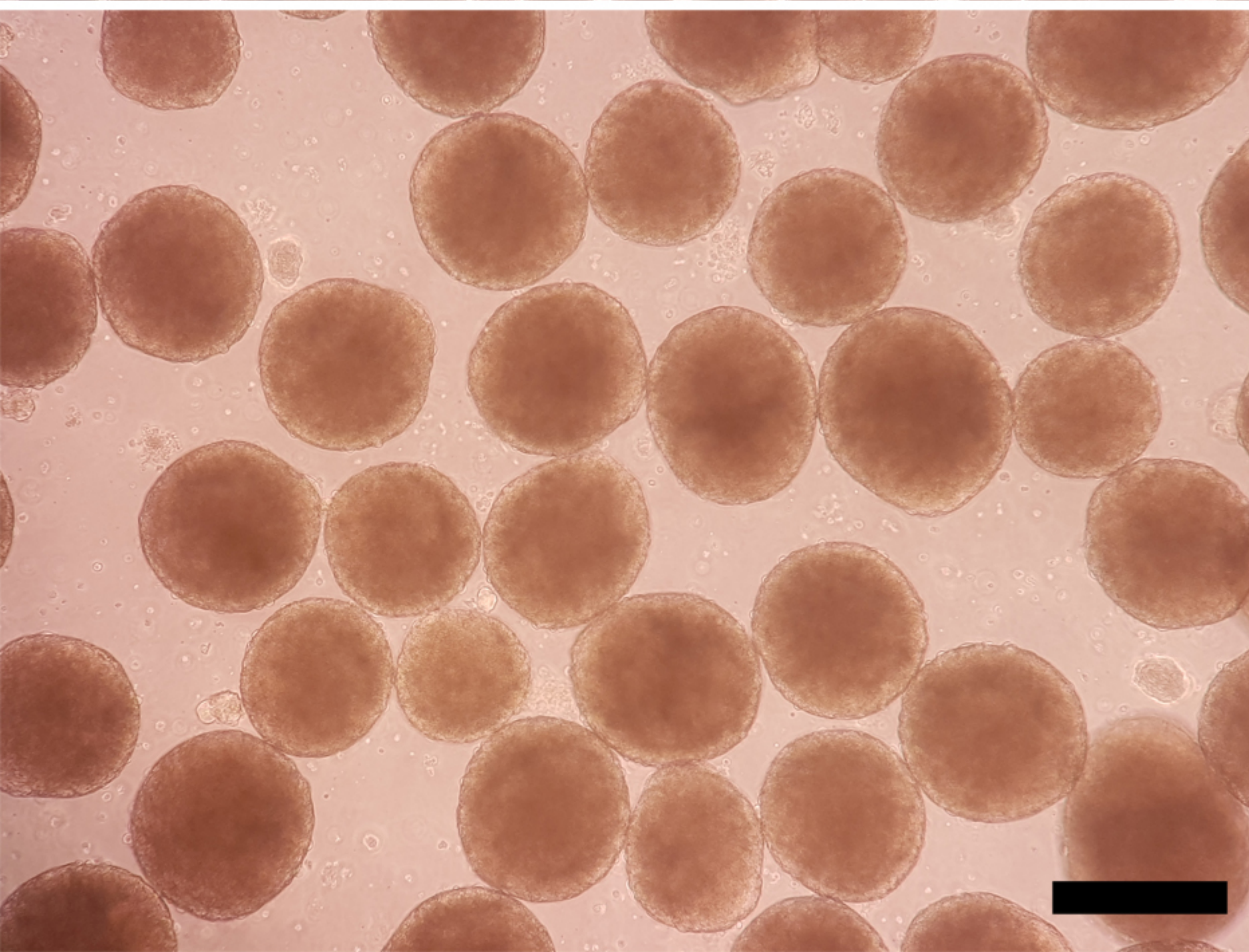
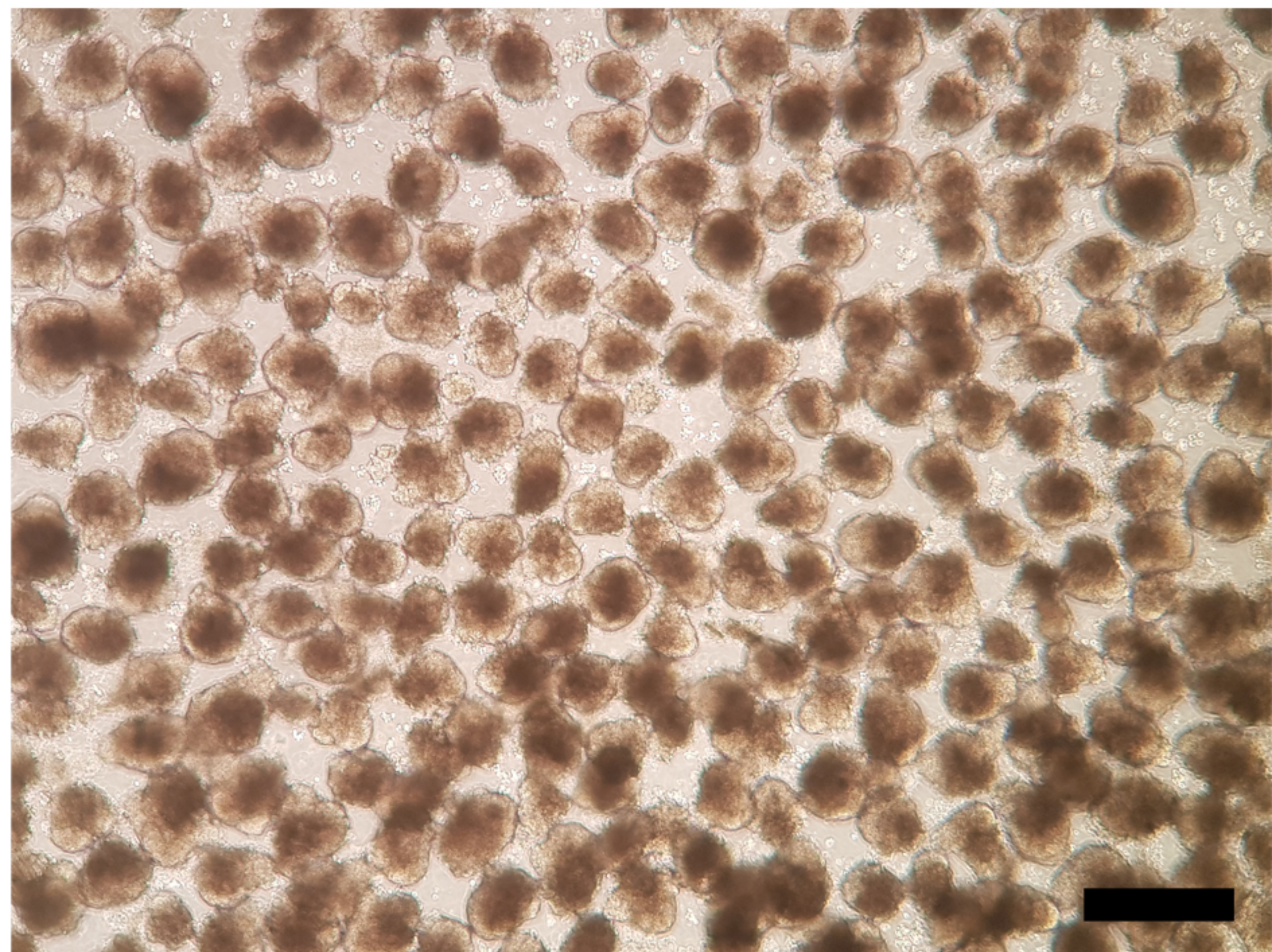


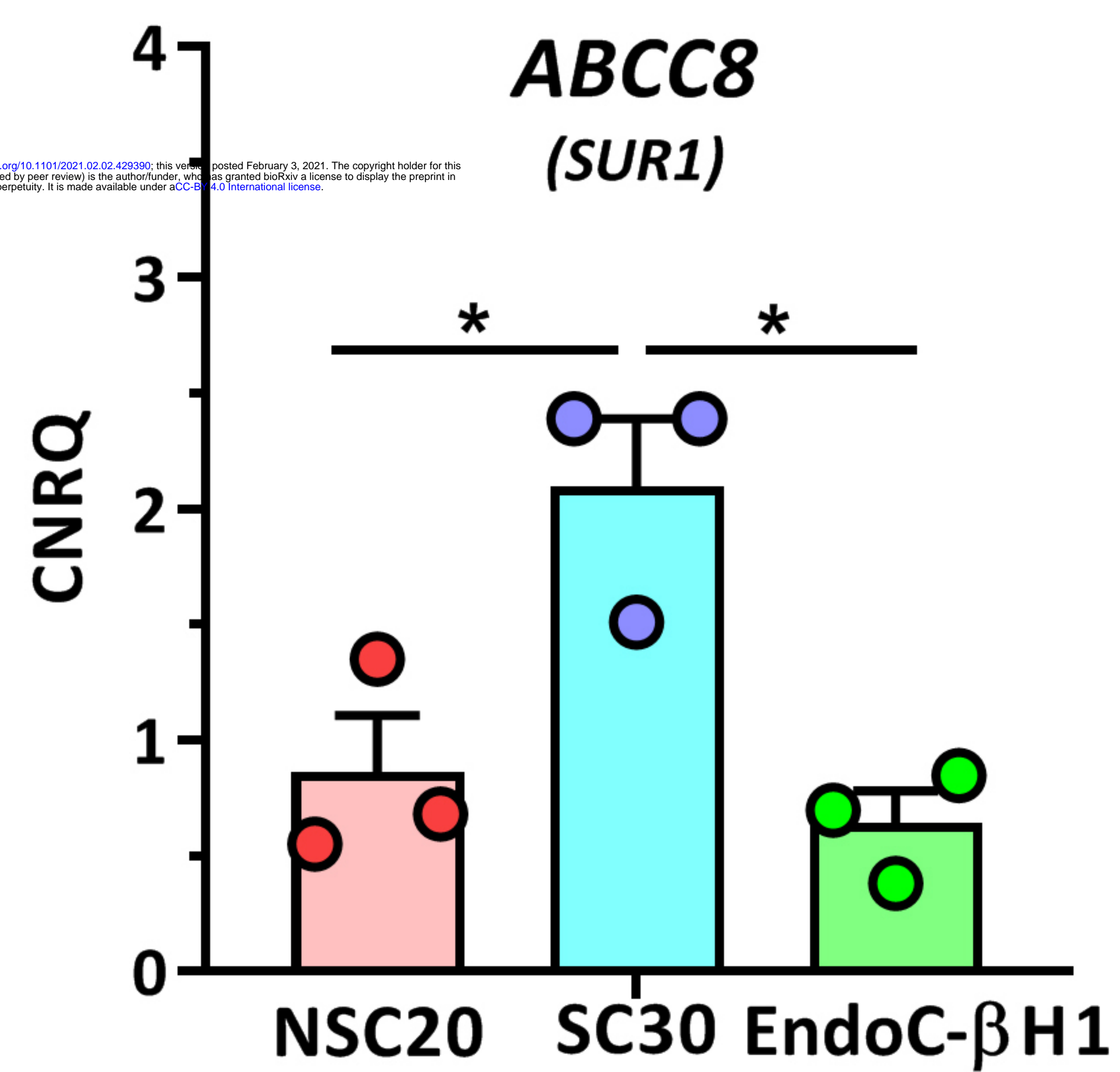
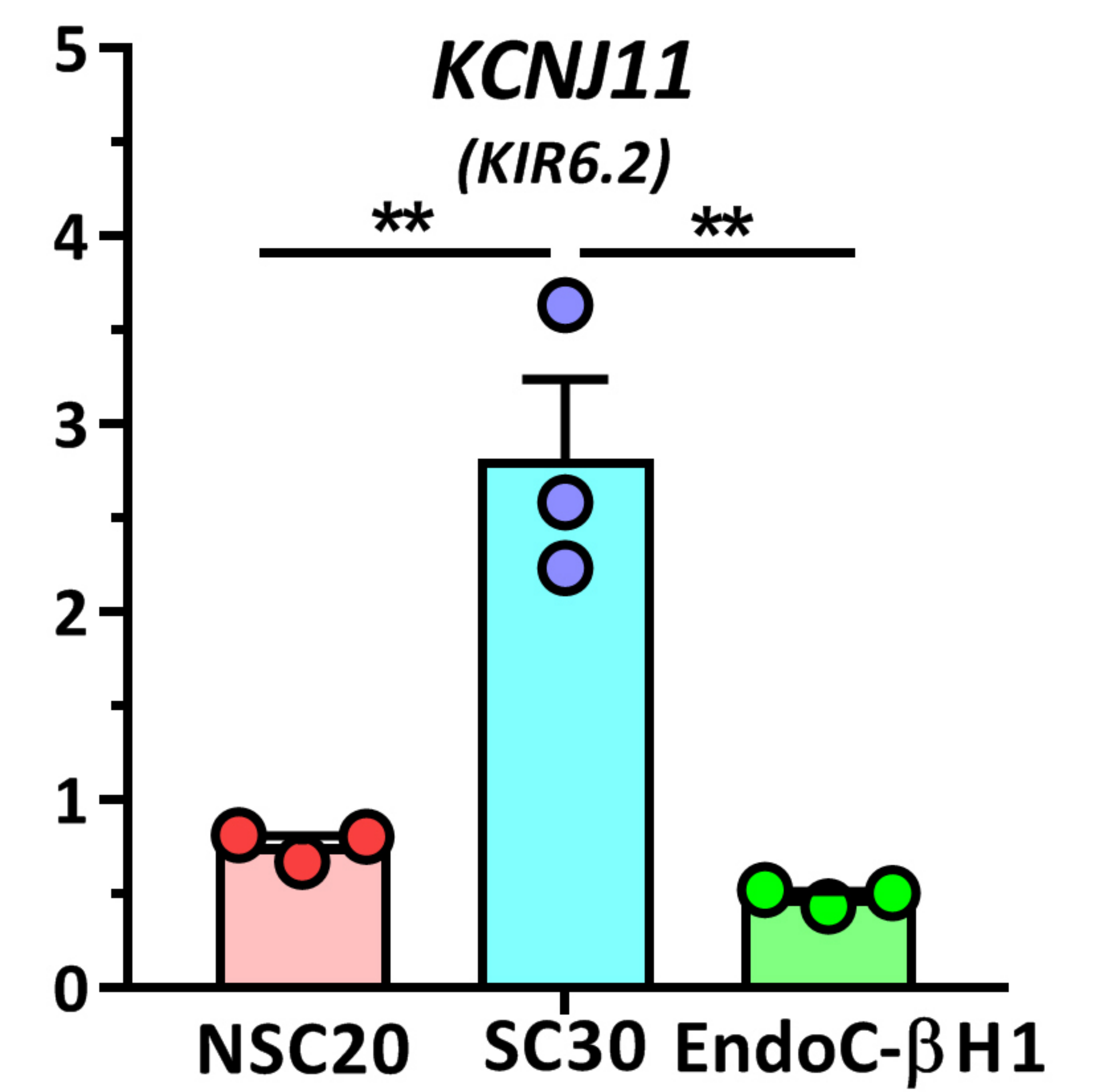
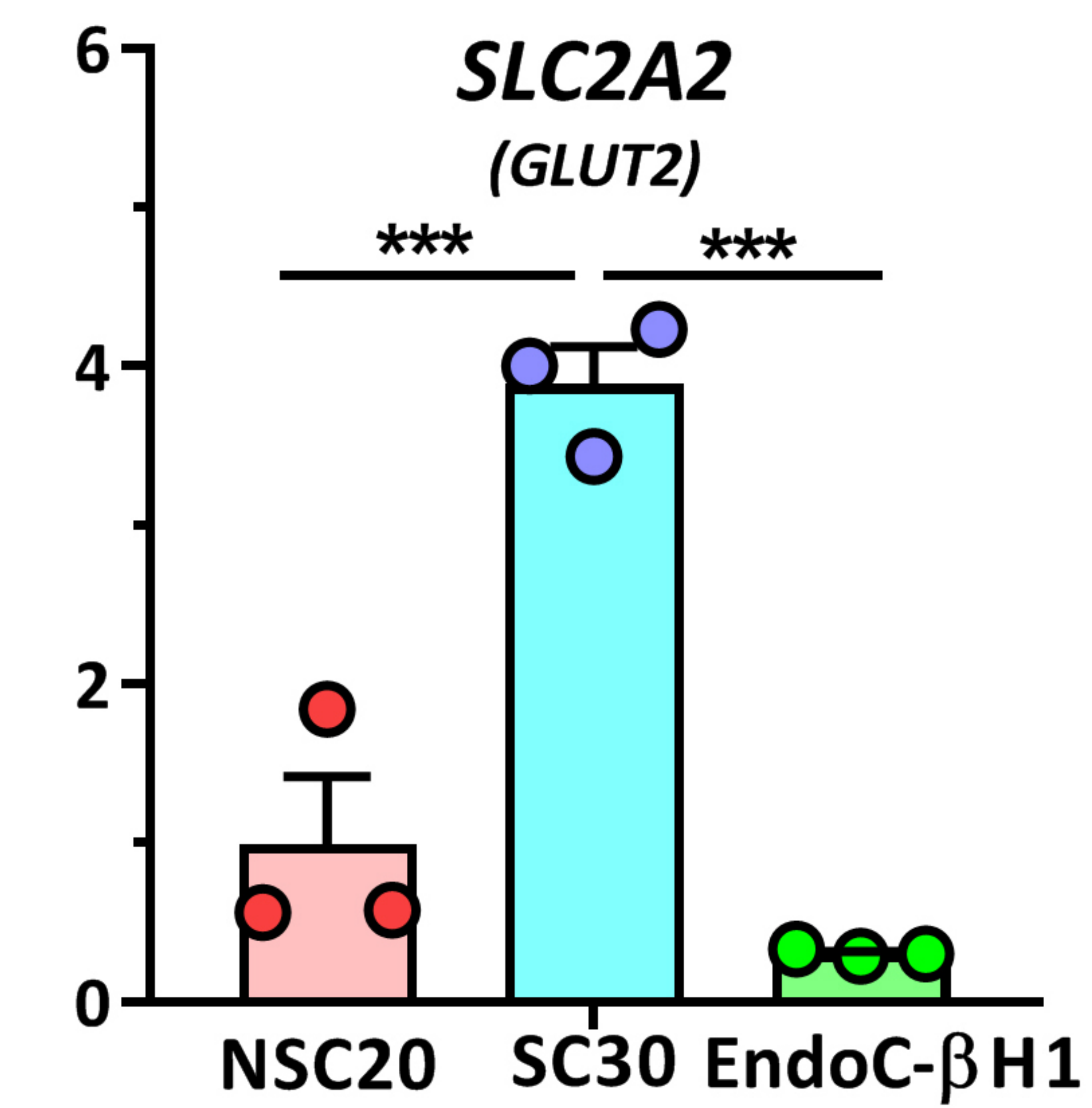
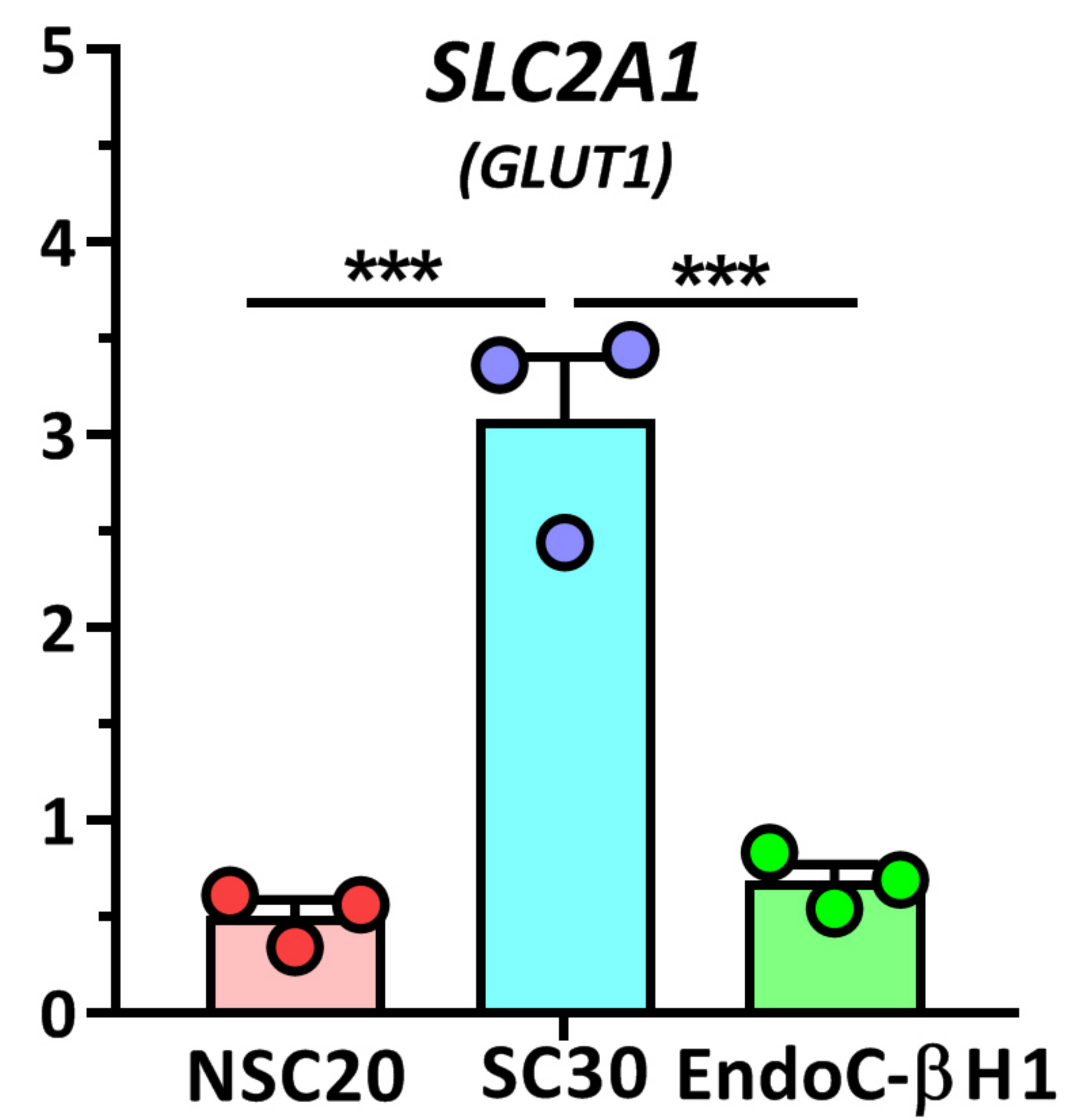
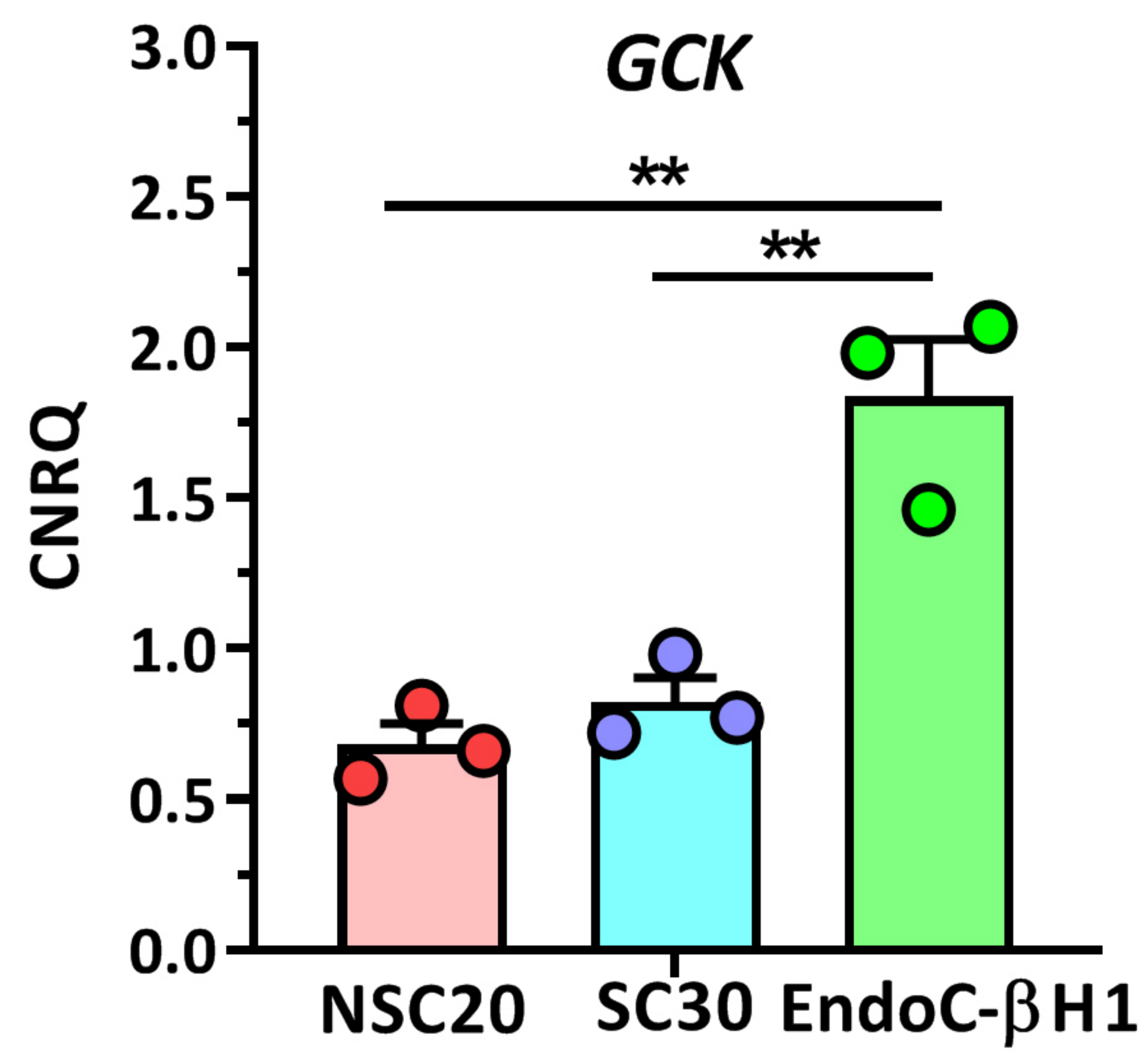
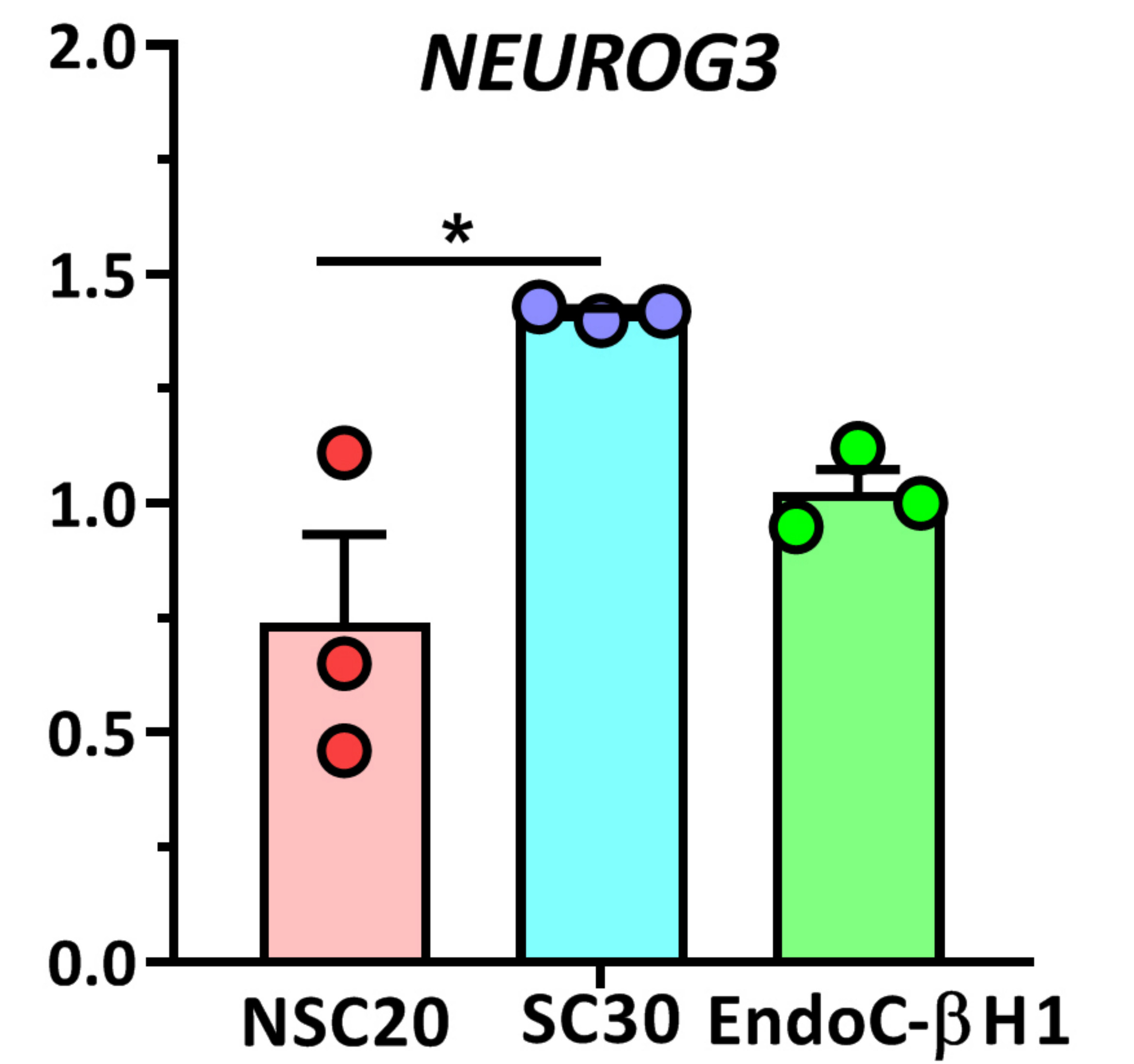
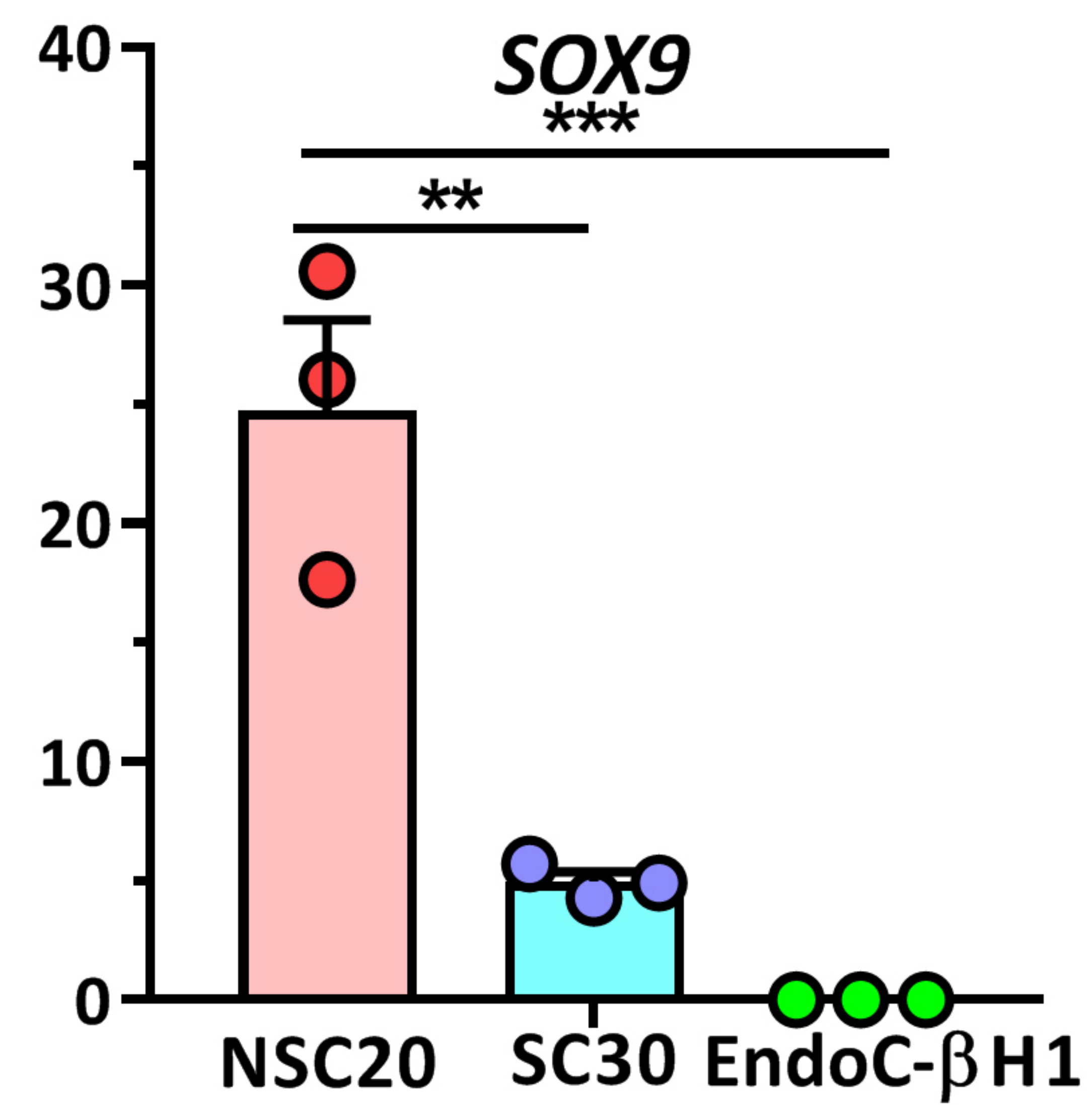
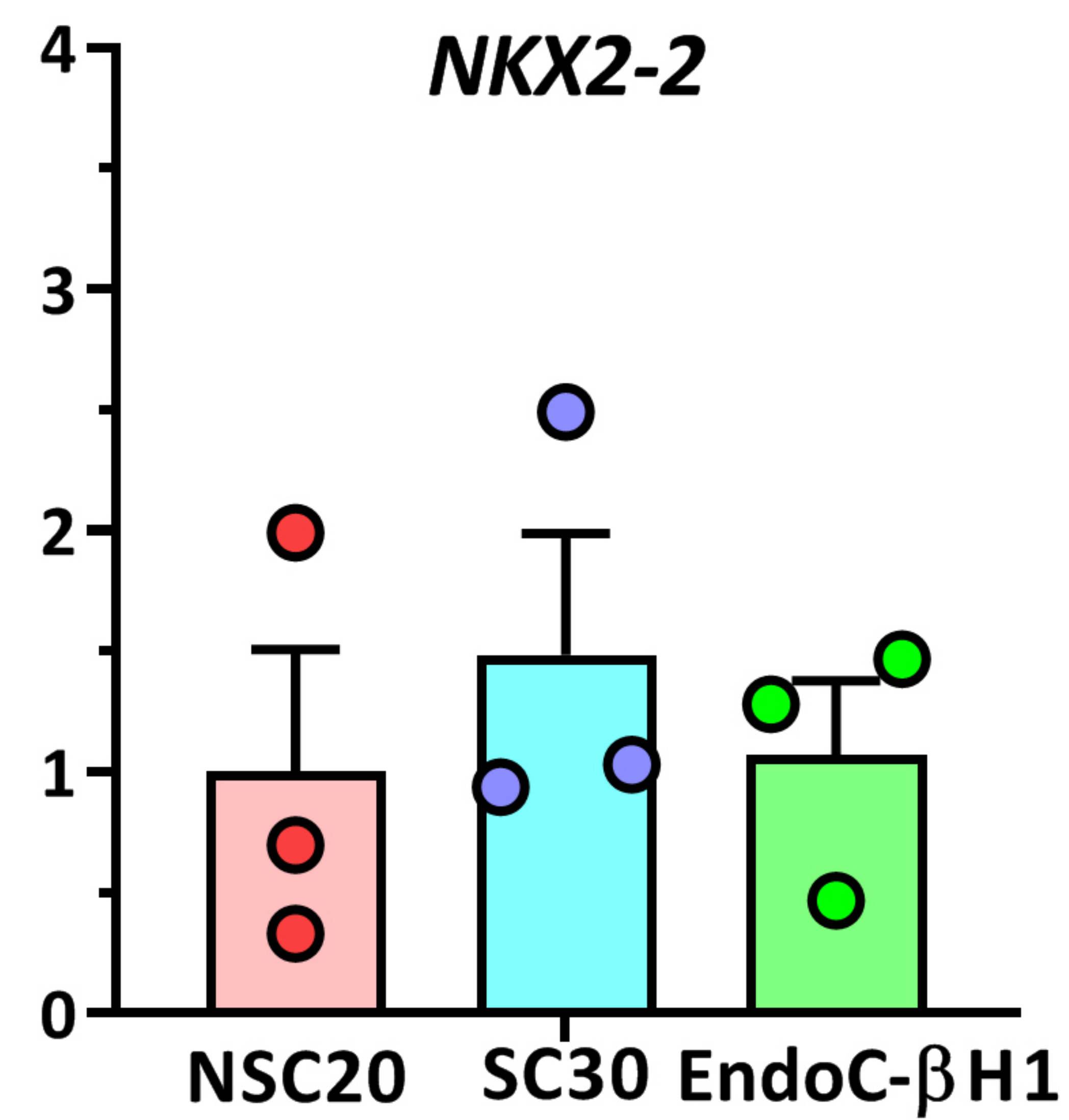
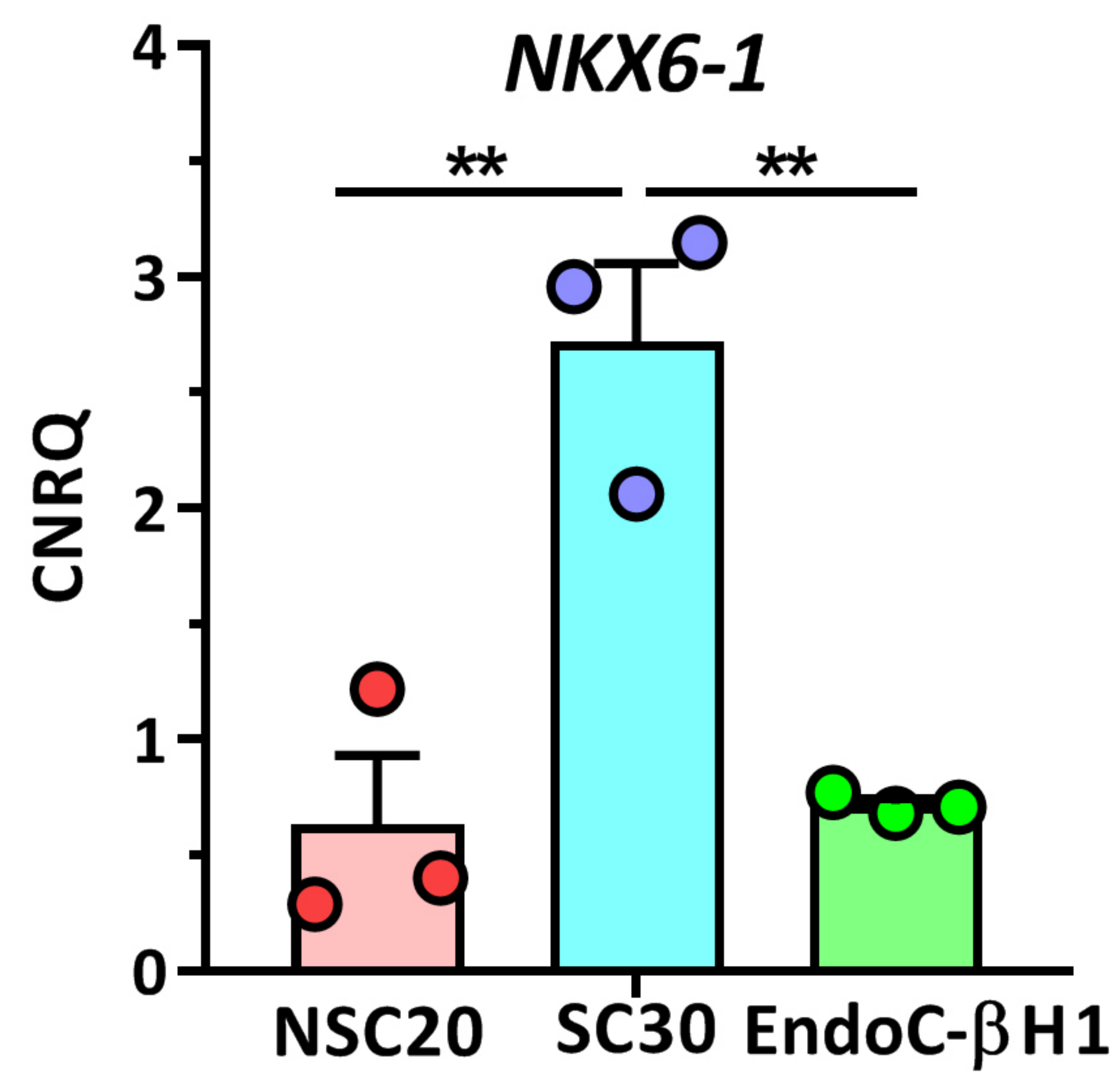
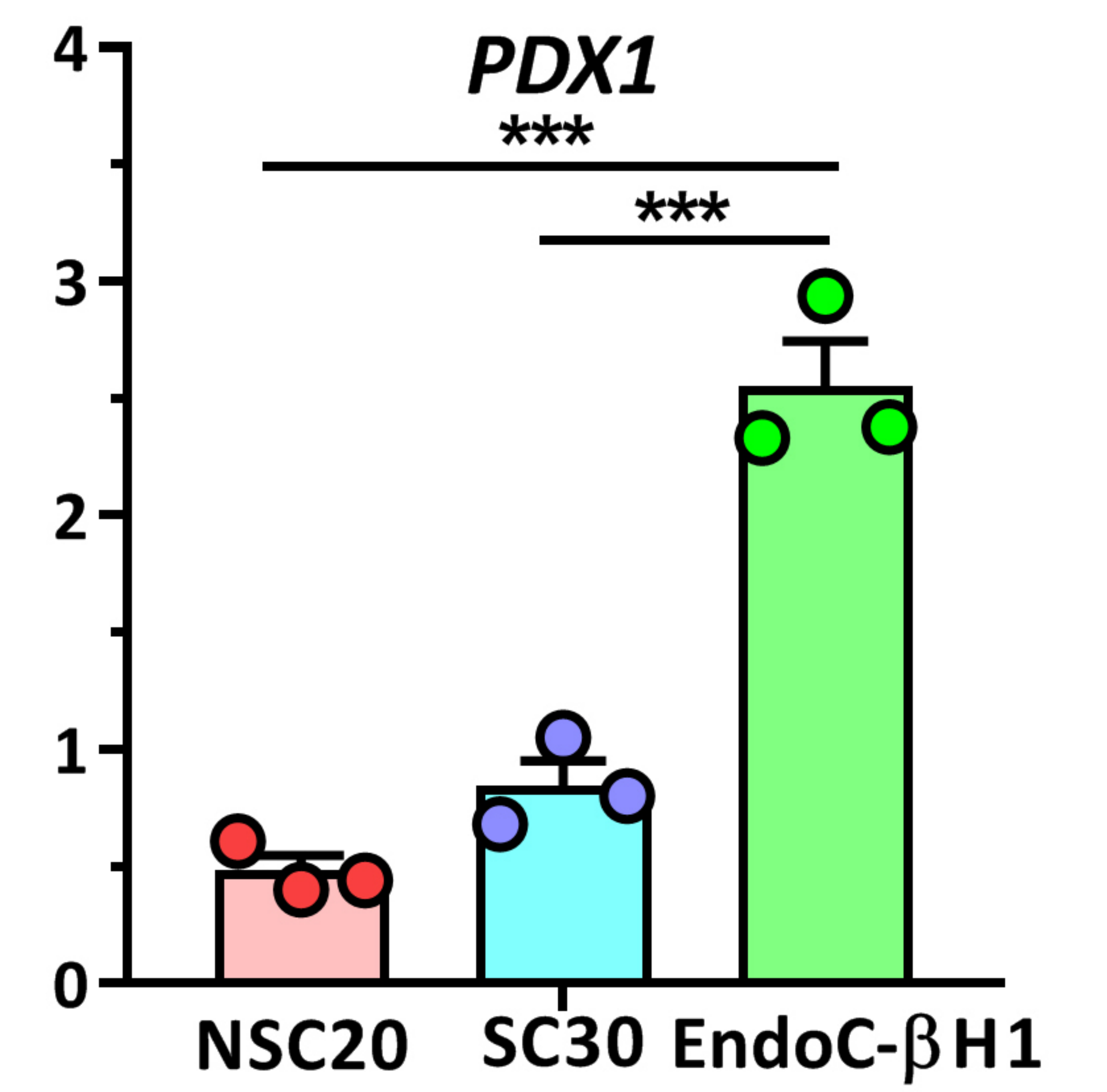
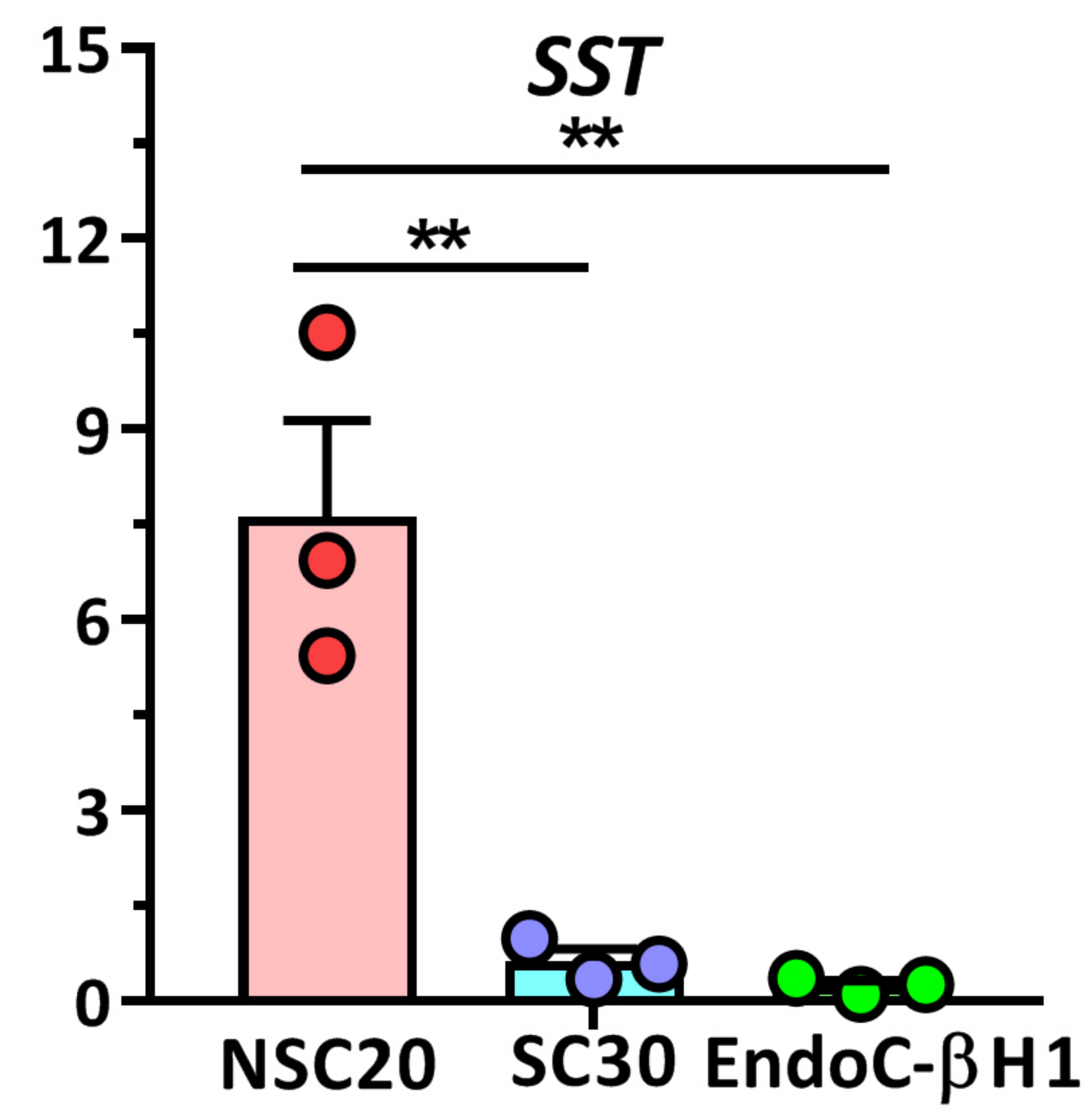
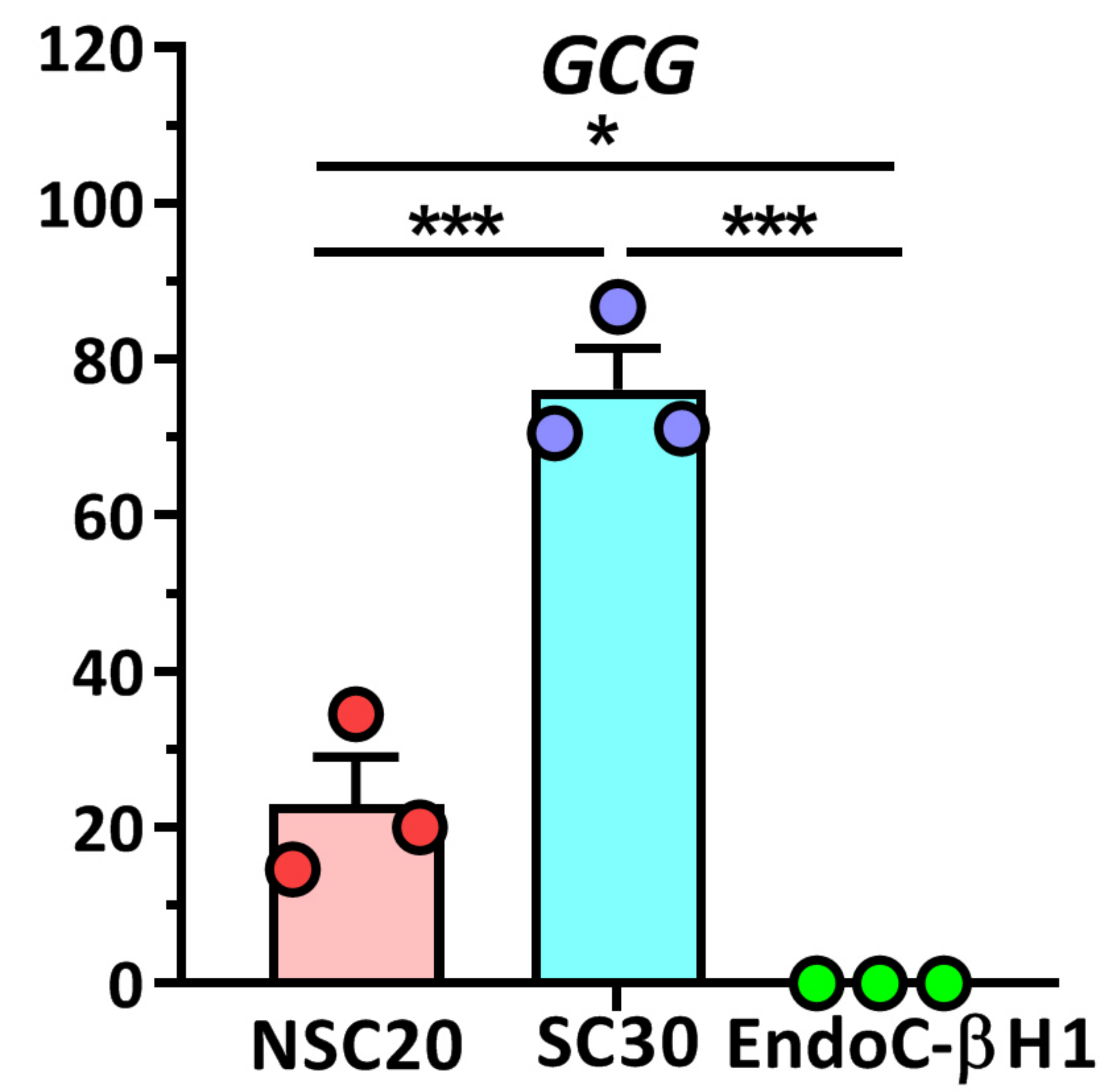
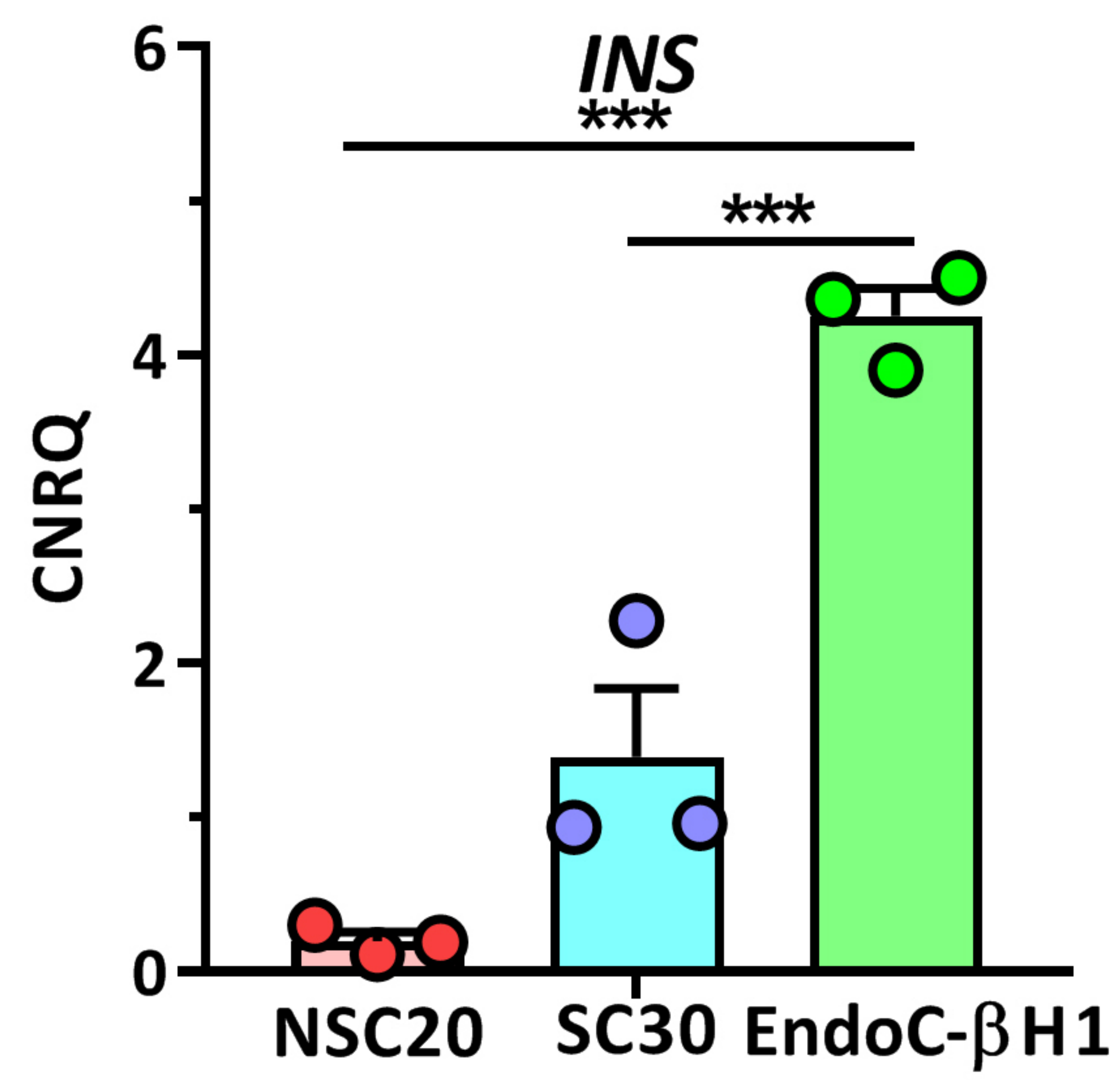


d15



d29



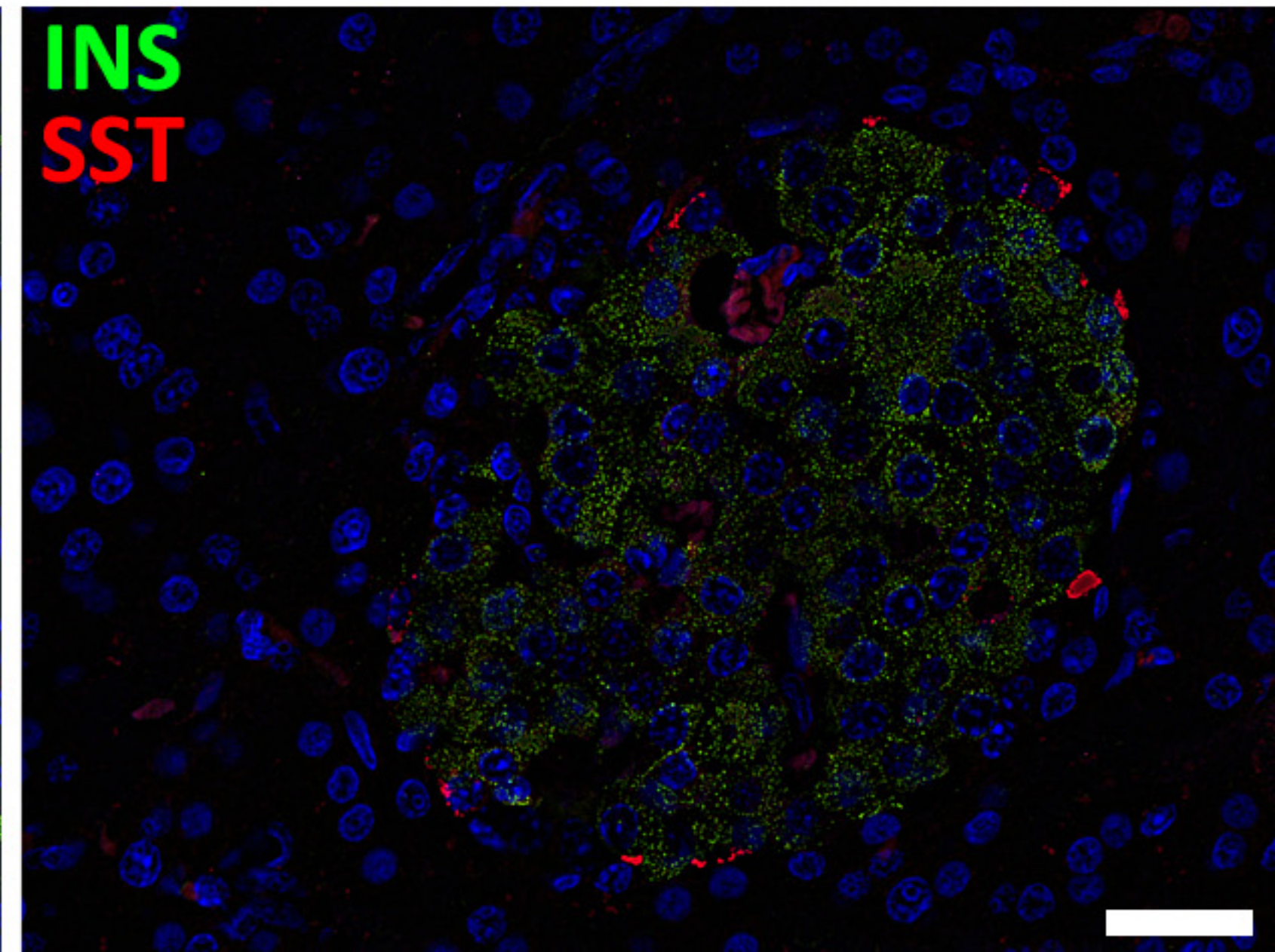
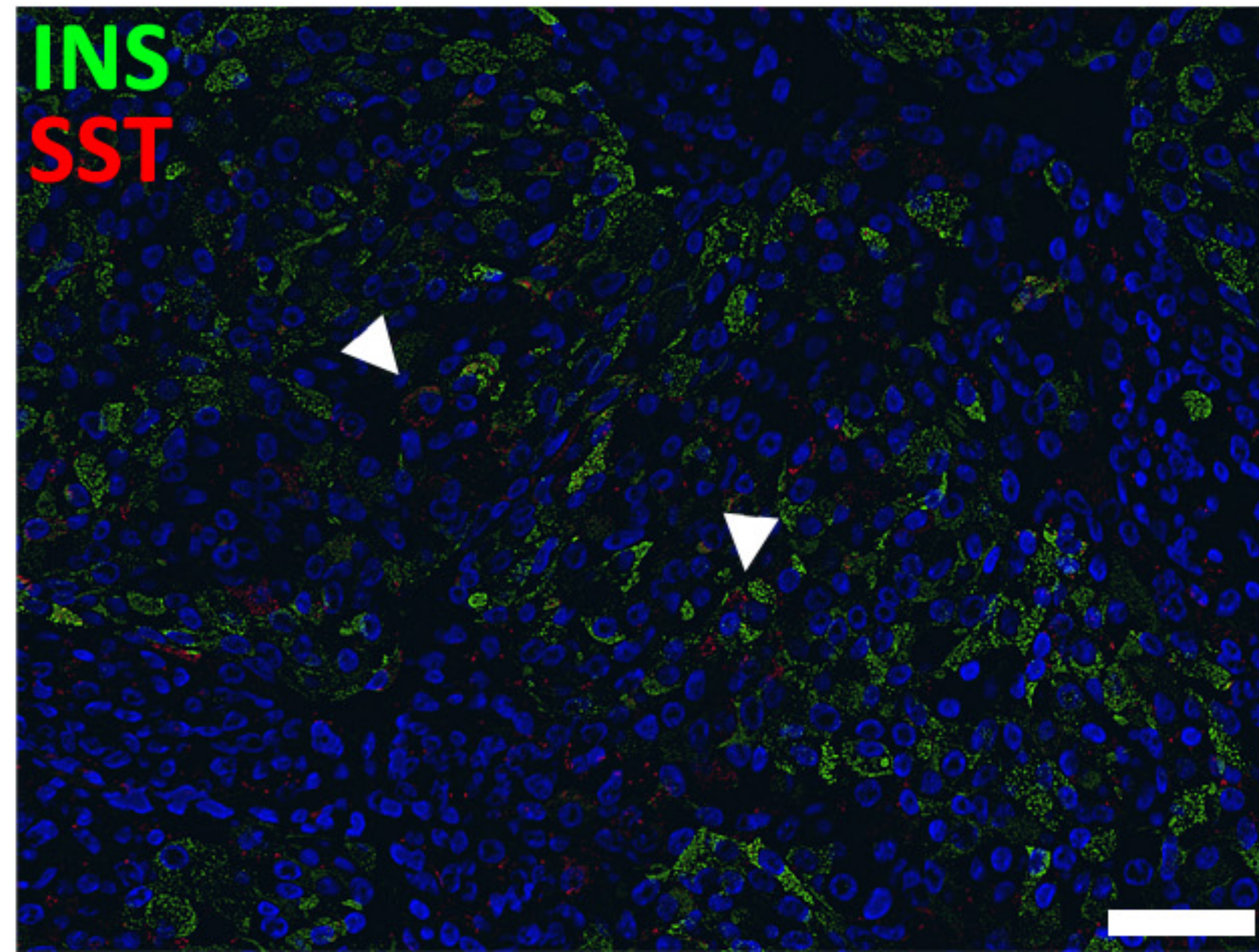
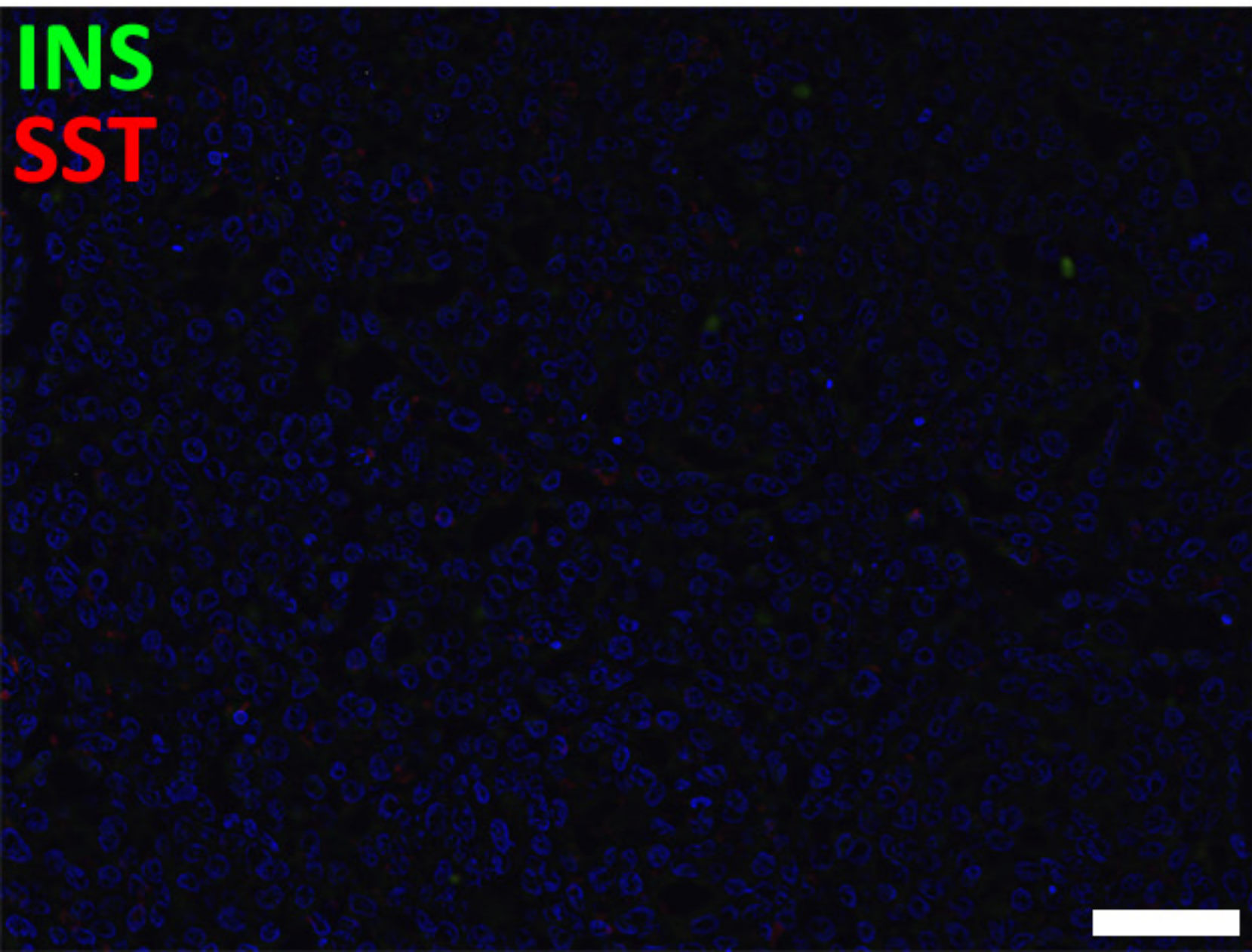


SC30-derived organoids

d15

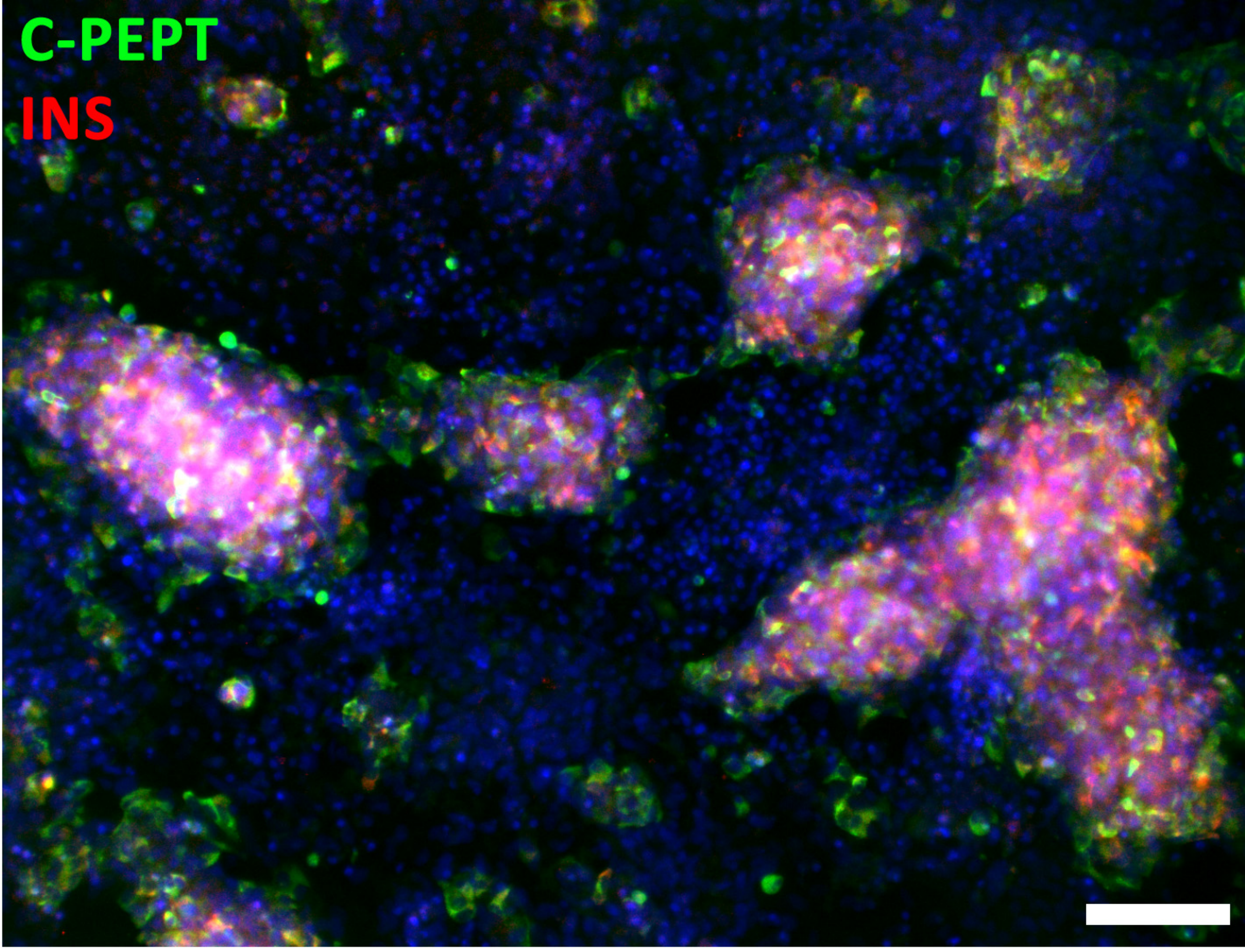
d29

Human non-diabetic pancreas

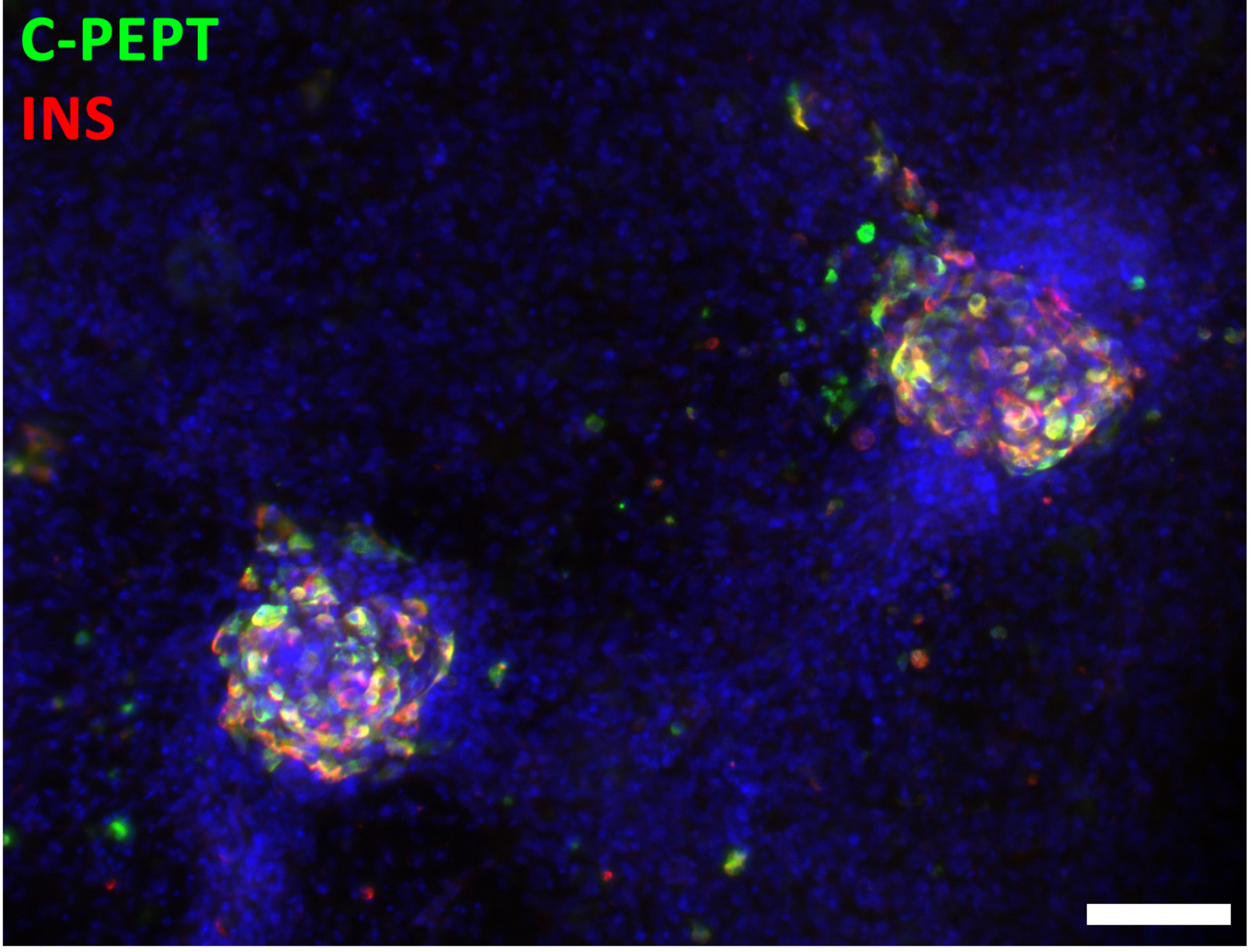


NSC20

C-PEPT
INS

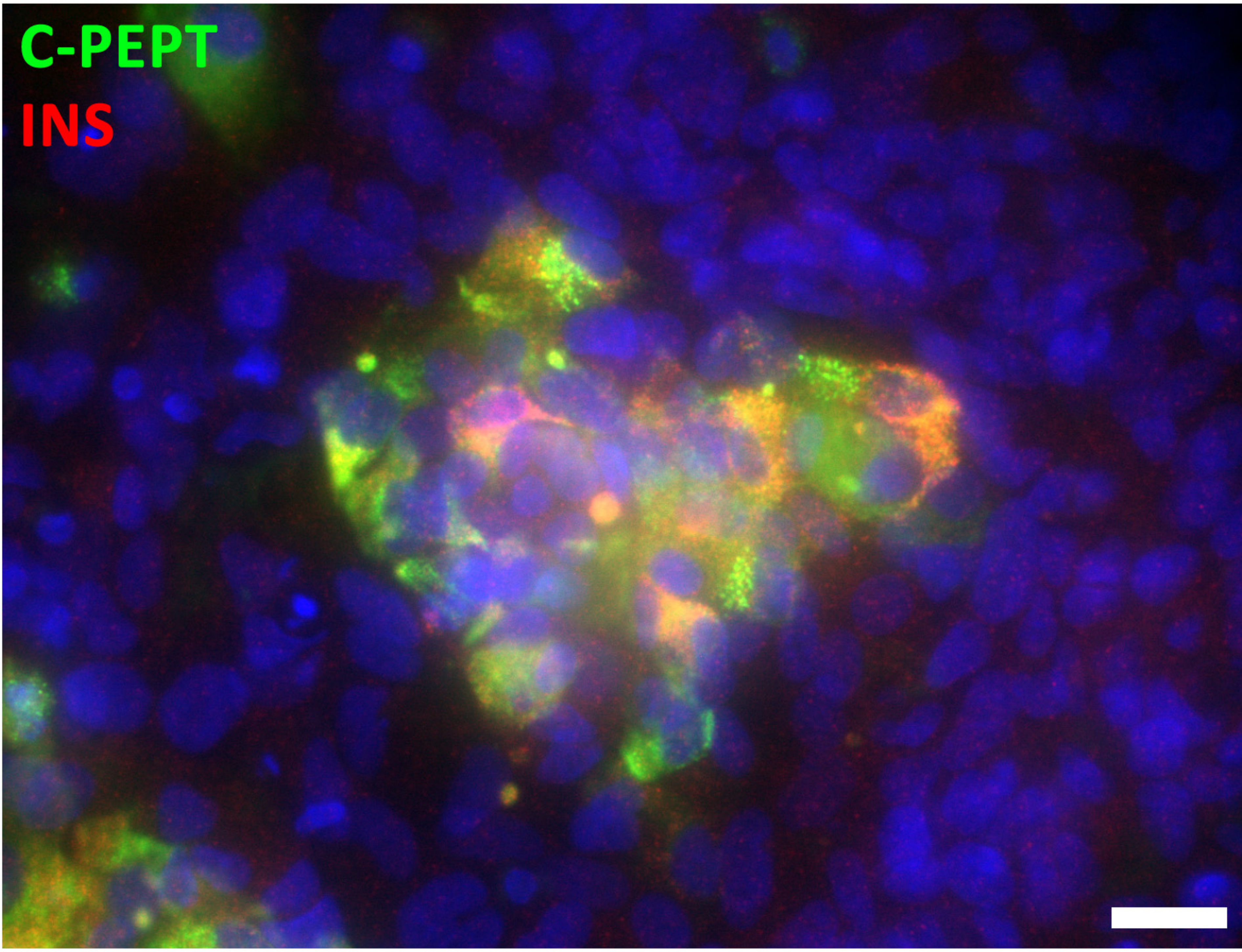


C-PEPT
INS

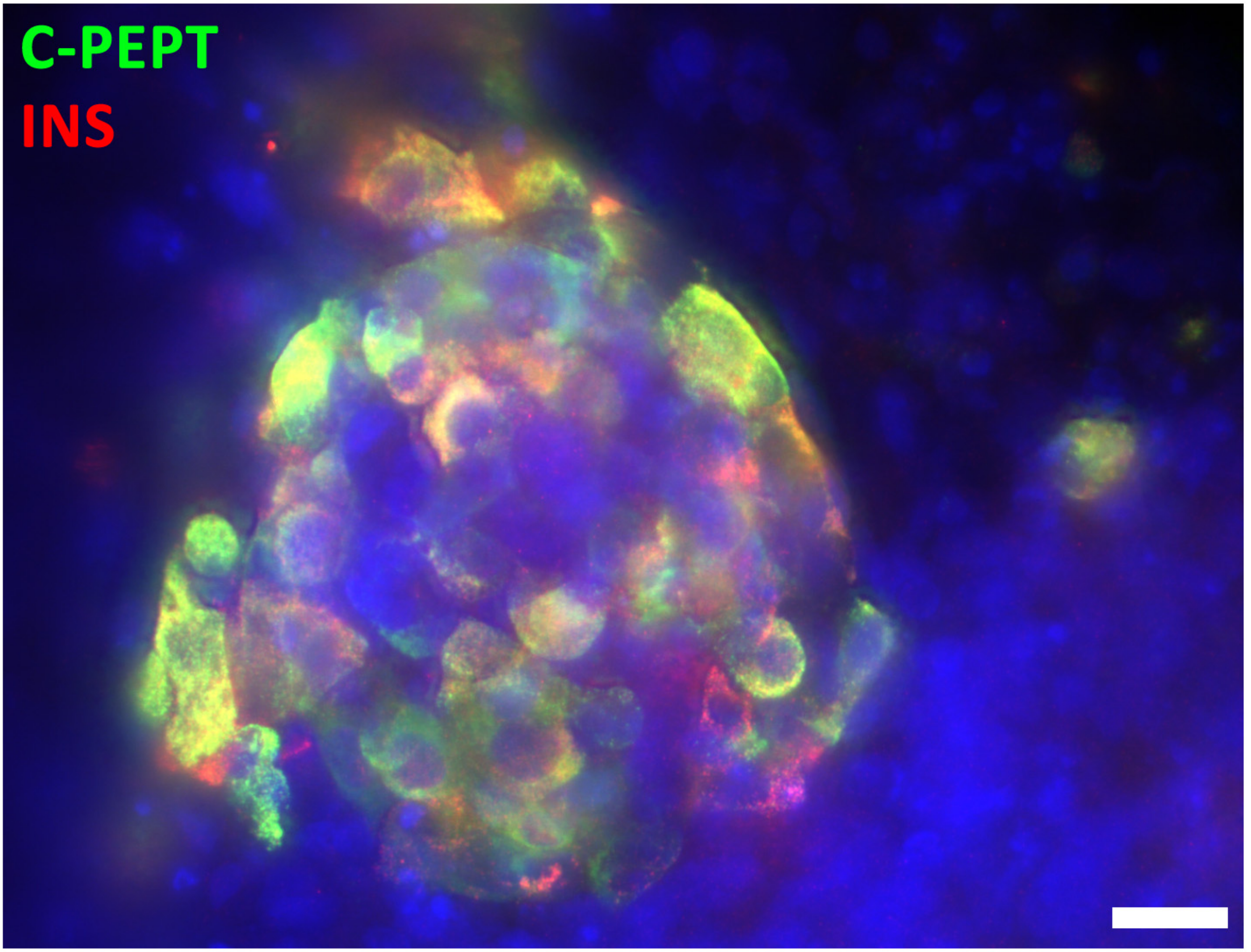


SC30

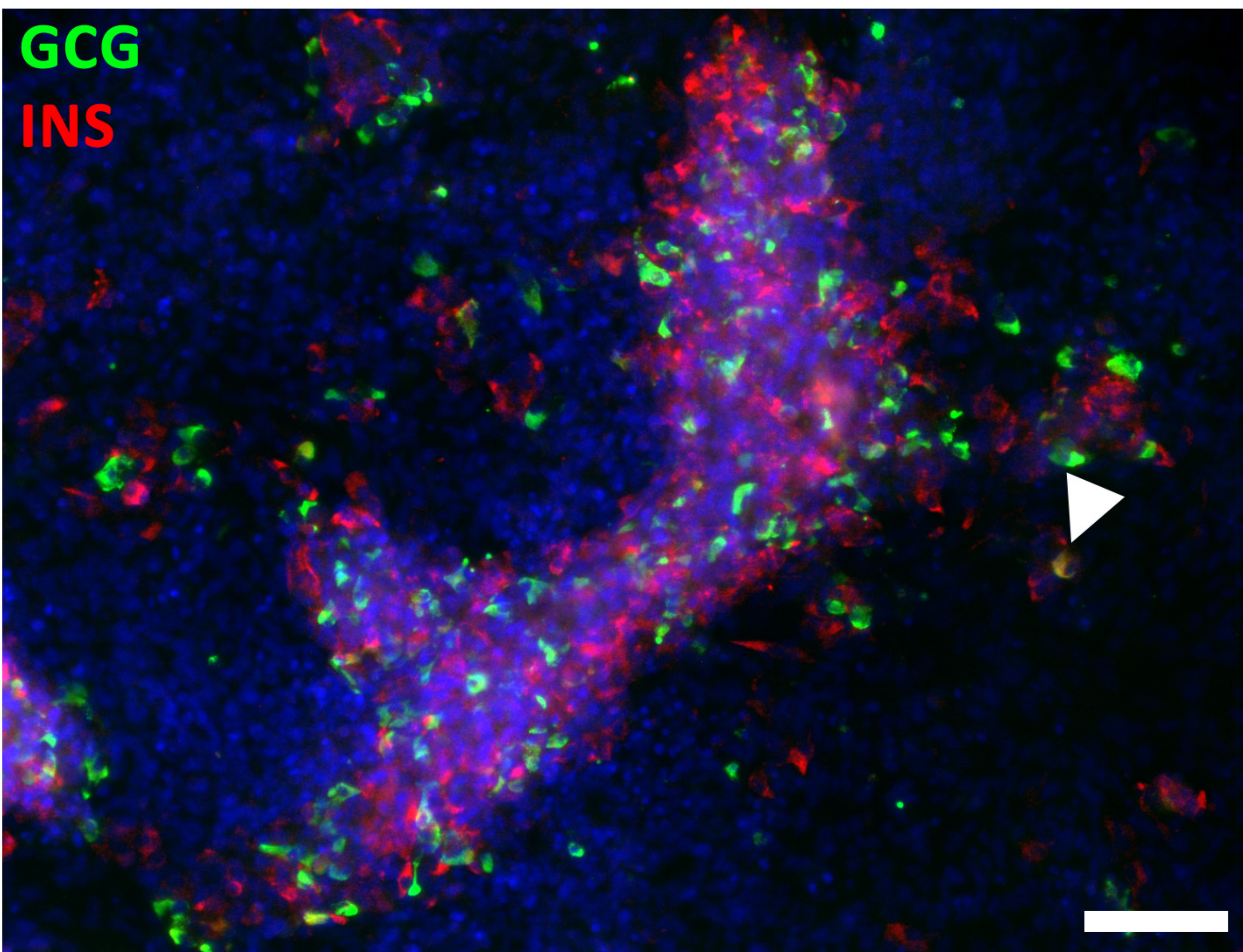
C-PEPT
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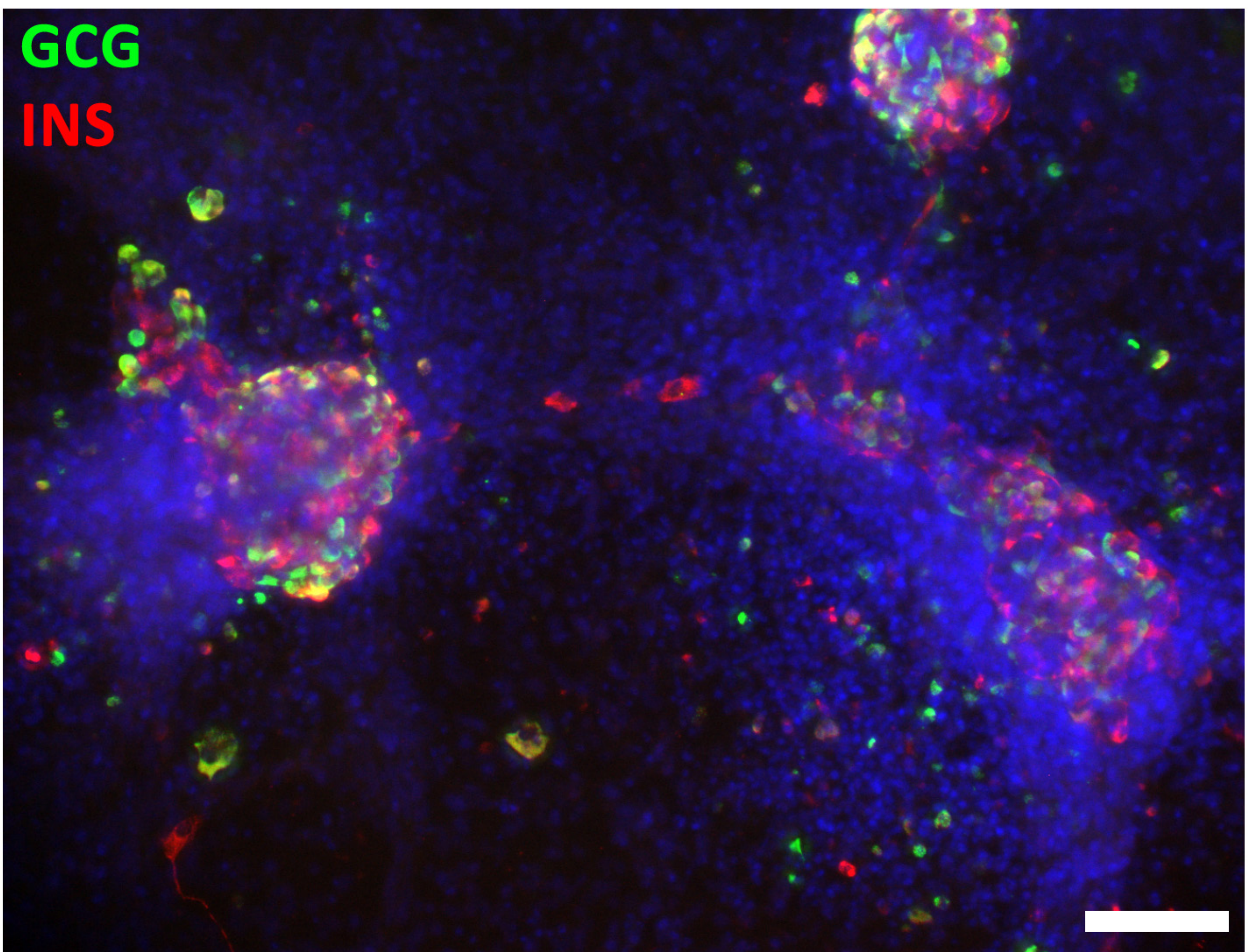
C-PEPT
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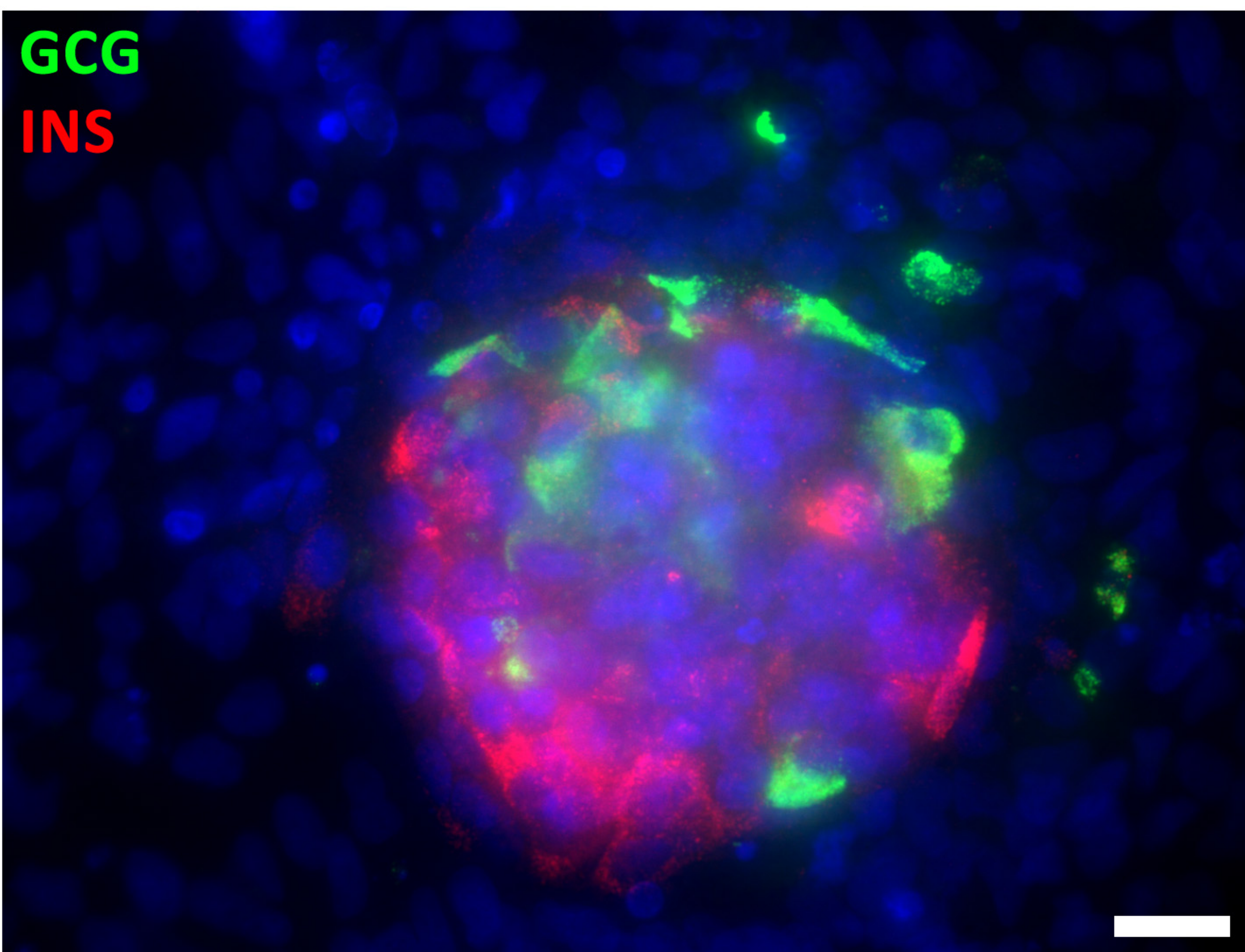
GCG
INS



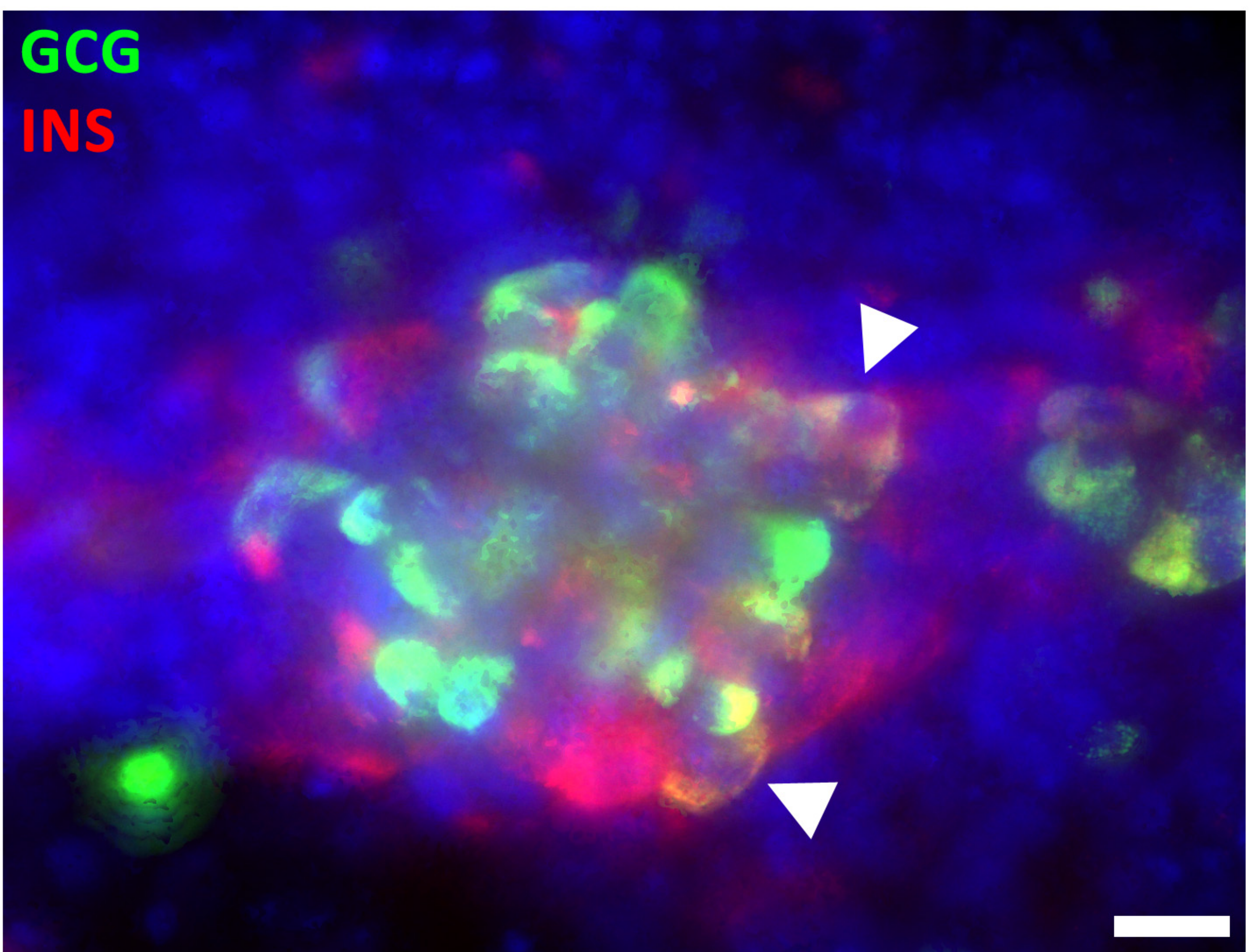
GCG
INS



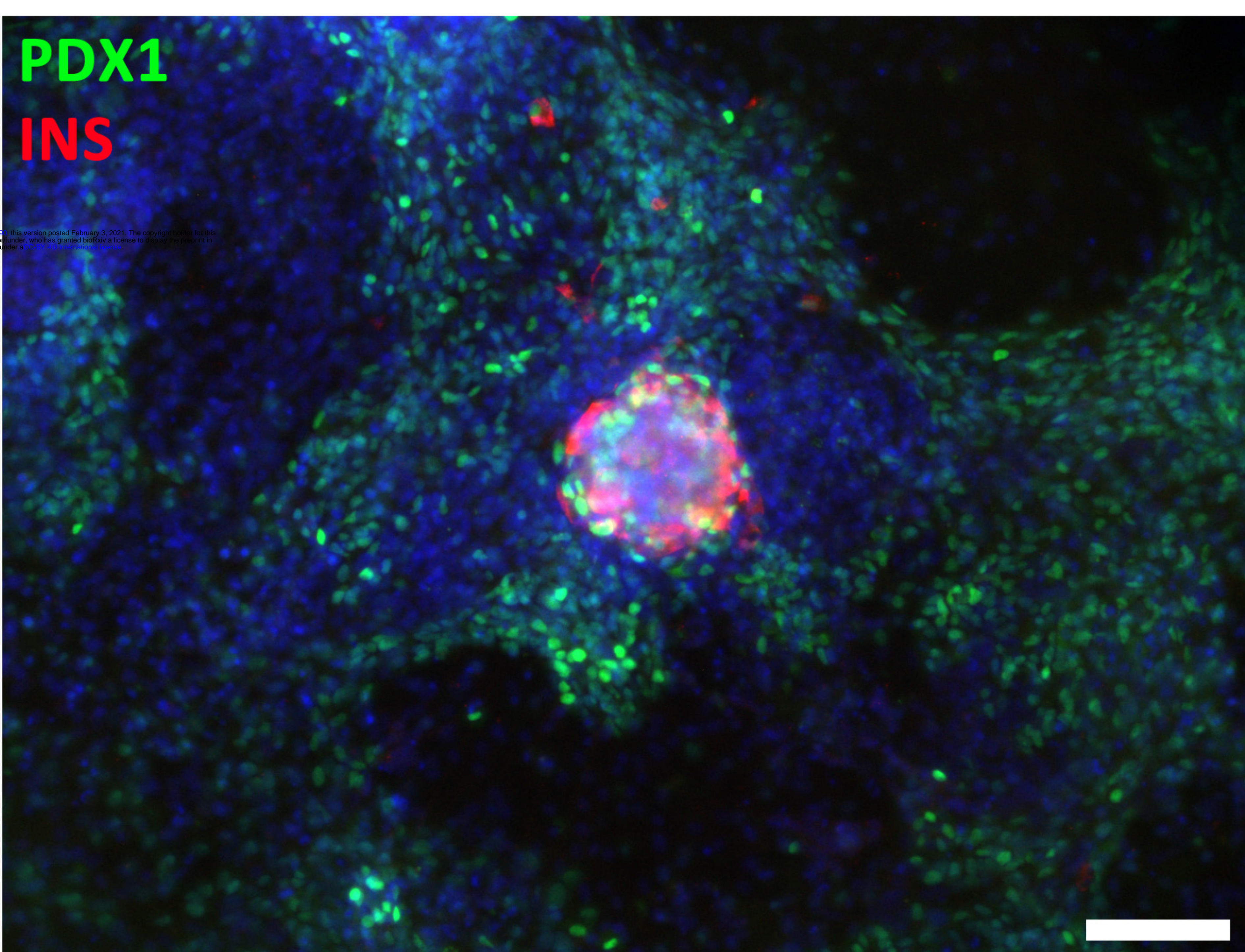
GCG
INS



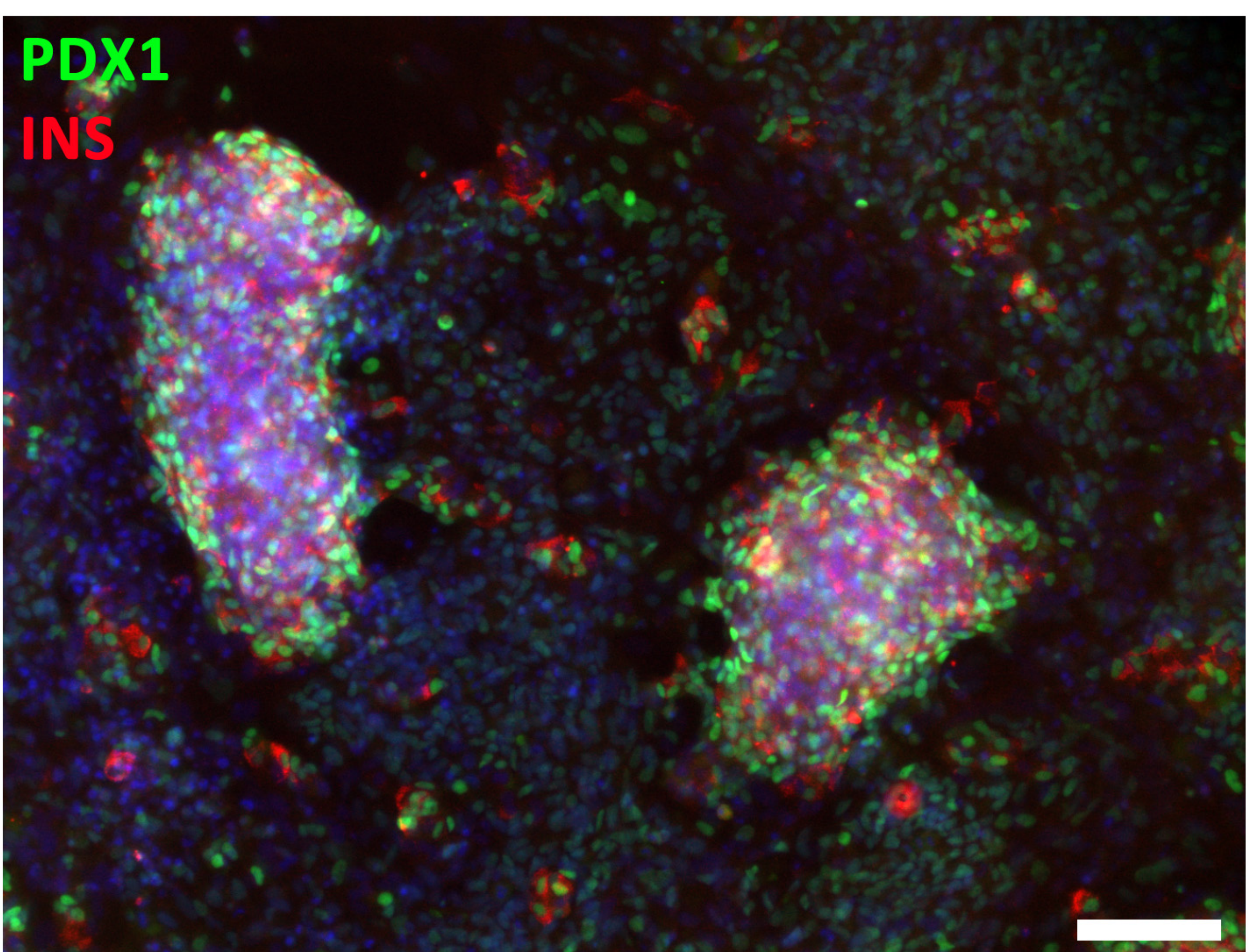
GCG
INS



PDX1
INS

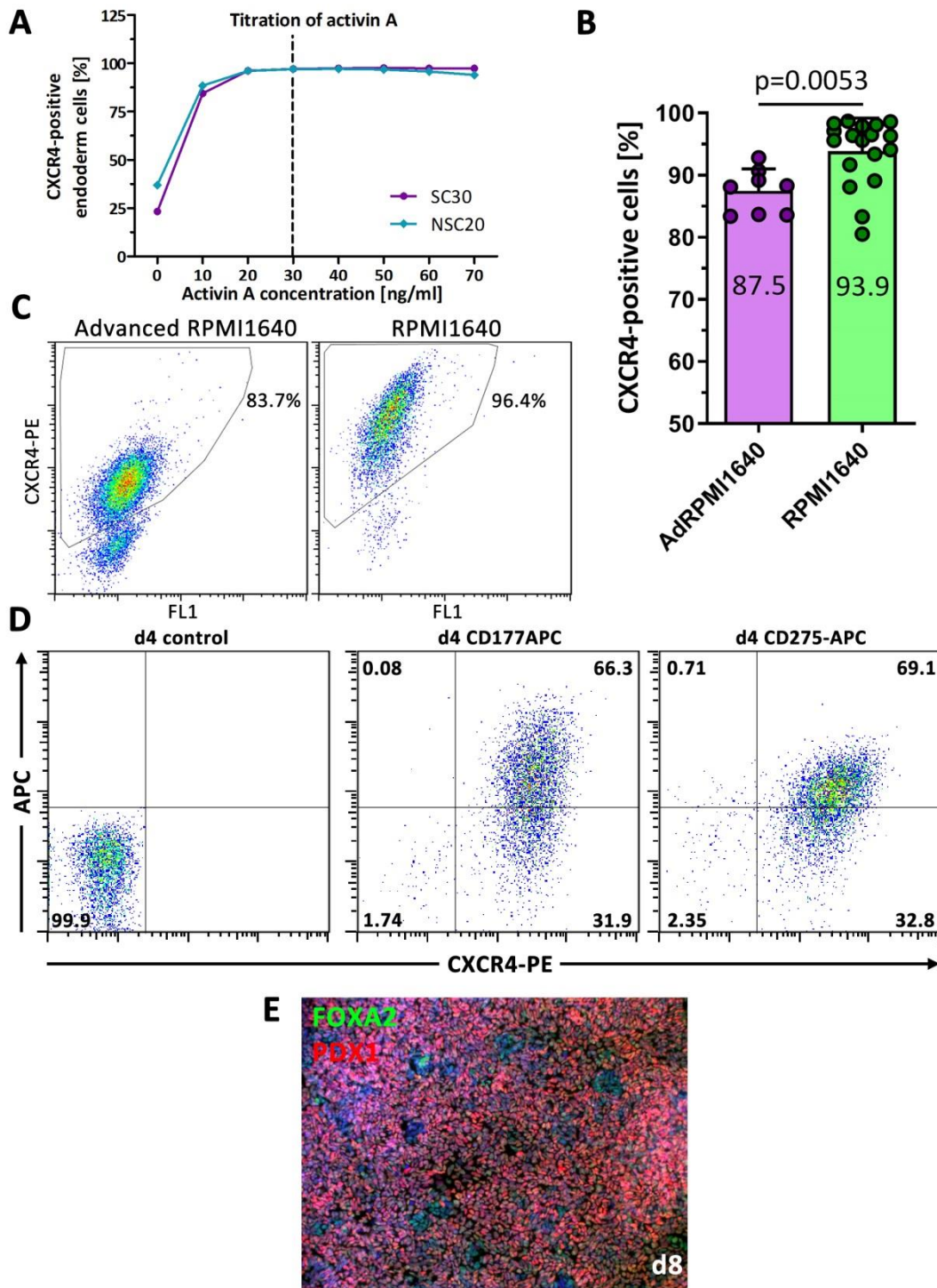


PDX1
INS



1 **Supplementary data**

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4 **Supplementary figure 1. Endoderm and pancreatic-duodenal differentiation efficiency.**

5 (A) Titration of the optimal activin A concentration for differentiation of hPSC into CXCR4-

6 positive endoderm cells. (B) Flow cytometric quantification of CXCR4 at d4 of endoderm

7 differentiation. Data are means \pm SEM, n=8-18, two-tailed *Student's t*-test, ** p < 0.01.

8 Differentiation protocol based on [9]. (C) Representative flow cytometry dot plots of CXCR4

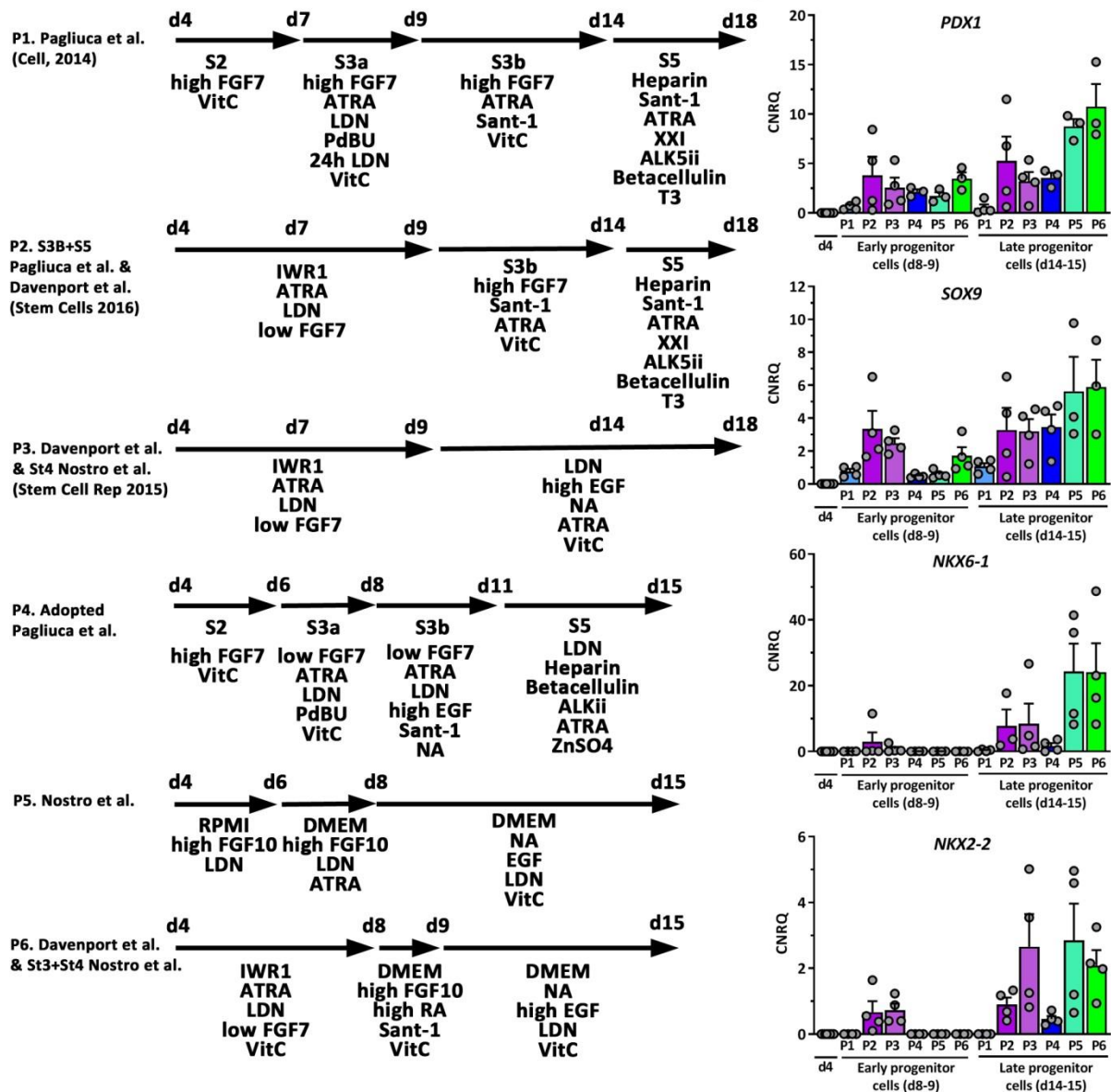
9 staining in two endoderm differentiation media. (D) Double flow cytometric staining of

10 CD177-APC/CXCR4-PE and CD275-APC/CXCR4-PE at d4 of endoderm differentiation. (E)

11 PDX1/FOXA2 double-positive pancreatic duodenal cells at d8 of differentiation.

12 Differentiation protocol based on [7] and [8].

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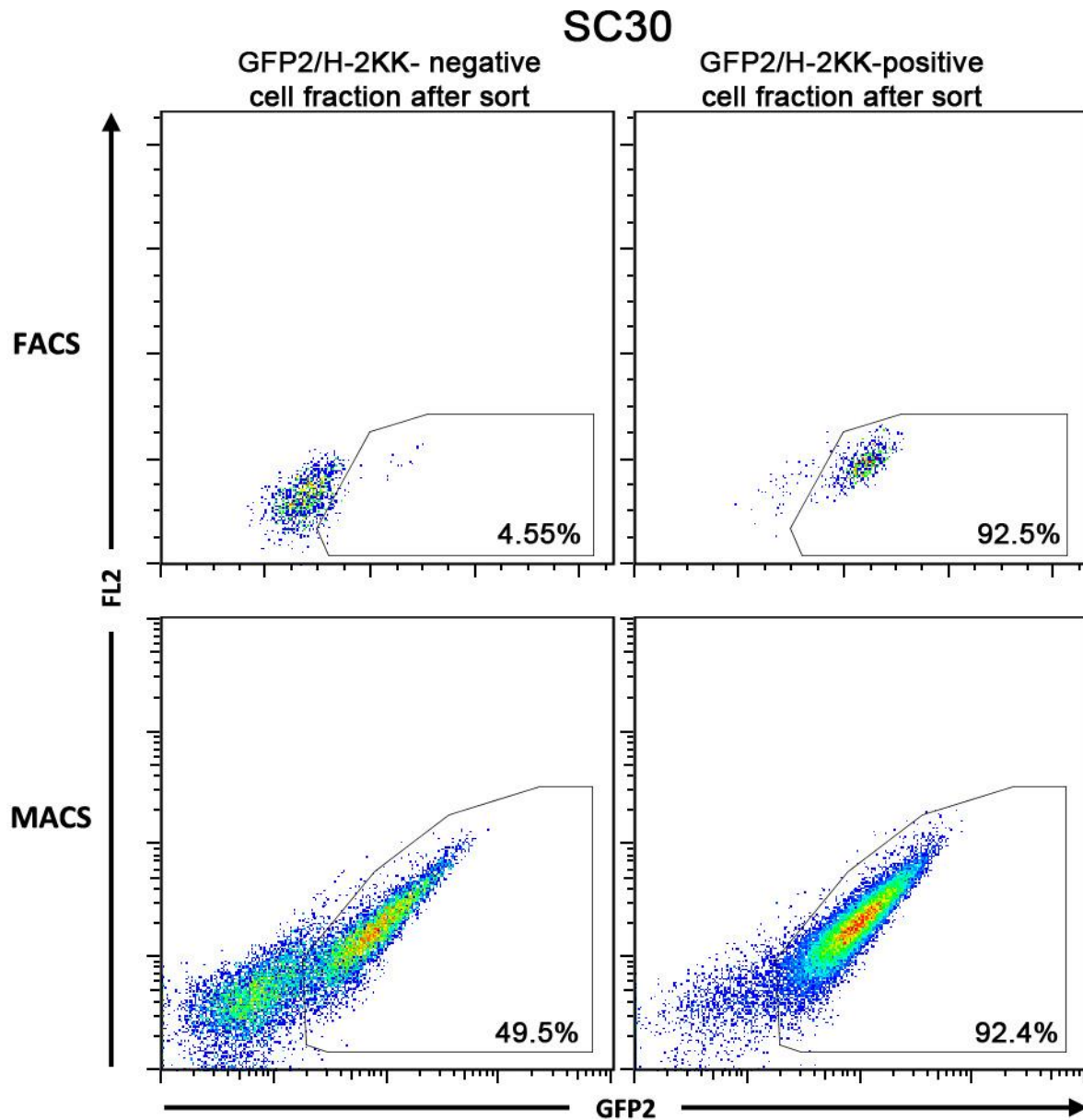
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Supplementary figure 2. Comparison of six adopted differentiation protocols for the generation of MPCs from hPSC.

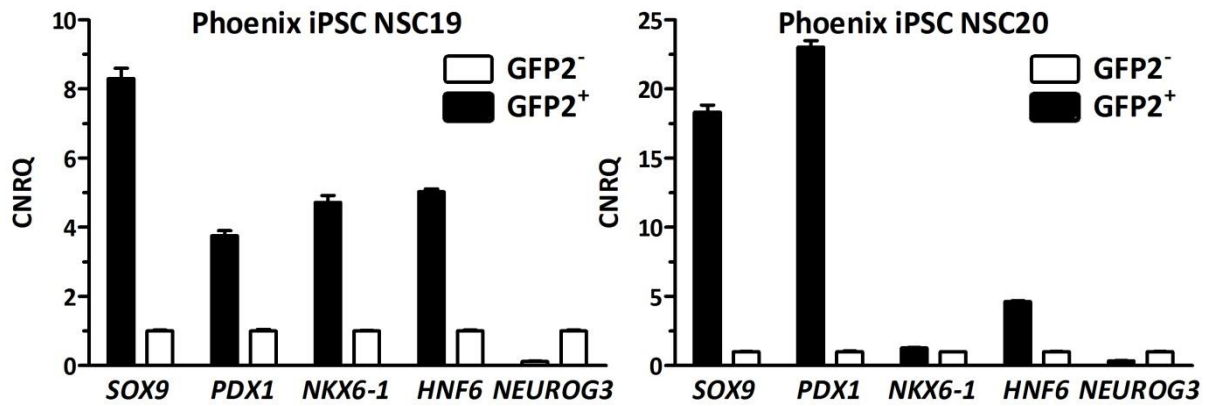
Depicted is the relative gene expression of *PDX1*, *SOX9*, *NKX6-1*, and *NKX2-2*. Data are means \pm SEM. n= 3-4. The differentiation protocols were adopted from [7], [8], [11] and [14].



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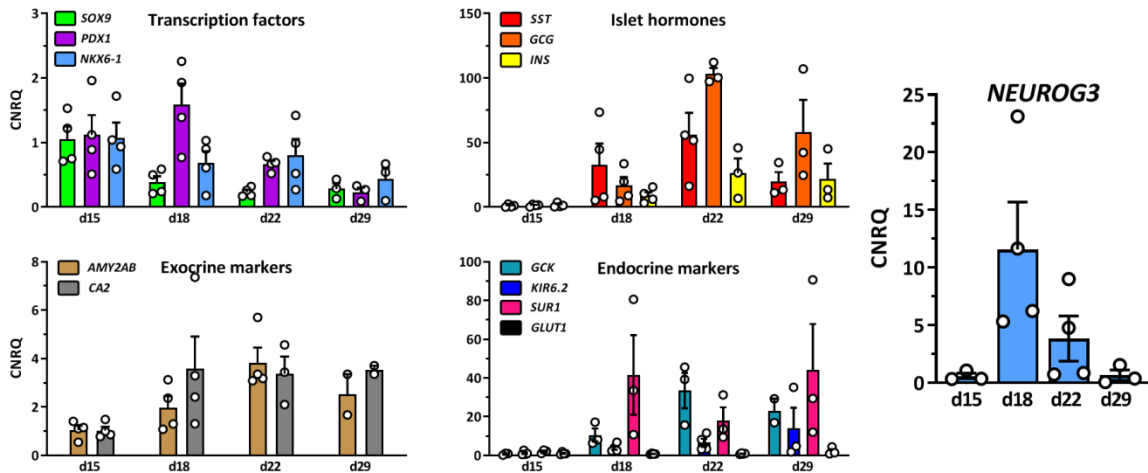
Supplementary figure 3. Representative dot plot presentation of cell sorting experiments using the SC30 cell clone. GFP2⁺ pancreatic progenitors can be sorted by FACS (upper images) or MACS (lower images) with comparable efficiencies.

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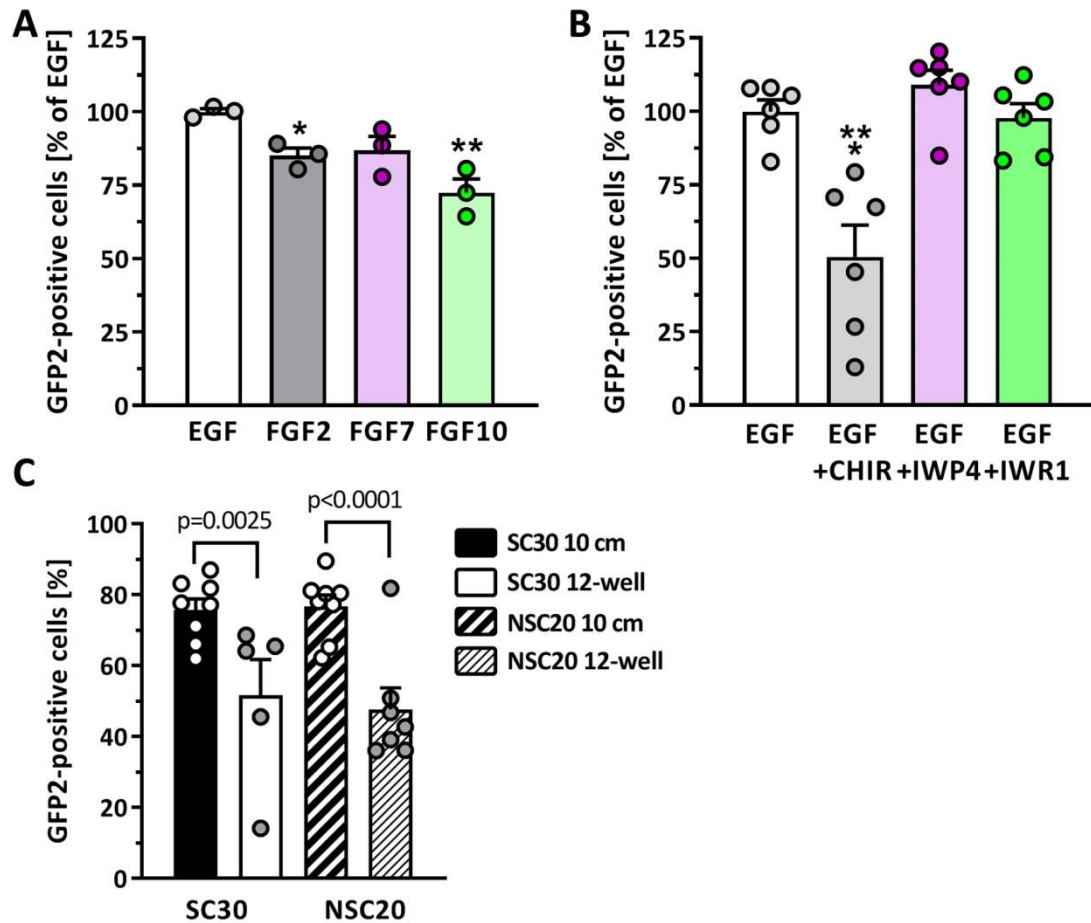
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Supplementary figure 4. RT-qPCR analysis of sorted NSC19 and NSC20 derived GFP2⁺ and GFP2⁻ cells at d12 of differentiation. Depicted is the relative gene expression of *SOX9*, *PDX1*, *NKX6-1*, *HNF6*, and *NEUROG3*. Data are means \pm SD from a single sorting experiment measured in triplicate.

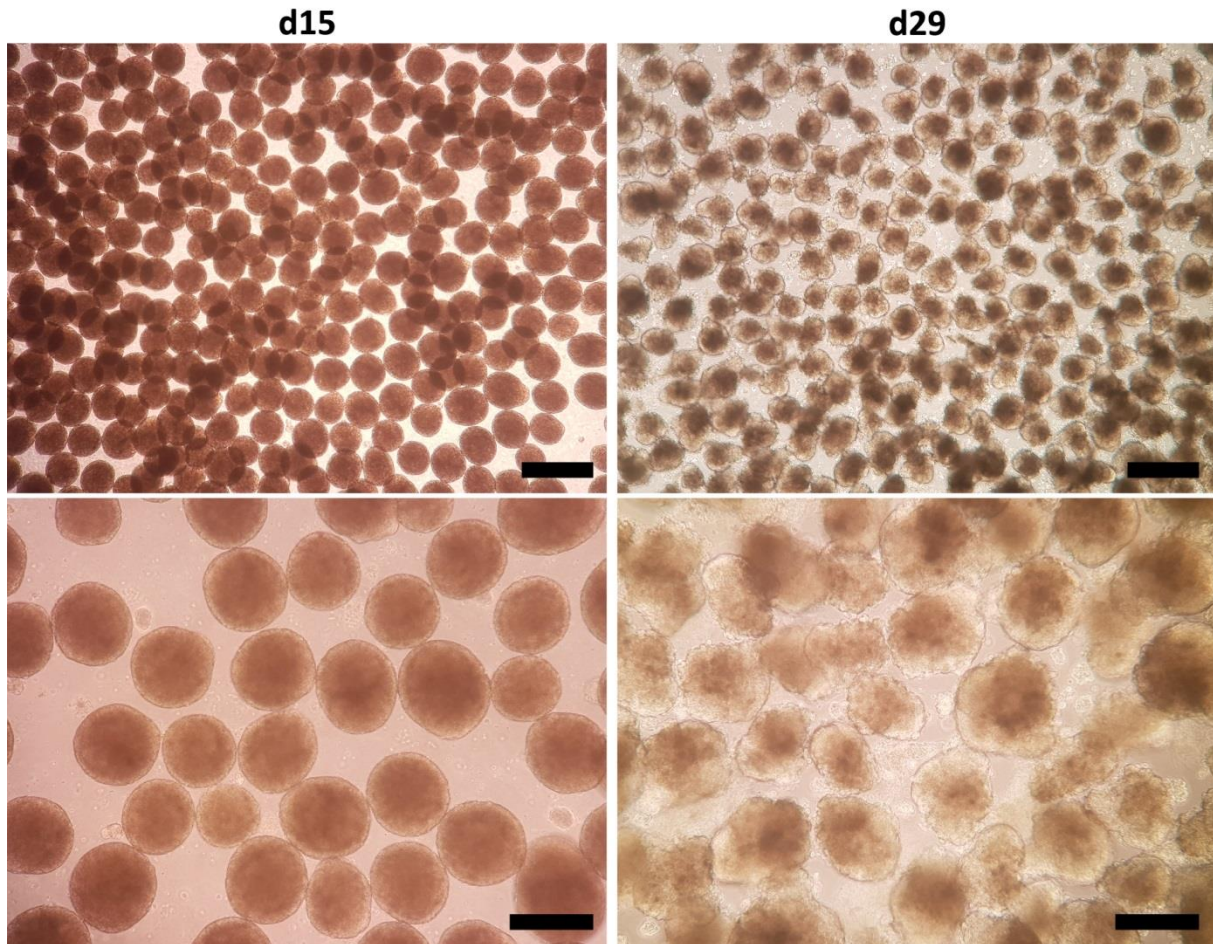


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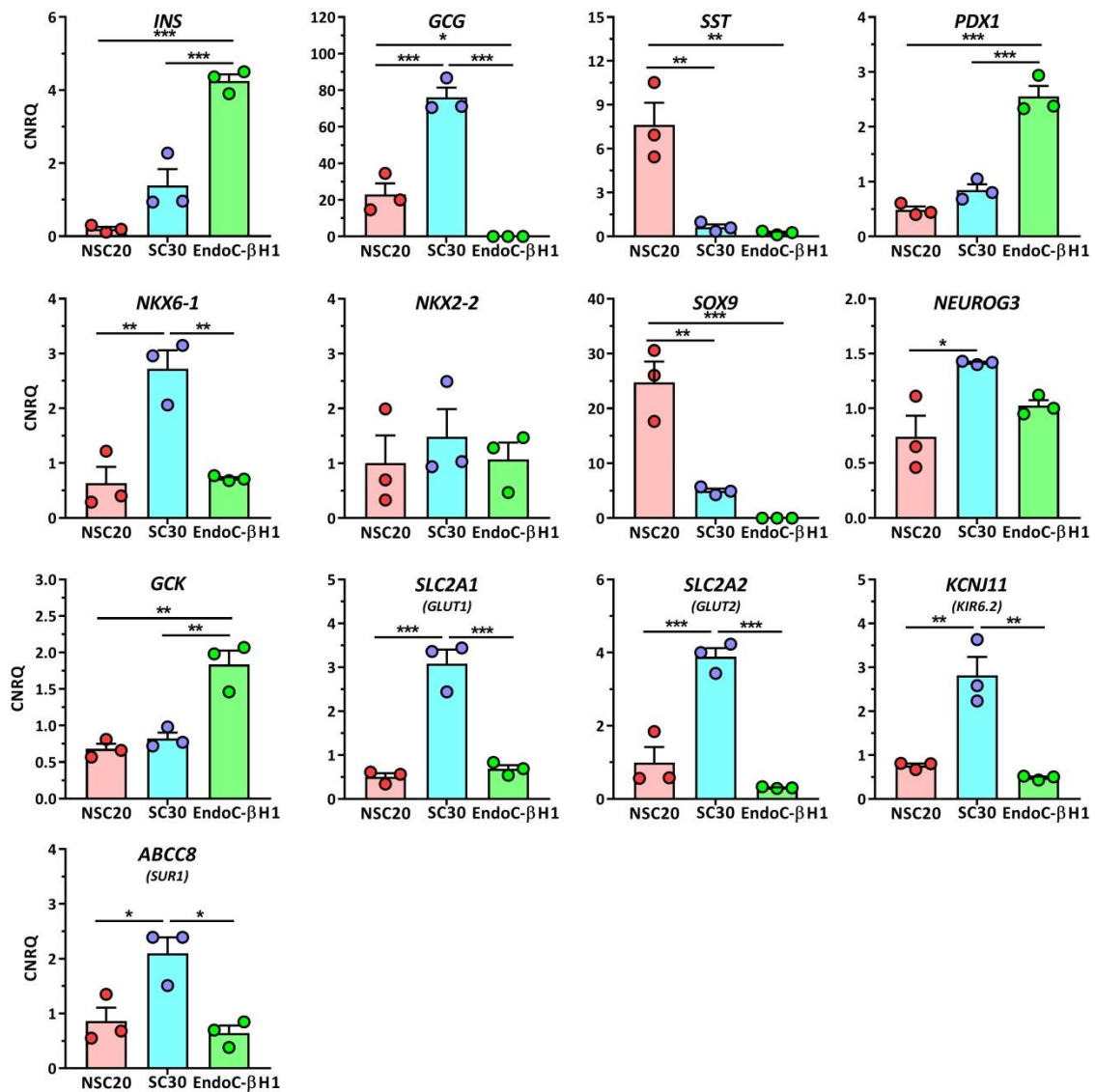
Supplementary figure 5. RT-qPCR analysis of sorted GFP2⁺ cells after MACS at day 12 of differentiation using the SC30 cell clone. Further differentiation was conducted according to the 2D experimental protocol. Depicted is the relative gene expression of the transcription factors, *SOX9*, *PDX1*, *NKX6-1* and *NEUROG3*, the islet hormones somatostatin (*SST*), glucagon (*GCG*) and insulin (*INS*), the exocrine marker genes amylase 2 (*AMY2AB*) and carbonic anhydrase 2 (*CA2*) and the endocrine marker genes glucokinase (*GCK*), *KIR6.2*, *SUR1* and *GLUT2*. Data are means \pm SEM, n= 2-4. Data are normalized to housekeeping genes and d15 samples scaled to 1.



42
 43 **Supplementary figure 6. Effect of growth factors, Wnt/beta-catenin signaling and**
 44 **upsampling on the generation of GFP2+ pancreatic progenitors.**
 45 (A) Effect of different growth factors each used at 100 ng/ml on GFP2 expression in NSC20
 46 cells. Data are means \pm SEM. n= 3, two-tailed *Student's* t-test, ** p < 0.01, * p < 0.05. (B)
 47 Effect of canonical Wnt-signaling on GFP2 expression in NSC20 cells. The pathway was
 48 activated by CHIR (3 μ M) or inhibited by IWP4 (1 μ M) or IWR-1 (2 μ M). Data are
 49 means \pm SEM, n= 6, two-tailed *Student's* t-test, *** p < 0.001 (C) Flow cytometric
 50 quantification of GFP+ pancreatic progenitors from the cell lines SC30 and NSC20 at d12 of
 51 differentiation differentiated in 12-well plate cavities or 10 cm cell culture dishes. Data are
 52 means \pm SEM, n= 8-11. Two-tailed *Student's* t-test, *** p < 0.001, ** p < 0.01.



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54 **Supplementary figure 7. Generation of pancreatic spheroids (left images) and stem cell-**
55 **derived organoids (right images) by 3D shaking culture.** Shown are representative images
56 of cell spheroids 3 days (left) and organoids 17 days (right) after transfer from 2D adherent
57 culture to 3D orbital suspension culture at 100 rpm. Scale bar for lower magnification
58 image = 500 μ m. Scale bar for higher magnification image = 200 μ m.



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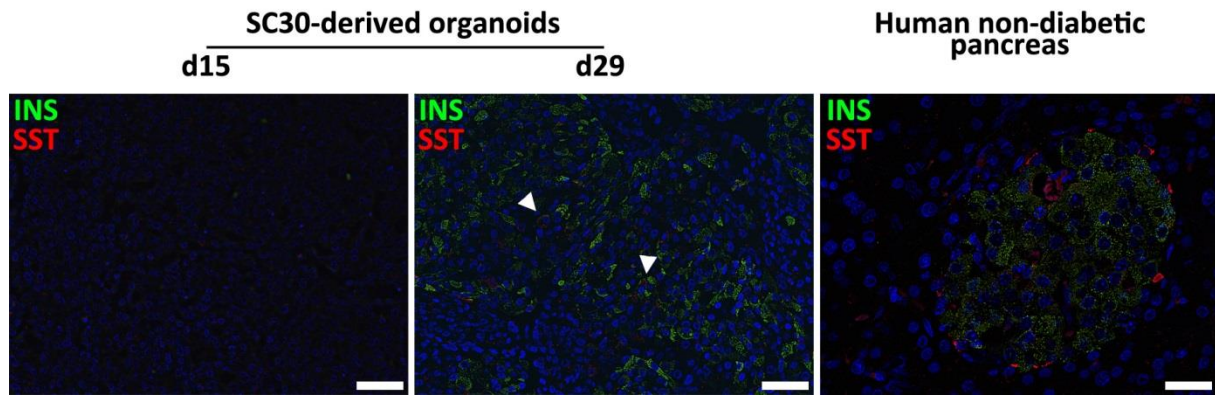
60 **Supplementary figure 8. Relative gene expression of pancreatic and endocrine genes in**

61 **NSC20- and SC30-derived organoids after 3D differentiation compared to EndoC-βH1**

62 **cells. Data are means ± SEM, n=3. ANOVA plus Tukey's post test, *** p < 0.001,**

63 **** p < 0.01, * p < 0.05.**

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66 **Supplementary figure 9.** Immunohistochemical analysis of SC-derived pancreatic organoids.

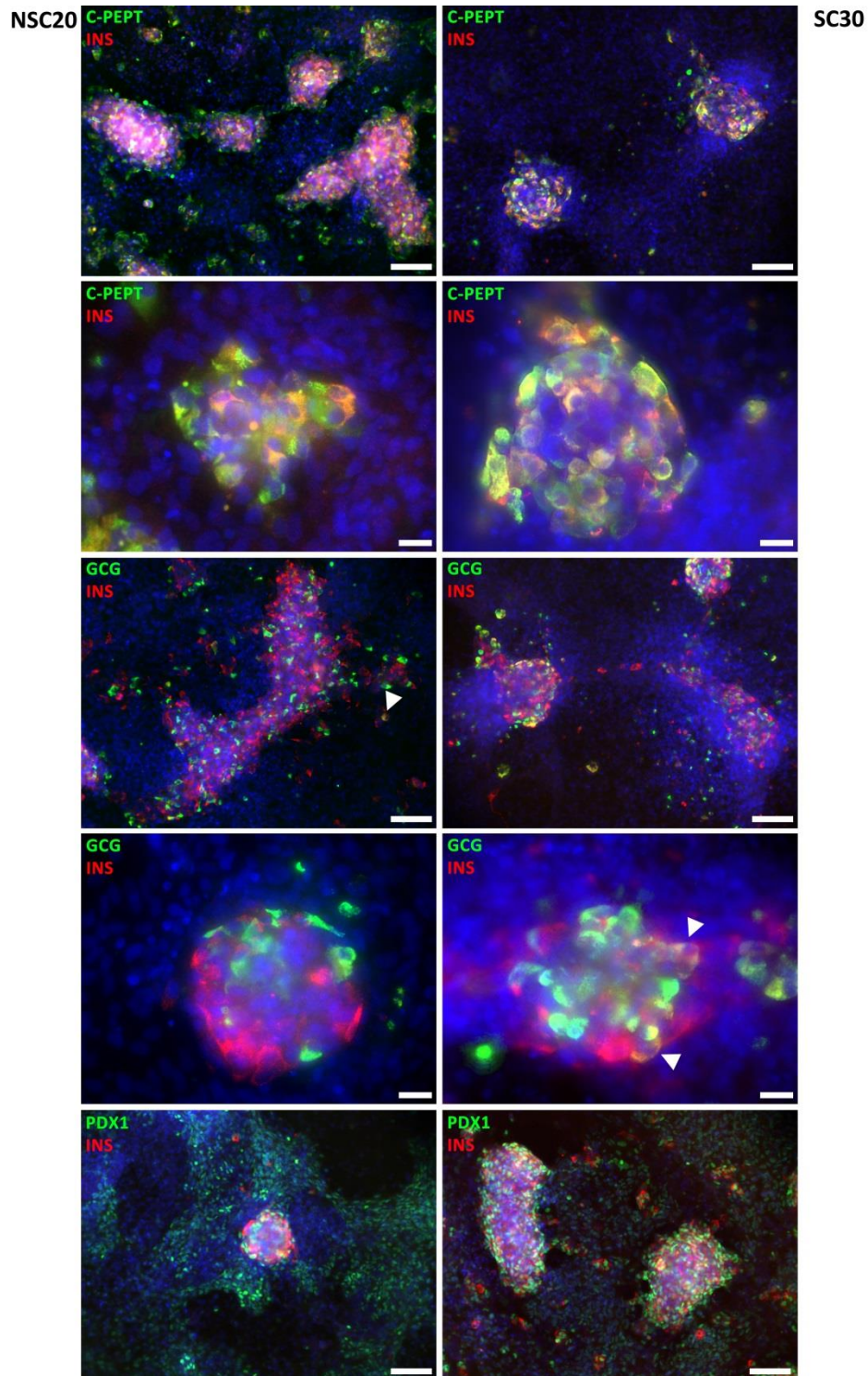
67 D15 spheroids and d29 stem cell-derived organoids derived in 3D from the SC30 clone were

68 fixed, sectioned and double-stained for somatostatin (red) and insulin (green). A human non-

69 diabetic pancreas was taken as control. Arrowheads mark polyhormonal cells. Scale

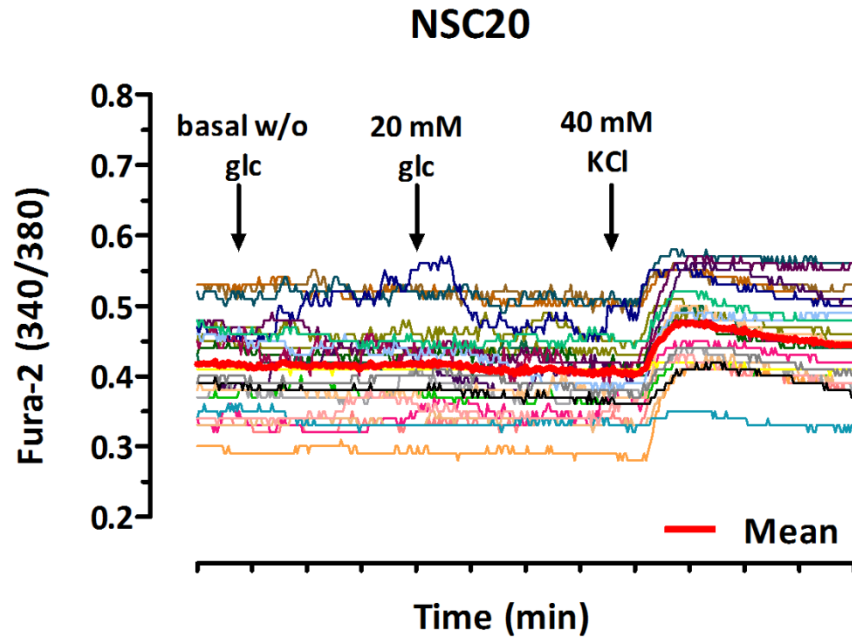
70 Bar = 50 μ m.

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Supplementary figure 10. Immunofluorescence staining of NSC20-derived (left images) and SC30-derived (right images) pancreatic and endocrine cells at d29 using the production protocol in 2D. Double staining of insulin (red) and C-peptide, glucagon and PDX1 (all in green). Counterstaining with DAPI. Scale bar for lower magnification image = 100 μ M, scale bar for higher magnification images = 20 μ M. Arrowheads indicate polyhormonal insulin and glucagon co-expressing cells.



80
81 **Supplementary figure 11. Recording of the Fura-2/AM emission ratio at 340 and 380 nm**
82 **over 13 minutes.** NSC20-derived organoids were dissociated, seeded on glass slides for 24 h
83 and loaded with Fura-2/AM. Then the cells were stimulated with basal KR \emptyset glucose, 20 mM
84 glucose in KR, basal KR \emptyset glucose and finally KR plus 40 mM KCl. Mean value of all 15
85 cells in bold red.
86

87 **Supplementary Table 1: sgRNAs for HDR**

Gene Symbol/ Cas type	Orientation	Primer Sequence 5'-3'
<i>SOX9</i> Cas9 T5	Forward cloning primer	CACCGACACAGCTCACTCGACCTTGAGG
	Reverse cloning primer	AAACCAAGGTCGAGTGAGCTGTGTC
<i>INS</i> Cas9n #1 Nickase pair 1	Forward cloning primer	CACCGTGCAACTAGACGCAGCCCGC
	Reverse cloning primer	AAACGCGGGCTGCGTCTAGTTGCAC
<i>INS</i> Cas9n #23 Nickase pair 1	Forward cloning primer	CACCGCTGGTAGAGGGAGCAGATGC
	Reverse cloning primer	AAACGCATCTGCTCCCTCTACCAGC
<i>INS</i> Cas9n #10 Nickase pair 2	Forward cloning primer	CACCGCCTCCTGCACCGAGAGAGA
	Reverse cloning primer	AAACTCTCTCTCTGGTGCAGGAGGC
<i>INS</i> Cas9n #7 Nickase pair 2	Forward cloning primer	CACCGAGTTGCAGTAGTTCTCCAGC
	Reverse cloning primer	AAACGCTGGAGAACTACTGCAACTC

88 sgRNA sequences marked in bold

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91 **Supplementary Table 2: Primer pairs for gene expression analysis.**

Gene	Primer Sequence 5'-3'	Accession #
<i>ABCC8</i> (<i>SURI</i>)	Fw: tcacaccgctgttctctgt Rev: agaaggagcaggacttgcc	NM_001287174.2
<i>CPA1</i>	Fw: caggctccctctgtattggc Rev: ggacttgacctccactcgg	NM_001868.4
<i>G6PD</i>	Fw: aggccgtcaccaagaacattca Rev: cgatgatcgggtccagcctat	NM_000402
<i>GCG</i>	Fw: aagcatttactttgtggctggatt Rev: tgatctgatttctcctctgtgtct	NM_002054.5
<i>GCK</i>	Fw: cctgggtggcactaactcag Rev: tagtcgaagacatctcagca	NM_000162.5
<i>INS</i>	Fw: gccccgagatacatcagagg Rev: ccaggtcaccaggactttac	NM_000207.3
<i>KCNJ11</i> (<i>KIR6.2</i>)	Fw: aaggaagagtctggtgggga Rev: tagggcctcactcgagagtc	NM_000525.4
<i>NEUROG3</i>	Fw: gcgaccagaagcccgetg Rev: ggcgtcatcctttctaccggc	NM_020999.4

<i>NKX2-2</i>	Fw: aaccccttctacgacagcagcg Rev: acttgagacttgagctcagggg	NM_002509
<i>NKX6-1</i>	Fw: ggcccgagtgatgcagagc Rev: tctcccgtctttgtccaac	NM_006168.3
<i>ONECUT1</i> (<i>HNF6</i>)	Fw: cgctccgcttagcagcatgc Rev: gtgtgtgcctctatcctcccatg	NM_004498
<i>PDX1</i>	Fw: cgtccagctgccttcccat Rev: ccgtgagatgtactgttgaatagga	NM_000209
<i>SLC2A1</i> (<i>GLUT1</i>)	Fw: cctgcagtttgctacaaca Rev: aggatgctctcccacatagcg	NM_006516
<i>SLC2A2</i> (<i>GLUT2</i>)	Fw: actgggaccctggtttca Rev: ccagtgaacacccaaaaca	NM_000340
<i>SOX9</i>	Fw: ggggaggaagtcggtgaagaacg Rev: ctgggattgccccagtgctc	NM_000346
<i>SST</i>	Fw: cccagactcgcagtttc Rev: tccgtctggtgggttag	NM_001048.4
<i>TBP</i>	Fw: caacagcctgccacctacgctc Rev: aggctgtgggtcagtcacagtg	NM_003194
<i>TUBA1A</i>	Fw: ggcagtggtgtagacttgaaccc Rev: tgtgataagttgctcagggtggaag	NM_006009

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Supplementary Table 3: Antibodies used in this study.

Protein	Supplier	Cat #	Dilution
CPA1	Origene	TA500053	1:100
CK19	R&D systems	AF3506	1:300
C-peptide	Thermo Fisher	MA1-19159	1:400
Glucagon	Abcam	ab10988	1:300 – 1:2000
Insulin	Agilent DAKO	A564	1:100
	Abcam	ab7842	1:100
NEUROG3	R&D systems	AF3444	1:200
NKX6-1	R&D systems	AF5857	1:100 – 1:300
ONECUT1 (HNF6)	R&D systems	AF6277	1:100
PDX1	R&D systems	AF2419	1:300
Somatostatin	Abcam	ab22682	1:500 - 1:1000
SOX9	R&D systems	AF3075	1:300

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Supplementary Table 4: Data on the non-diabetic human pancreas organ donors

	Donor 1	Donor 2	Donor 3	Donor 4
Age (years)	60	47	64	52
Gender	female	male	male	female
Cause of pancreas removal	Donor organ	Pancreas resection	Pancreas resection	Pancreas resection
Blood glucose conc. (mmol/l) before organ collection	5.7	6.2	5.8	5.3

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Pancreases from non-diabetic Caucasian donors (55.8 ± 3.8 years; 2 male, 2 female) were obtained in Hannover from an organ donor (#1) in 2007 and from three patients (#2 - #4) between 2009 and 2013 during surgery for organ resection. Tissue was handled and processed according to the recommendations of the Hannover Medical School Ethics Committee.