Direct cell-to-cell transport of Hedgehog morphogen is aided by the diffusible carrier Shifted/DmWif1

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Abstract

The establishment of morphogen gradients is fundamental during embryonic patterning. Yet, the mechanisms by which morphogens disperse remain highly controversial. In a paradigmatic example, the dispersal of the morphogen Hedgehog (Hh) is both limited by, and dependent on, its lipid modifications. To address this paradox, several competing transport models have been proposed, from lipid-shielding solubilizing factors to the transport via specialized filopodia called cytonemes. In this study we uncover that the lipid-shielding protein DmWif1/Shifted (Shf) participates in the contact-dependent cell transfer of Hh. By using nanobody-based immobilization we demonstrate the tight association of Shf and Hh to cytoneme membranes. We show that Shf is anchored to membranes by the Hh co-receptor Interference Hedgehog (Ihog), and that the Ihog-Shf complex is required for Hh dispersal and signaling. Together, our results syncretize cytoneme-mediated transport and membrane release in a single dispersal model, in which local solubilization is required for cytonemes to exchange Hh-bound Shf at cell-cell contacts between presenting and receiving cytonemes.

Introduction

Morphogen gradients are crucial for animal development, orchestrating the spatial organization of tissues (Rogers and Schier, 2011). Among them, the Hedgehog (Hh) family of proteins is essential for tissue patterning and maintaining tissue homeostasis after birth (Briscoe and Thérond, 2013). Disruption of the Hh signaling pathway is associated with pathologies such as holoprosencephaly, polydactyly, and several types of cancer (Zhang and Beachy, 2023).

The Hh protein is synthesized as a precursor of approximately 45 kDa and undergoes autocatalytic processing in the endoplasmic reticulum, resulting in two protein fragments (Hh-C and Hh-N) (Chen et al., 2011; Lee et al., 1994). The Hh-N fragment (hereafter referred to as Hh) undergoes two lipid modifications: a cholesterol molecule attached to its C-terminal end, and a palmitic acid added to a cysteine residue close to its N-terminal (Pepinsky et al., 1998; Porter et al., 1996). These lipid modifications strongly associate Hh to cell membranes thereby limiting its ability to freely move through the extracellular environment (Peters et al., 2004). Counter-intuitively these lipid moieties are also required for Hh long-distance signalling (Callejo et al., 2006; Chamoun et al., 2001; Gallet et al., 2006). In the past two decades, several models have been proposed to address this contradiction, such as the formation of multimers (Feng et al., 2004; Goetz et al., 2006), and the transport via exovesicles (Gradilla et al., 2014; Matusek et al., 2014) or cytonemes (Bischoff et al., 2013; Hall et al., 2024, 2021; Sanders et al., 2013).

Cytonemes are actin-based cellular protrusions specialized in intercellular communication (González-Méndez et al., 2019; Ramírez-Weber and Kornberg, 1999; Zhang and Scholpp, 2019). In *Drosophila*, it has been demonstrated that Hh is located at cytonemes in various developing tissues (Bischoff et al., 2013; Callejo et al., 2011; García-Arias et al., 2025; Rojas-Ríos et al., 2012). The extension of these cellular protrusions correlates with the gradient of Hh signalling in the wing imaginal disc and in the abdominal histoblast nests, supporting their functional role (Aguirre-Tamaral and Guerrero, 2021; Bischoff et al., 2013; Callejo et al., 2011). Cytonemes can be produced by both signal-sending and signal-receiving cells, the morphogen being exchanged at contact sites between cytonemes, in a process reminiscent of neuronal synapses (Chen et al., 2017; González-Méndez et al., 2017; Huang et al., 2019; Roy et al., 2014). Yet, the mechanism by which Hh is exchanged at cell-cell contacts remains unknown.

We have previously identified Shf, a secreted protein that can disperse long-range and that interacts specifically with lipidated Hh (Glise et al., 2005; Gorfinkiel et al., 2005). Shf is orthologous to the vertebrate Wnt inhibitory factor (Wif1) protein (Hsieh et al., 1999), which regulates Wnt but not SonicHh dispersion (Sánchez-Hernández et al., 2012, Avasenov et al., 2012). Wif1 family consists of a WIF-type box with a high affinity for lipids (Liepinsh et al., 2006; Malinauskas et al., 2011), and five EGF repeats (Glise et al., 2005; Gorfinkiel et al., 2005). Shf is critical for Hh gradient formation in *Drosophila*, and its absence restricts Hh signalling gradient to a single row of cells adjacent to the Hh source (Glise et al., 2005; Gorfinkiel et al., 2005). These results, together with the high diffusibility of Shf, led to the initial proposal that Shf would solubilize Hh, aiding the formation of the gradient through a diffusion mechanism.

As Shf, Ihog and its homologous Brother of Ihog (Boi) are also critical for the maintenance of extracellular Hh levels (Bilioni et al., 2013; Callejo et al., 2011; Yan et al., 2010). Ihog and Boi have been described as Hh co-receptors (Zheng et al., 2010) but only Ihog is required for the long range Hh gradient (Simon et al., 2021). Consistent with this, overexpression of Ihog, but not Boi, regulates cytoneme dynamics and orientation (Aguirre-Tamaral et al., 2022; Aguirre-Tamaral and Guerrero, 2021; Simon et al., 2021; Yang et al., 2021).

In this study we have revised the role of Shf during Hh transport and discovered that both Hh and Shf are tightly linked to cell membranes. Furthermore we provide evidence that Shf participates in the interchange of Hh between cells through cytonemes. Finally, we described the mechanism by which Shf is associated with membranes via the Hh co-receptor Ihog, and that the Ihog-Shf complex mediates Hh signalling. Local solubilisation of lipid modified Hh by Shf is required for cytonemes to exchange Hh at cell-cell contacts between presenting and receiving cytonemes

Results

Retention patterns of immobilized artificial ligands

To distinguish between the different models of morphogen dispersal in polarized epithelia, we hypothesized that the immobilisation of a morphogen on the surface of recipient cells must result in different retention patterns depending on whether it disperses anchored to producing membranes, as proposed by the cytoneme model, or freely diffuses through the tissue. To that end, we employed VHH4-CD8:mCherry (hereinafter “morphotrap”) (Harmansa et al., 2015), a membrane-tethered anti-GFP nanobody. When expressed in the wing disc epithelia, morphotrap is evenly distributed across the apical and basolateral plasma membranes and can immobilize GFP-tagged extracellular proteins on the cell surface (Harmansa et al., 2015, 2017; Matsuda et al., 2022).

We initially tested the immobilization assay with artificial ligands. Using the *UAS*/Gal4 and LexO/LexA expression systems, we simultaneously expressed a secreted form of GFP in the posterior (P) compartment and Morphotrap in the anterior (A) compartment (scheme Figure 1A). Secreted GFP homogeneously decorated morphotrap-expressing cells throughout the apico-basal axis of the epithelium (Figure 1B-B’’), indicating that soluble peptides are far-reaching in the wing disc, presenting no clear localization bias. We then tested the retention pattern of a membrane-bound GFP (GFPext-CD8) when expressed in an identical setup (scheme Figure 1C). Apical and basolateral imaging revealed juxtacrine contacts between compartments (Figure 1D-D’’). Most remarkably, a network of filopodial protrusions became apparent at the basal side of the epithelia (Figure 1D’’, E, E’). This network extended across the AP compartment boundary, in some cases over tens of micrometers (Figure 1E,E’). Interestingly, the immobilized filopodia were not of regular thickness, presenting frequent thickenings along its length (Figure 1E,E’). We and others have previously reported basal filopodia in the wing disc (Bischoff et al., 2013; Callejo et al., 2011; Chen et al., 2017; González-Méndez et al., 2017) however, their visualization in fixed wing disc samples had so far only been possible by the expression of stabilizing proteins (Bischoff et al., 2013; Callejo et al., 2011). This experimental setup did not result in the stabilization of any apical protrusions.

Hh immobilization reveals its lipid-dependent association to cytonemes

Having established the differential response of diffusible and membrane-bound ligands upon immobilisation, we examined the retention pattern of the morphogen Hh. For this purpose we employed a BAC containing the entire *hh* locus fused to GFP (Bac.*hh:GFP*) (Chen et al., 2017). Expression of morphotrap in the Hh-receiving cells using the *ptc*.Gal4 driver resulted in the basolateral accumulation of Hh:GFP in the two first rows of cells of the A compartment (Figure

2A',A''). Quantification of the GFP intensity along the apico-basal axis in these wing discs revealed that most Hh:GFP is immobilized on the basal side of the epithelia (Figure 2C). At this level, Hh:GFP locates on long protrusions emanating from the A compartment that invaded the P compartment (Figure 2A''). Immunostaining using an anti-Hh antibody confirmed the immobilization of Hh protein on cytonemes (Figure 2B'). High resolution imaging confirmed the filopodial nature of these extensions, which also presented numerous thickenings (Supplementary Figure 1A). By contrast, in the apical level only one cell row accumulated Hh, with very short protrusions occasionally being observed (Figure 2A, A' insets). These results suggest that Hh:GFP immobilization stabilizes cytonemes by stabilizing cell-cell interactions, where receiving cells expose a membrane tethered receptor, and the producing cells a membrane associated ligand.

Cytonemes have been proposed to exchange morphogens in a synaptic-like process (González-Méndez et al., 2017; Huang et al., 2019). In fact, in the cytoneme-mediated transport model, the existence of direct cytoneme-cytoneme connection would be critical for these structures to deliver Hh to the farthest Hh-responding cells. We hypothesised that, if cytonemes are able to interact over long distances, expression of morphotrap in clones far from the border should also stabilize cytonemes. Supportingly, when morphotrap is expressed in clones induced in the A compartment, as far as 50µm away from the P compartment, Hh-GFP accumulates in basal protrusions (Figure 2D, inset). In these clones, cytonemes facing the P compartment were preserved after fixation, suggesting stabilization via cell-cell interactions with opposite projections originating from P compartment cells (Figure 2D, inset). When morphotrap-expressing clones were generated closer from the border the accumulation of Hh:GFP in these protrusions was much more pronounced (Supplementary Figure 1B).

As described above, Hh lipid modifications are critical for gradient formation. Thus, we tested whether Hh association to cytonemes is dependent on these moieties. In particular, we investigated the retention pattern of both Hh:GFP and HhN:GFP, a version lacking the cholesterol modification (Callejo et al., 2006). We ectopically expressed either form using *hh*.Gal4, while simultaneously expressing morphotrap using *dpp*.LexA. The expression was limited to 48h by employing a *tub.*Gal80^{ts} transgene. Immobilization of wild-type Hh:GFP resulted in its accumulation in basal protrusions (Figure 2E), similar to those observed using the BAC.*hh:*GFP (Figure 2A'' and Supplementary Figure 1A). In contrast, expression of the uncholesteroylated HhN:GFP did not stabilize cytonemes (Figure 2F). Instead, HhN:GFP accumulated in the first four rows of cells, decorating the plasma membranes along the apico-basal axis. In addition, uncholesteroylated HhN:GFP was also observed in larger puncta in the basolateral side of the disc (Figure 2F).

Our results suggest that Hh is normally bound to the membranes of producing cells, that receiving cytonemes are exposed to large amounts of Hh, and that these processes are dependent on Hh lipids.

Shf behaves as a membrane-associated protein

As previously mentioned, Shf is essential for establishing the Hh gradient in *Drosophila*. Shf is a highly diffusible protein, the transcript is expressed in the lateral regions of the wing disc, (scheme in Figure. 3B), , from where it spreads throughout the whole tissue (Aguilar et al., 2024b; Glise et al., 2005; Gorfinkiel et al., 2005) (Figure 3A, A'). The high diffusivity of Shf, together with its role in the release of lipidated Hh from the P compartment (Bilioni et al., 2013; Glise et al., 2005; Gorfinkiel et al., 2005), led to the proposal that the Hh gradient could be formed by diffusion of the soluble Hh-Shf complex (Glise et al., 2005; Gorfinkiel et al., 2005). We have previously generated a *shfGFP* allele, in which GFP is inserted into the endogenous *shf* locus (Figure 3A,A') (Aguilar et al., 2024b), providing the means to test the behaviour of Shf using our immobilization assay.

Expression of morphotrap in a stripe of cells of the A compartment using *ptc.*Gal4, led to the accumulation of Shf:GFP along the basolateral membranes, particularly on the two cell rows at both sides of the stripe (Figure 3C, C' and quantified in D). This accumulation coincided with that of Hh only in the cells closest to the AP border, as revealed by anti-Hh immunostaining (Figure 3C''). In the most basal side of the epithelia, Shf:GFP accumulated in cellular protrusions, which emanated from morphotrap-expressing cells oriented to the laterals of the wing (FIgure 3E,E' and G). We confirmed by anti-Shf immunostaining of non-permeabilized wing discs that the filopodial accumulation of Shf:GFP was extracellular (Figure 3H, see materials and methods). Interestingly, even though immobilization of Shf:GFP occurred at high levels not only on the most-basal filopodial extensions, but also elsewhere along the basolateral membranes (quantified in Figure 3D), Hh accumulated at highest levels on basal cytonemes (Figure 3E'', F and G'). In addition, the glypican Dally-like protein (Dlp), one of Hh coreceptors, was also found decorating the stabilized cytonemes (Figure 3H').

Considering that Shf is a diffusible protein, its localisation along stabilized cytonemes contrasts with the distribution when trapping soluble GFP (Figure 1 B), where GFP was homogeneously distributed along the membrane and does not stabilise cytonemes (Figure 1A, B). Conversely, Shf:GFP immobilization is reminiscent of the capture of membrane-bound GFP (Figure 1C, D) and Hh:GFP itself (Figure 2E), suggesting that Shf is also anchored to membranes. Interestingly, these filopodia were stabilised both towards Hh-expressing and non-Hh-expressing cells (Figure 3 E,E'), it is therefore unlikely that Shf is membrane-stabilised

by Hh. Thus, we hypothesised that a membrane-bound factor expressed ubiquitously in wing discs must anchor Shf to the basolateral membrane.

Ihog stabilises Shf at cell membranes via its Ig domains

The Hh co-receptor Ihog is a type I transmembrane protein. It contains two fibronectin type III domains and four Ig domains in their extracellular region. Previous studies have established that Ihog, as well as its mammalian paralog CDON, serve as interaction "hubs" for most of the extracellular components of Hh pathway (Bilioni et al., 2013; McLellan et al., 2006; Simon et al., 2021; Wierbowski et al., 2020; Wu et al., 2019; Yao et al., 2006). In the wing disc, Ihog is involved in the maintenance of Shf levels and when overexpressed, Shf extracellular levels are increased (Avanesov et al., 2012; Avanesov and Blair, 2013; Bilioni et al., 2013) specially at cytonemes (Bilioni et al., 2013). We thus tested whether Ihog interaction with Shf could also be direct. Structure modeling of Ihog using AlphaFold 3 (Abramson et al., 2024) predicted with high confidence that the four Ig domains adopt a "closed" conformation, where Ig1/Ig4 and Ig2/Ig3 interact (Supplementary Figure 4A). This feature was conserved for the structure of Boi (Supplementary Figure 2B, B'). Simultaneous modeling of Ihog and Shf revealed a putative interaction, formed by the EGF domains of Shf and the Ig1/Ig4 of Ihog (Figure 4A, B, and C). This interaction was also preserved when both Boi and Shf were modelled together (Supplementary Figure 2B, B').

To further analyse the Ihog/Shf interaction *in vivo*, we overexpressed different Ihog mutant forms in the wing disc and analysed the Shf recruitment using a specific anti-Shf antibody (Figure 4 D, E). In contrast to wild-type Ihog:RFP, the expression of IhogCT:RFP and IhogΔIg:RFP failed to accumulate Shf (Figure 4 D, E for quantifications), indicating that Ihog-Shf interaction occurs via the extracellular part of Ihog and specifically through the Ig domains. We further confirmed these results by a co-immunoprecipitation analysis, coexpressing the different Ihog mutant forms tagged with RFP and Shf:V5 in salivary glands. The IhogΔIg mutant failed to co-immunoprecipitate with Shf, confirming the requirement of the Ig domains for the Ihog/Shf interaction (Figure 4 F).

Ihog Ig domains play distinct roles on Hh stabilization and signal transduction

Shf appears to have a dual role in Hh-producing cells: to stabilized Hh at the cell membrane (Avanesov et al., 2012; Bilioni et al., 2013) and to facilitate the release of Hh to form a gradient (Bilioni et al., 2013; Glise et al., 2005; Gorfinkiel et al., 2005). The Ihog fibronectin 1 (Fn1) domain has been described as being involved with the interaction with Hh (Bilioni et al., 2013; McLellan et al., 2006; Simon et al., 2021; Yang et al., 2021; Yao et al., 2006). Nevertheless, we

observed that the expression of IhogΔIg:RFP, which preserves intact FN domains, also failed to stabilize Hh (Figure 5B, B'). This result suggests that Shf might cooperate with Ihog in the retention of Hh through the Ihog Ig domains, maybe forming a tripartite Ihog-Shf-Hh complex. Modeling of this putative complex, confirmed the feasibility of this arrangement (Figure 5A). In the model, Shf interacts with the palmitic moiety of Hh via the pocket in its WIF domain, while simultaneously interacting with the Ig domains of Ihog via its EGF repeats, contacts described in Figure 4. In addition to interaction via Shf, Ihog and Hh also interact via a previously described contact via the Fn1 domain of Ihog (McLellan et al., 2006) (Figure 5A and A'). We found no evidence of contact between the EGF domains of Shf and Hh in this model (Figure 5A', asterix).

On the other hand, expression of a form of Ihog mutated in three amino acids in its Fn1 domain (IhogFn1***) that prevents Ihog from interacting with Hh is still able to accumulate Shf in cytonemes (Supplementary Figure 4B) as a wild-type Ihog (Supplementary Figure 4A), indicating that the interaction between Ihog and Shf is independent of Hh. In those lines, a form of Ihog without the FN domains (IhogΔFN:RFP), unable to interact with both Hh and glypicans (Simon et al., 2021; Yang et al., 2021), still recruits Shf as a wild-type Ihog (Figure 4D). Further demonstrating the dispensability of Hh and glypicans on the interaction between Ihog and Shf and supporting a direct interaction between Shf and Ihog.

Ihog dimerization through the Fn1 domain has been shown to mediate the high-affinity interaction between Ihog and Hh (McLellan et al., 2006). Similarly to the over expression of the wild-type Ihog (Figure 5 B, B' for quantifications), Hh build up takes, by the co-expression of either IhogΔIg:RFP / IhogΔFn1:RFP (Figure 5B, B' for quantifications) or IhogΔIg:RFP / IhogΔFN:RFP Ihog mutant combinations (Supplementary Figure 3), although none of these Ihog forms can independently accumulate Hh (Figure 5B, B' and Supplementary Figure 3). Yet, these Ihog constructs are in principle not able to dimerise since one of them lacks the described Fn1 homodimerization domain (Yang et al., 2021). Besides, co-expression of Ihog mutants that are not able to interact with Hh, such as IhogFn1***:RFP and IhogΔFN:RFP, did not rescue the ability of Ihog to accumulate Hh (Supplementary Figure 3) (Simon et al., 2021; Wu et al., 2019; Yang et al., 2021).

In addition to its role in stabilising Hh at the plasma membrane (Bilioni et al., 2013; Callejo et al., 2011; Yan et al., 2010), Ihog has also been described as an Hh coreceptor (Simon et al., 2021; Yang et al., 2021; Zheng et al., 2010). We tested the possible involvement of the Ig domains in Hh reception by evaluating the effect that the expression of the different Ihog mutants and mutant combinations had in Hh-receiving cells (Figure 5C-E''). We drove the expression of the wild type and the different Ihog mutant forms exclusively in the ventral area of the A compartment of the wing disc, leaving the dorsal/anterior area unaffected (see scheme of the

Gal4 induction at the right hand side of Figure 5 C, D and E). Expression of wild-type Ihog:RFP resulted in the flattening of the signalling gradient. Conversely expression of the Ihog construct lacking the Ig domains (IhogΔIg:RFP) resulted in the dominant reduction of signaling (Figure 5 D-D''), similar to that observed by expressing Ihog form mutated in the Fn1 domain (Simon et al., 2021) (Supplementary Figure 4). In those lines, all the pairwise combinations of Ihog mutant proteins that were able to restore Hh accumulation in the P compartment (Figure 4B) reduced Hh signalling when expressed in the A compartment (Figure 5 E-E'', quantified in F and Supplementary Figure 4C). This suggests a different behaviour of Ihog-Shf-Hh complex between Hh-producing and Hh-receiving cells.

Most extracellular pathway components are present both in producing and receiving cells, Ptc being the main asymmetrically distributed protein, responsible for triggering the signaling response in receiving cells. Thus, we modeled the putative complex formed by Shf-Hh-Ihog-Ptc using Alphafold 3 (Supplementary Figure 5A). This model revealed the simultaneous tripartite interaction of Ptc, Ihog and Hh, supported by previous experimental studies (Zheng et al., 2010). This interaction is compatible with that of Ihog Ig domains and Shf EGF repeats. This model suggests that the interaction between Shf WIF domain and the Palmitic moiety of Hh is lost when Ptc is also present (Supplementary Figure 5B, asterisk).

Membrane-bound Shf allows long distance Hh signalling non-autonomously

Shf appears to facilitate the release of Hh from the surface of producing cells, consistent with a function in solubilising Hh to form long-range gradients by diffusion (Glise et al., 2005; Gorfinkiel et al., 2005). Nevertheless, here we have also shown the association of Shf to plasma membranes and to cytonemes (Figure 3 E,E',G,H; Supplementary Figure 4A). We hypothesised that if Hh travels anchored to cytoneme membranes, Shf function should not be dependent on its diffusion, as long as it is present at the sites of contact between cells. To test this hypothesis we constructed a membrane bound Shf by fusing Shf to the extracellular region of CD8:mCh.

First, to analyse the spreading ability of Shf-CD8 and wild type Shf (Shf-V5), we expressed either of them in the peripodial membrane using the *ubx*.Gal4 driver (see scheme in Supplementary Figure 6A) in a shf^{EY} mutant background. Wild-type Shf was able to restore Hh signaling in the disc proper (Supplementary Figure 6 C, C', and C'' for shf^{EY} rescue compared with shf^{EY} mutant disc and adult wing in Supplementary Figure 6 B-B''). No rescue of Hh signalling was observed when Shf-CD8 was expressed in this setup (Supplementary Figure 6 D, D', D''), demonstrating that Shf-CD8 is unable to spread between tissues.

We then analysed whether Shf-CD8 was able to restore Hh signaling in *shf*^{EY} mutants (Figure 6 B,B') when expressed in either the A or in the P compartments of the disc proper (see schemes in Figure 6 C and D). Expression of Shf-CD8 in the P compartment using *hh*.Gal4 (Figure 6 C) resulted in the restoration of Hh signalling, as revealed by anti-Ptc and anti-Ci immunostaining (Figure 6 C'-C''' and quantifications). A considerable rescue, if not as good as that observed using *hh*.Gal4, was obtained when Shf-CD8 was expressed in the A compartment using *ptc*.Gal4 (Figure 6 D-D''' and quantifications). These results demonstrate that the presence of Shf in either producing or presenting membranes is enough to facilitate Hh signalling, and that Shf diffusion is dispensable for Hh gradient formation.

To test the non-autonomous activity of Shf-CD8, we drove its expression using *ap*.Gal4 in *shf*^{EY} mutants. In this setup, Hh signaling was rescued in the dorsal compartment (Figure 6 E), while a graded rescue was observed in the ventral compartment, with the lowest Hh-target levels in the farthest cells from the DV boundary (Figure 6 E'-E''' and quantifications)

To confirm the non-autonomous ability of Shf-CD8 to rescue Hh signalling in *shf*^{EY} mutants, we expressed Shf-CD8 far away from the A/P compartment boundary under the control of the *magu*.Gal4 driver in a *shf*^{EY} mutant background (Figure 6 F). Although *magu* expression is located at the most distal ends of the A and P compartments (Figure 6 F and F' red channel, Supplementary Figure 7A), membrane-anchored Shf was able to partially rescue Hh signalling (Figure 6 F'-F''' and Supplementary Figure 7B-B'' compared with Supplementary Figure 7D,D'). Finally, in order to test whether cytonemes are responsible for the non-autonomous rescue of Shf-CD8, we co-expressed *scar.RNAi,* an RNAi shown to disrupt filopodia (Bischoff et al., 2013), together with Shf-CD8 again using the *magu*.Gal4 driver in a *shf*^{EY} mutant background. This set up resulted in a reduction of the Hh signalling rescue (Supplementary Figure 7C-C''). Together, these results suggest that Shf-CD8-loaded cytonemes can still reach the signalling zone at the A/P compartment boundary, which in turn facilitates Hh presentation to recipient cells.

Shf facilitates the release of Hh from the surface of producing cells

In addition to its role stabilizing Hh at the cell surface, Shf also facilitates Hh release from P compartment cells to form a gradient in the A compartment (Glise et al., 2005; Gorfinkiel et al., 2005). We hypothesised that, to mediate Hh release, Shf must be able to interact with Hh independently of Ihog, which remains associated with the P compartment cells. Thus, we modeled the interaction of Shf and Hh in the absence of Ihog. Remarkably, Shf is predicted to interact directly with Hh via its EGF repeats (Supplementary Figure 8A-B). This interaction was never predicted when Ihog is present (Figure 5A, asterix). Moreover, the Shf EGF repeat/Hh interaction was compatible with that of the Shf WIF domain/Hh palmitic acid (Supplementary

Figure 8A'). This model suggests that Shf might be able to exist both in a membrane associated form, when linked to Ihog and Hh, or in a soluble form, linked to Hh.

Motivated by the structural predictions, we tested whether Shf overexpression can change the stoichiometry of the complex, releasing Hh from cells in which it has been ectopically accumulated by Ihog overexpression. As a consequence of the Hh retention by Ihog (Supplementary Figure 9 F-F''), Hh signaling is compromised, monitored by the expression of Ci and Ptc (Yan et al., 2010; Bilioni et al., 2013, Avasenov and Blair 2013) (Figure Supplementary 9A-A''). This effect on Hh retention (Supplementary Figure 9 F-G'') and signaling is counteracted by the coexpression of both Ihog and wild type Shf or Shf-CD8 (Figure Supplementary 9B, C'').

Other mutant conditions where Hh is accumulated are in Dispatched (Disp) and the glypican Dlp mutant cells which have also been shown to participate in Hh release from producing cells; Hh being accumulated inside both *disp*$^{-/-}$ (Supplementary Figure 10B) and *dlp*$^{-/-}$ (Avanesov and Blair, 2013; Callejo et al., 2011) (Supplementary Figure 10A) null clones causing a reduction of the Hh signalling. Yet, the sequence of action of the three components remains unknown. We first tested whether Shf could mobilize Hh in *dlp* null clones, in which the accumulation of Hh is extracellular (Avanesov and Blair, 2013). To that end, we generated *dlp* null clones in which we simultaneously expressed wild type Shf (*UAS*.Shf:V5) using the MARCM technology. Anti-Hh immunostaining revealed that Hh did not accumulate extracellularly, in contrast to *dlp*$^{-/-}$ clones alone (Figure 7A-A''). As for Dlp, we induced MARCM *disp*$^{-/-}$ clones that overexpressed *UAS*.Shf:V5 (Figure 7B). Unlike in *dlp*$^{-/-}$ mutant cells, Shf was not able to rescue Hh accumulation (Figure 7B'') suggesting that in absence of Disp, Shf is unable to release Hh from the cell surface. Indeed, extracellular Hh does not accumulate in *disp*$^{-/-}$ clones, demonstrating that Hh was accumulated intracellularly in the absence of Disp (Figure 7B, C''). These results suggest that Shf is only able to interact with Hh once it has reached outer surface of the plasma membrane, as it is the case in *dlp* mutant clones (see scheme in Figure 7D), but not in the case when it is still intracellular, as it is the case in *disp* clones (see scheme in Figure 7E).

Finally, to further clarify the order of action of the pathway components involved in Hh release, we carried out a functional genetic epistasis using RNAis against Disp, Ihog, and Dlp, and visualised their effect by Hh protein levels using the anti-Hh antibody. Using this approach, we observed that the effect of Disp RNAi prevailed over that of Ihog RNAi (Supplementary Figure 11), suggesting that Ihog's role on Hh stabilization requires the prior action of Disp. On the other hand, the effect of Ihog RNAi prevailed over that of Dlp RNAi (Supplementary Figure 11).

Together, these results suggest that Hh is first secreted by Disp, that Ihog retains its in the membrane only once it has been secreted, and that Shf and Dlp mediate its release from the cell surface.

Discussion

Cytoneme-mediated Hh gradient formation

Two main models of Hh dispersal have been proposed to explain the underlying mechanism of Hh gradient formation in the wing imaginal disc: the diffusion model and the cytoneme model (reviewed in: González-Méndez et al., 2019). The diffusion model proposes that Hh is released through the apical side of the epithelium, where it would diffuse as oligomers or exovesicles to form a signaling gradient (Ayers et al., 2010, 2012; D'Angelo et al., 2015; Gallet et al., 2006; Hurbain et al., 2022). In contrast, the cytoneme model proposes that Hh forms the long-range gradient in the basal region of the epithelia by means of cytoneme contacts (Bilioni et al., 2013; Bischoff et al., 2013; Callejo et al., 2011; Chen et al., 2017; González-Méndez et al., 2017; Gradilla et al., 2014; Simon et al., 2021). The contact sites between cytonemes of the P and A compartments could facilitate the reception and transfer of Hh (Chen et al., 2017; González-Méndez et al., 2020, 2017). However, the mechanism of Hh exchange between Hh-producing and Hh-recipient cytonemes remains unknown. The discrepancies between the two models have not yet been resolved, in part because of the difficulties in manipulating the subcellular localisation of Hh using genetic tools, and also because of the rapid dynamics of Hh secretion, distribution and internalisation.

In this study we have revisited the problem of Hh dispersal using protein binders (Matsuda et al., 2022; Schnider et al., 2024). This approach enables us to study the behaviour of different extracellular proteins *in vivo*. To date, the trapping of extracellular ligands on the surface of receiving cells had been tested for BMP (Bauer et al., 2023; Harmansa et al., 2015, 2017; Matsuda et al., 2021, 2022) and Wnt (McGough et al., 2020; Mii et al., 2021; Pani and Goldstein, 2018). In these studies, the immobilized ligands resulted in their accumulation along the membrane, similar to the trapping of secreted GFP we report here (Figure 1). On the contrary, immobilization of GFP:Hh resulted in the accumulation of the ligand in the most basal side of the disc (Figure 2), suggesting a biased secretion towards this side of the epithelia. Most strikingly, immobilization also resulted in the stabilization of receiving cytonemes, which extended towards the source of the ligand (Figure 2, Supplementary Figure 1).

These differences with other morphogens could suggest an intrinsically different extracellular behaviour of Hh. In fact, the retention pattern of GFP:Hh more closely resembles that of

membrane-bound GFP (Figure 1). Yet, these two conditions also present slight differences. In the case of Hh, cytonemes are only stabilized towards Hh producing cells (Figure 2), while the trapping of membrane-bound GFP also stabilizes the contact in the other direction (Figure 1). We favour the interpretation that these differences reflect the lower affinity of Hh for membranes compared to GFP:CD8. In those lines, filopodia appear to fragment when cellular contacts are constantly stabilized by the morphotrap/GFP:CD8 bond (Figure 2E), probably due to the immobilization of these structures by morphotrap.

In addition, we demonstrated that the trapping of Hh is dependent on its lipids modifications (Figure 2). These lipid moieties have been shown to link Hh to membranes (Porter et al., 1996), which further favours the interpretation that the immobilization assay is revealing the high affinity of lipid-modified Hh for the extracellular membranes. Wnt ligands are also lipid modified (Willert et al., 2003), however, no evidence of filopodial stabilization has been reported in the previous studies using membrane trapping (McGough et al., 2020; Mii et al., 2021; Pani and Goldstein, 2018). In contrast, other experimental approaches have described specific Wnt transport by cytonemes in Drosophila (Hatori et al., 2021) and in vertebrates (Mattes et al., 2018; Mittermeier and Virshup, 2022; Routledge et al., 2022; Routledge and Scholpp, 2019; Stanganello and Scholpp, 2016; Waghmare and Page-McCaw, 2021; Zhang et al., 2024).

Interestingly, we report here that immobilisation of the highly diffusible molecule GFP:Shf with the GFP morphotrap shows very similar behaviour to Hh:GFP (Figure 3), suggesting that secreted Shf is tightly associated with cytoneme membranes. Since Shf is a factor specific for the Hh signalling pathway in Drosophila, its colocalization with Hh in cytonemes strongly suggests that the Hh gradient is formed using cytonemes. The colocalization of Shf and Hh at the cytoneme contact sites suggests a dispensable role for Shf diffusion in Hh gradient formation. This is consistent with the observation that a membrane-bound form of Shf (Shf-CD8) is sufficient to rescue Hh signalling in *shf*^{EY} null mutants when expressed in either the producing or receiving cells, or when expressed in cell populations away from the Hh receiving cells (Figure 6 and Supplementary Figure 7), and strongly supports cytoneme-mediated Hh transport.

Role of Shf during Hh gradient formation

Both Ihog and Shf are needed to stabilise Hh at the cell membranes (Avanesov and Blair, 2013; Bilioni et al., 2013; Glise et al., 2005; Gorfinkiel et al., 2005; Yan et al., 2010; Yao et al., 2006). An interaction between Shf and Ihog has already been described (Avanesov and Blair, 2013; Bilioni et al., 2013), suggesting that both proteins collaborate in the process of extracellular Hh stabilization. In addition, Aalphafold modeling of Ihog and Shf simultaneously revealed a putative interaction, formed by the EGF domains of Shf and the Ig1/Ig4 of Ihog (Figure 4). As

predicted, we demonstrate in vivo and in vitro that the Ig domains of Ihog interact with Shf (Figure 4). This interaction has been shown to be required for Hh stabilisation, as expressions of Ihog mutant, which individually cannot interact with Hh, are able to restore Hh accumulation in the P compartment when expressed in pairwise combination. A possible explanation for these complementation is that Hh would be able to interact with the Fn1 domain of Ihog as was previously described (McLellan et al., 2006; Simon et al., 2021; Yang et al., 2021; Zheng et al., 2010), but this interaction would not be sufficient for Hh to be correctly retained at membranes: for this retention the collaboration of Shf (which in turn interacts with the Ig domain) would be necessary.

We also observed that Ihog Ig domains play distinct roles on Hh stabilization and signal transduction. This is supported by the fact that the Ihog mutant protein pairwise combinations able to accumulate Hh were not able to transduce Hh signaling when expressed in the A compartment. These different behaviors of Ihog in each compartment could largely depend on the different affinity of Ihog-Ihog, Ihog-Hh and Ptc-Ihog-Hh interactions, as it has been proposed (Wu et al., 2019; Yang et al., 2021). In those lines, we have performed structural predictions that indicate that Shf interaction with Hh is lost by its interaction with the coreceptor complex formed by Ptc and Ihog (Supplementary Figure 5, asterisk). The most parsimonious model for these results is that a single Ihog molecule would transfer Hh from its complex with Shf and present it to Ptc, using the Ig and FN domains, respectively.

In addition to its role in stabilising Hh at the cell surface, Shf also facilitates the release of Hh from P compartment cells to form a gradient in the A compartment (Glise et al., 2005; Gorfinkiel et al., 2005). Shf is required for Hh stability at the cell membranes through its interaction with Ihog and also required for the Hh release from the Hh producing cells. The Shf rescue of the shortening of the Hh gradient caused by Ihog overexpression (Supplementary Figure 9) indicates the effect of Shf on the Hh release process. In this context, we have also observed overexpressing Shf reverts the Hh accumulation in Dlp mutant cells (Figure 7). Thus, Shf would be involved in stabilizing the interaction between Hh and Ihog, while regulating the spread of Hh from the P compartment. Probably, by masking the Hh lipids Shf could act as a solubilizer for Hh exchange at contact sites between A- and P-compartment cytonemes. The involvement of Shf in the exchange of Hh between presenting and receiving cytonemes is also suggested by the observation that endogenous Shf and Hh are retained extracellularly and together in the cytonemes of Hh recipient cells following expression of morphotrap in the A compartment of GFP-tagged Shf flies. In support of a role for Shf in Hh solubilisation, we found that Shf is able to interact with Hh through both its EGF repeats and the WIF domain, in an interaction that is predicted to be dependent on the absence of Ihog in the complex (Supplementary Figure 8). This result may indicate that soluble Shf-Hh can be formed in the wing disc.

Model of Hh release and reception differences between Drosophila and vertebrates

We propose the following model for Hh release and reception: Hh reaches the basal zone of the wing disc epithelium after undergoing intracellular recycling from the apical zone, which involves Disp (Figure 8, step 1) (Callejo et al., 2011; Gradilla et al., 2014; Hall et al., 2021; Stewart et al., 2018). The aberrant trafficking of Hh in *disp* mutant cells could block the exit of Hh, which is in line with previous findings (Callejo et al., 2011; Gradilla et al., 2014; Hall et al., 2021; Stewart et al., 2018). Alternatively, Disp could be involved in the flipping of Hh to the outer membrane bilayer as it has been also proposed (Wang et al., 2021). In any case, both possibilities are in agreement with the observed intracellular localization of Hh in *disp* mutant cells (Figure 7). Once exposed extracellularly, Hh is stabilised by Ihog. Since Ihog and Disp also interact (Callejo et al., 2011), it is possible that Disp delivers the morphogen to Ihog. For Hh stabilization, Ihog needs the collaboration of Shf, which interacts with the Ig domain of Ihog (Figure 8, step 2). In addition, the glypicans also collaborate through their HS chains in maintaining Ihog protein levels in the plasma membrane (Simon et al., 2021). Finally, the glypican Dlp and Shf intervene to facilitate the exit of lipidated Hh from the producer cells to reach the receptor cells (Avanesov and Blair, 2013; Callejo et al., 2011).

Morphogen exchange would occur at contact sites between Hh-producing and Hh-receiving cytonemes (Chen et al., 2017b; González-Méndez et al., 2017), involving Shf which enables the mobilization of Hh from the P cells and might collaborate with Ihog in the uptake of Hh at the cytoneme contacts (Figure 8, step 3). Therefore, it is not unreasonable to suppose that Ihog and Shf in the recipient cells, together with the competition of Ptc for Hh, releases Ihog-Shf-Hh-Ihog interactions for Hh reception. In agreement with this hypothesis, Shf has been shown to rescue *shf*^{EY} null mutants when it is expressed attached to membranes (Shf-CD8) in the receiving cells. In addition, a different behavior of Ihog in each compartment could largely depend on the different affinity of Ihog-Ihog, Ihog-Hh and Ptc-Ihog-Hh interactions, as it has been proposed (Wu et al., 2019; Yang et al., 2021). Finally, the Hh receptor-complex, that in addition of Ihog, also involves the glypican Dlp (Desbordes and Sanson, 2003; Lum et al., 2003; Williams et al., 2010), presents the morphogen to its canonical receptor Ptc (Figure 8, step 4), initiating Hh signalling by SMO activation (Alcedo et al., 1996).

Cytoneme-mediated Hh signalling has also been described in mice (Hall et al., 2024) and in chick (Sanders et al., 2013). Moreover, a similar model for SHH release and transfer has been proposed based on biochemical data in mammalian tissue culture cells (Tukachinsky et al., 2012; Wierbowski et al., 2020). This model implies the diffusible protein SCUBE2 that binds SHH, “hiding” its lipid modifications and facilitating the uptake of SHH by CDON/BOC. Then, SHH is transferred to GAS1, which in term, presents the morphogen to its receptor PTCH1

(Wierbowski et al., 2020). Neither SCUBE2 nor GAS1 proteins are present in *Drosophila*, but it is interesting to note that SCUBE2 appears to have a function similar to that of Shf. Since Shf activity is required for the extracellular stability of only lipidated Hh, Shf could mask Hh lipids as SCUBE2 does (Glise et al., 2005; Gorfinkiel et al., 2005). Besides, considering that GAS1 masks the lipid modification of SHH, as it has recently described for Dlp in lipidated Wnt (McGough et al., 2020), the function of GAS1 as a SHH co-receptor is reminiscent of that described for Dlp (Desbordes and Sanson, 2003; Lum et al., 2003; Williams et al., 2010)

Shf is the ortholog of the human Wnt Inhibitory factor 1 (WIF1 protein) (Glise et al., 2005; Gorfinkiel et al., 2005; Hsieh et al., 1999). Unlike Shf, WIF1 regulates Wnt signalling (Hsieh et al., 1999). As Hh, Wnt ligands are also lipidated and it is also through the lipid moieties that WIF1 interacts with Wnt (Malinauskas, 2008; Malinauskas et al., 2011). Although originally identified as a Wnt inhibitor, WIF1 has more recently been proposed to function as a carrier, facilitating Wnt transport in the extracellular space (de Almeida Magalhaes et al., 2024). Given the growing evidence for cytoneme-mediated Wnt trafficking (Routledge and Scholpp, 2019; Stanganello et al., 2015; Zhang et al., 2024), it is plausible that WIF1 fulfills a role analogous to that of Shf in contact-dependent ligand delivery.

To date, diffusible modulators of morphogen distribution have been identified in most pathways, including Hh (Chuang and McMahon, 1999; Glise et al., 2005; Gorfinkiel et al., 2005; Tukachinsky et al., 2012), Wnt (de Almeida Magalhaes et al., 2024; Mihara et al., 2016; Mulligan et al., 2012), BMP (Ashe and Levine, 1999; Holley et al., 1996; Shimmi et al., 2005), and Nodal (Müller et al., 2012). These extracellular carriers have sometimes been seen as alternatives to direct, contact-mediated transport mechanisms such as cytonemes (Bilioni et al., 2013; Schlissel et al., 2024). Our findings provide the first evidence that morphogen carriers may also function during cytoneme-mediated transport, opening the door to investigating the broader role of such carriers in contact-dependent signaling.

Materials and methods

Drosophila strains and husbandry

The description of mutations, insertions and transgenes is available at FlyBase (http://flybase.org). The following mutants and transgenic strains were used: shf^{EY} (BDSC # 15899), dlp^{20} (Franch-Marro et al., 2005), $disp^{SH23}$ (Amanai and Jiang, 2001). shf^{GFP} is an insertion of GFP in the reading frame of the endogenous *shf* locus (Aguilar et al., 2024b). Flies were kept at 25°C unless specified.

The Gal4 and Gal80 lines used were: *hh*.Gal4 (Tanimoto et al., 2000), *ptc*.Gal4 (Hinz et al., 1994), *ap*.Gal4 (Calleja et al., 1996), *en*.Gal4 (with expression induction only in the posterior compartment, provided by Christian Dahmann), *ubx*.Gal4 (de Navas et al., 2006), AB1.Gal4 (BDSC #1824), *tub*.Gal4 (Lee and Luo, 1999), and tub.Gal80^{ts} (BDSC #7017, #7108).

The *UAS* lines used were: *UAS*.CD8-GFP (Lee and Luo, 1999), *UAS*.morphotrap (Harmansa et al., 2015), *UAS*.shf-V5 (Glise et al., 2005), *UAS*.ihog-RFP, *UAS*.ihogCT-RFP, *UAS*.ihogΔIg-RFP, *UAS*.ihogΔFN-RFP, *UAS*.ihogΔFn1-RFP and *UAS*.ihogΔFn1***:RFP (Simon et al., 2021), *UAS*.Disp:GFP (Callejo et al., 2011), *UAS.ihog* RNAi (VDRC #102602), *UAS.disp* RNAi (BDSC #44633), *UAS.dlp* RNAi (VDRC #10299), *UAS.dally*-RNAi (VDRC#14136), UAS-secGFP (this study), UAS-GFP-CD8 (this study) and UAS-Shf-CD8 (this study).

Clonal analysis

Mutant clones were generated by heat shock-induced Flp-mediated mitotic recombination. Briefly, individuals grown at 17ºC were incubated at 37°C for 45 minutes 48–72 hours after egg laying (AEL). The genotypes in each case were:

y,w,hsFLP; UAS.CD8-GFP / tub.Gal4; FRT82B,tub.Gal80 / FRT82B,disp^{SH23}

y,w,hsFLP; dlp^{20},FRT2A / tub.Gal80,FRT2A; tub.Gal4 / UAS.GFP

y,w,hsFLP; UAS.CD8-GFP/UAS.shf:V5,tub.Gal4 ; RT82B,tub.Gal80 / FRT82B,disp^{SH23}

y,w,hsFLP; FRT2A dlp^{20} tub.Gal80 / FRT2A ; UAS.shf:V5 / tub.Gal4, UAS.GFP

Cloning and transgenesis

UAS.Shf-CD8: The *shf* cDNA (DGRC stock 2344) was amplified with the primers 5' AAAAAACTCGAGGTACCCGCCAGCAGCACCACAAT 3' and 5' AAAAAAGTATCGCATGCGAACTTGGAGTCATCGTTTC 3' to introduce KpnI and SphI restriction sites. The product was subsequently subcloned into the pLOT-Morphotrap plasmid (Harmansa et al., 2015) in place of the antiGFP nanobody, in frame with the CD8 and mCherry sequences.

UAS.GFP-CD8: The GFP coding sequence (cds) was subcloned into the pLOT-morphotrap using the KpnI SphI enzyme pair. Subsequently, the sequence encompassing the signal peptide GFP and CD8 was amplified using the primers:
3'-AAAGCGGCCGCTTAGCTGTGGTAGCAGATGAGAGTGATGA-5' and
3'-TAAAGATCTGCCACCATGGCCTCAC-5'. The fragment was subcloned into the pUASTattb plasmid using BglII and NotI restriction enzymes.

UAS.secGFP: The GFP cds, preceded by the CD8 signal peptide was amplified from a pLOT-GFP-CD8-mCherry plasmid using the primers: 3'-TTATTGAATACAAGAAGAGAACTCTGAATAGGGAATTGGGGTGCCACCATGGCCTCAC-5' and 3'- atgtcacaccaCAGAAGTAAGGTTCCTTCACAAAGATCCTttacttgtacagctcgtccatgcc-5'. The pUASTattb was linearized using EcoRI and XbaI. The PCR product and the linearized plasmid were then assembled using Gibson assembly.

The transgenic Drosophila lines were generated by microinjection as previously described (Aguilar et al., 2024a). The acceptor '*landing-pads'* employed were M{3xP3-RFP.attP}ZH-22A (insertion into 2L-22A) and M{3xP3-RFP.attP}ZH-86Fb (insertion into 3R-86F). Injected lines also contained the transgene M{vas-int.Dm}zh-2A.

Immunostaining of imaginal wing discs

Immunostaining was performed following standard protocols (Capdevila and Guerrero, 1994). Briefly, imaginal discs from third instar larvae were fixed in 4% paraformaldehyde in PBS for 20 minutes at room temperature (RT), followed by permeabilization in PBT (PBS with 0.1% Triton X-100) for 30 minutes at RT. Samples were then blocked for 1 hour at RT in PBT supplemented with 1% BSA, and subsequently incubated overnight at 4 °C with the primary antibody diluted in the same buffer. The following day, samples were washed in PBT for 15 minutes at RT, then incubated for 1 hour at RT with the appropriate fluorescent secondary antibodies (ThermoFisher) diluted 1:400 in PBT. This was followed by three 15-minute washes in PBT and two final 15-minute washes in PBS at RT. Samples were mounted on a glass slide in Vectashield mounting media, covered with a mounting glass and sealed with colorless nail-polish. The primary antibodies used and the concentration at which they were used are indicated in the corresponding table in the Materials and Methods section.

For extracellular immunohistochemistry, samples were dissected in M3 Drosophila tissue culture medium and directly incubated in the primary antibodies diluted in M3 for 1h at RT. Samples were then thoroughly washed in the same buffer prior to fixation with 4% PFA in M3. The primary antibodies were used at concentrations four times higher than those indicated for normal staining in the table in the Materials and Methods section. After fixation, samples were permeabilized and followed the same protocol as the standard immunostaining.

Microscopy and image processing of wing imaginal discs

The following equipment was used for the acquisition of immunofluorescence images:
LSM900 Laser Scanning Confocal Microscope coupled to an AxioImager 2 upright microscope (Zeiss). LSM880 Laser Scanning Confocal Microscope with an AiryScan unit. LSM710 Laser

Scanning Confocal Microscope coupled to an AxioImager.M2 upright microscope (Zeiss). LSM800 Laser Scanning Confocal Microscope coupled to an Axio Observer inverted microscope (Zeiss). For each experiment, at least five images of imaginal discs were acquired in three independent experiments. The minimum resolution of each image was at least 1024x1024 pixels. Images of Drosophila wings were acquired using an AxioImager M1 upright microscope (Zeiss) coupled to a DMC6200 camera (Leica).

Quantification method and numerical analysis of Hh and Shf recruitment

The quantification of Shf and Hh levels was performed using the FIJI and Excel software. Fluorescence intensity was measured in the experimental area of each imaginal disc, and this value was normalized to the control region of the same disc. This process yielded a percentage variation in fluorescence for each disc. For each experiment, the mean percentage variation in fluorescence was calculated from all discs, providing the percentage of fluorescence variation for each experimental treatment. This percentage directly corresponds to the variation in protein levels in the imaginal disc.

The statistical analysis of the percentage variation in the levels of Shf and Hh was conducted using the RStudio software. First, the normality of the data obtained from each experiment was assessed using a Shapiro-Wilk test, with the significance level α\alphaα for the p-value set at 0.05. In all cases, the data distribution of the experimental samples followed a normal distribution. The analysis to distinguish different samples in each experiment was performed using the T-test statistical method, with the significance level α\alphaα for the p-value set at 0.05. The results obtained are presented below.

Percentage of Shf accumulation upon overexpression of different Ihog constructs:

	IhogΔFN	**IhogΔIg**	**Ihog**
IhogΔIg	4.4e-14	-	-
Ihog	0.86749	6.6e-14	-
IhogCT	4.8e-12	0.11379	6.3e-12

Percentage of Hh accumulation upon overexpression of different Ihog constructs:

	Ihog	**IhogΔFN**	**IhogΔFn1**	**IhogΔIg**
IhogΔFN	< 2e-16	-	-	-
IhogΔFn1	< 2e-16	0.59698	-	-
IhogΔIg	< 2e-16	0.20111	0.02812	-
IhogFn1* **	< 2e-16	0.00049	0.02053	9.7e-07

	Ihog	**IhogΔFN IhogFn1*** **	**IhogΔFN IhogΔIg**	**IhogΔFn1**
IhogΔFN IhogFn1* **	8.7e-14	-	-	-
IhogΔFN IhogΔIg	1.000	1.7e-13	-	-
IhogΔFn1 IhogΔIg	0.045	4.0e-11	0.126	-
IhogFn1* ** **IhogΔIg**	0.126	2.7e-12	0.289	1.000

Quantification of the apicobasal profiles of intensity and of the gradients of Hh signaling. The apicobasal profiles of immobilized Hh:GFP and Shf:GFP were obtained as follows. First, high resolution Z-stacks were acquired using a point scanning confocal. In imageJ, each image was cropped to a ROI of consistent size placed in the middle of the wing pouch, covering the central stripe. A sagittal Z-stack was obtained using the re-slice tool. This sagittal Z stack was then projected using the sum of intensities of all planes, channels were split into different images. To limit the downstream quantification to only the immobilized ligands, the morphotrap channel was used to generate a mask of the receiving cells using the threshold tool. The mask was then used to clip the GFP channel using the image calculator tool, combining both images via the AND function. The intensity profile was then extracted using the “Plot profile” command. Mean values and standard deviations of several discs were then plotted using GraphPad’s Prism software.

Structure modelling

To perform in silico protein structure prediction, we used AlphaFold 3 (Abramson et al., 2024) via the AlphaFold server. Each prediction was run with the default number of recycles to generate five relaxed models, which were ranked according to their predicted template modeling (pTM) scores. All five models were analyzed, and the highest-confidence prediction was selected for representation. Predicted alignment error (PAE) plots were generated and visualized in ChimeraX. Unless otherwise stated, protein models included N-acetyl glycosylation at residues annotated in the UniProt database. For Hh, only the N-terminal peptide was modeled, including palmitoylation but omitting the Cholesterol moiety. Structural representations were prepared in ChimeraX. Pseudobonds in Figure 4C were generated using the “alphafold contacts” command in ChimeraX to visualize inter-residue PAE values, colored by error magnitude and filtered by spatial distance and confidence thresholds.

Co-Inmunoprecipitation and Western-blot analysis

Protein extraction was performed from extracts of third-instar Drosophila melanogaster salivary gland tissue. To achieve this, transgenes under the control of the *UAS* sequence were expressed using the salivary gland AB1.Gal4 driver. For salivary gland tissue extraction, third-instar larvae were collected and dissected, and the salivary glands were stored at -80°C. The number of salivary glands used in each protein extraction was 50 pairs of glands.

Protein immunoprecipitation was carried out from the protein extracts using a magnetic matrix (Dyneabeads) to which an antibody against RFP (ChromoTek RFP-Trap® Magnetic Agarose) was bound. The elution of immunoprecipitated proteins was performed by removing the RIPA buffer and adding 25 µl of loading buffer (Laemmli buffer), heating the mixture for 5 minutes at 95°C, and collecting the supernatant after placing the Eppendorf tube in the DynaMag™-2 magnet. The samples were re-suspended in a sample-buffer with β-mercaptoethanol and subjected to 1 D SDS-Page (8%) and Western blotting. Blotted membranes were probed with the primary antibodies and with secondary antibodies for each case (see table of Material and Methods), and imaged with the 364-Odyssey equipment.

Key Resources Table			
Reagent type (species) or resource	**Designation**	**Source or reference**	**Additional information**
Transgenic construct (*Drosophila melanogaster*)	*UAS.*CD8-GFP	(Lee y Luo, 1999)	
Transgenic construct (*Drosophila melanogaster*)	*UAS.*lhog*:RFP*	(Callejo *et al.,* 2011)	
Transgenic construct (*Drosophila melanogaster*)	*UAS.lhogΔFN:RFP*	(Simon *et al.,* 2021)	
Transgenic construct (*Drosophila melanogaster*)	*UAS.*lhogΔIg:RFP	Simon *et al.,* 2021)	
Transgenic construct (*Drosophila melanogaster*)	*UAS.*lhogΔFn1:RFP	(Simon *et al.,* 2021)	
Transgenic construct (*Drosophila melanogaster*)	*UAS.*lhogFn1***:RFP	(Simon *et al.,* 2021)	
Transgenic construct (*Drosophila melanogaster*)	*UAS.*lhogCT:RFP	(Simon *et al.,* 2021)	

Transgenic construct (*Drosophila melanogaster*)	*UAS.Morphotrap*	(Harmansa *et al.*, 2015)	
Transgenic construct (*Drosophila melanogaster*)	UAS.secreted-GFP	This study	
Transgenic construct (*Drosophila melanogaster*)	*UAS.ihog-RNAi*	Vienna Drosophila Resource Center (VDRC), ref: 102602	
Transgenic construct (*Drosophila melanogaster*)	*UAS.disp-RNAi*	BDSC #44633	
Transgenic construct (*Drosophila melanogaster*)	*UAS.dlp-RNAi*	Vienna Drosophila Resource Center (VDRC), ref: 10299	
Transgenic construct (*Drosophila melanogaster*)	*UAS.*Hh:GFP	(Torroja et al., 2004)	
Transgenic construct (*Drosophila melanogaster*)	*UAS.*HhN:GFP	(Callejo et al., 2006)	
Transgenic construct (*Drosophila melanogaster*)	*UAS.*Shf.CD8:mCh	This study	
Transgenic construct (*Drosophila melanogaster*)	*UAS.*Shf*:V5*	(Sánchez-Hernández *et al.,* 2012)	
Transgenic construct (*Drosophila melanogaster*)	*UAS.*Disp:GFP	(Callejo et al., 2011)	
Transgenic construct (*Drosophila melanogaster*)	*UAS.*GFPext:CD8 extracellular domain of CD8 attached to GFP	This study	
Transgenic construct (*Drosophila melanogaster*)	M{3xP3-RFP.attP}ZH	(Bischof et al., 2007)	
Transgenic construct (*Drosophila melanogaster*)	M{3xP3-RFP.attP}ZHb	(Bischof et al., 2007)	
Transgenic construct (*Drosophila melanogaster*)	M{vas-int.Dm}zh-2A	(Bischof et al., 2007)	
Genetic tool (*Drosophila melanogaster*)	*hs.FLP*	Golic and Lindquist, 1989)	

Genetic reagent (*Drosophila melanogaster*)	*dlp*^{20}	(Franch-Marro *et al.*, 2005)	
Genetic tool (*Drosophila melanogaster*)	*disp*^{SH23}	(Amanai & Jiang, 2001)	
Genetic tool (*Drosophila melanogaster*)	*Bac Hh:GFP*	(Chen *et al.*, 2017)	
Genetic tool (*Drosophila melanogaster*)	*hh.*Gal4	(Tanimoto *et al.*, 2000)	
Genetic tool (*Drosophila melanogaster*)	*ptc.*Gal4	(Hinz, Giebel and Campos-Ortega, 1994)	
Genetic tool (*Drosophila melanogaster*)	*ap.*Gal4	(Calleja *et al.*, 1996)	
Genetic tool (*Drosophila melanogaster*)	*en.*Gal4	A gift from Christian Dahman	
Genetic tool (*Drosophila melanogaster*)	*ubx.*Gal4	(Navas *et al.,* 2006)	
Genetic tool (*Drosophila melanogaster*)	*AB1.*Gal4	BDSC #1824	
antibody	mouse monoclonal α-Ptc	(Capdevila and Guerrero, 1994)	1:30
antibody	mouse monoclonal α-Shf	(Bilioni, *et al.*, 2013)	1:100
antibody	rabbit polyclonal α-GFP	Molecular Probes	1:1000
antibody	rabbit polyclonal α-Hh	(Takei *et al.*, 2004)	1:1000
antibody	mouse monoclonal α-En	(Patel *et al.*, 1989)	1:100
antibody	rat monoclonal α-Ci	(Motzny and Holmgren, 1995)	1:20
antibody	mouse monoclonal α-V5	Invitrogen (SV5-Pk1)	1:500
antibody	rabbit polyclonal α-RFP	Chromoteck	1:5000 WB

antibody	680RD fluorescent α-rabbit	Li-Cor	1:10000 WB
antibody	mouse monoclonal α-RFP	Invitrogen (RF5R)	1:1000 WB
antibody	800CW fluorescent α-mouse	Li-Cor	1:10000 WB

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Figure legends

Figure 1. Nanobody-based strategy to immobilize artificial ligands.

A) Scheme representing the induced expression domains of morphotrap and the secreted GFP in the wing disc. B) Wing disc expressing morphotrap in Hh receiving cells using the *dpp*.LexA driver results in the accumulation of secreted GFP, which is expressed in Hh presenting cells using the *hh*.Gal4 driver. The GFP accumulation is along the apico-basal axis of Morphotrap expressing cells. C) Scheme representing the induced expression domains of the Morphotrap and the membrane-bound GFP (GFPext-CD8). D) Wing disc expressing the morphotrap using the *dpp.*LexA driver and the CD8-membrane-tagged GFP using *hh.*Gal4 driver shows an accumulation of GFPext-CD8 at the contact site between A and P compartment cells. While some lateral contacts can be visualised (yellow), most of the contacts between A and P cells are established in the basal side. Indeed, both Morphotrap and GFPext-CD8 are strongly reduced from the lateral side in the cells close to the border (arrowheads). E,E') Detail of the basal side showing that the contacts are formed by filopodia originating from both compartments. Arrowheads indicate the enlargement of the cytonemes previously observed using the GRASP technique (González-Méndez et al., 2017) and Ihog overexpression (Bischoff et al., 2013).

Figure 2. Hh immobilisation reveals Hh lipid-dependent association with cytonemes.

A-A'') Hh:GFP localization in apical, lateral and basal sections upon expression of Morphotrap in Hh receiving cells using the *ptc.Gal4* driver. Note that very short apical cytonemes are also observed (A and inset for magnification). In a lateral section, Hh accumulates on the membrane of the first two rows of cells immediately anterior of the A/P compartment boundary (inset for magnification) (A'). In the basal section, Hh is accumulated in Morphotrap expressing cytonemes that emanate from the A compartment cells (A''). B') Immunostaining using anti-Hh antibodies reveals accumulation in the same structures, indicating that Hh and GFP are accumulated together. C) Quantifications of the apical/basal Hh distribution after morphotrap expression in the Hh receiving cells. D) Clones expressing Morphotrap and situated far from the Hh source in a lateral view. Enlargement of the same clones in an apical, lateral and basal sections. Note that Hh accumulates preferentially in the basal part of the clone, but also in the region in between the clone and the Hh source. Note that Hh:GFP accumulation in the basal side of the clones is much higher than in the lateral or apical planes. Note also that cytonemes emanating from the clone show strong accumulation of Hh:GFP. Arrowheads indicate

cytonemes. E) Apico-basal sections of a wing disc expressing Hh:GFP in P cells using *hh*.Gal4 driver and Morphotrap in A cells using *dpp*.LexA driver. The expression was limited to 48h by employing a *tub*.Gal80ts transgene. Most lipid modified Hh:GFP accumulates in the basal side (arrowheads). F) Same setup as in E but expressing HhN:GFP (non cholesteroylated form). In this case, Hh accumulates mainly in the apical side of the epithelium, with minimal basal and lateral accumulation.

Figure 3. Shf:GFP is associated to membranes

A, A') Expression pattern of Shf protein distribution in a Shf:GFP wing disc in lateral (A) and basal sections (A'). B) Scheme representing the transcriptional pattern of *shf* gene in the wing disc, which is different from the Shf protein pattern distribution. Shf protein is stabilized in the P compartment. C-E'') Wing imaginal disc showing the Shf and Hh protein distribution visualized by endogenous P-tagged Shf protein (Shf:GFP) and by the anti-Hh antibody after the expression of morphotrap for 24 hours under control of the *ptc.Gal4; tub.Gal80^{ts}* driver (Aguilar et al., 2024). D) Quantifications of the apical/basal Shf distribution after morphotrap expression in the Hh receiving cells. F) Z-stacks showing the apico-basal Shf and Hh protein distribution in the same disc. Yellow arrows show the colocalization of Shf and Hh. G-G') Close-up of the same disc showing the localization of Shf:GFP (G), Hh (G'), extracellular Shf (H) and Dlp (H') proteins in cytonemes, using anti-Hh, anti -Shf and anti-Dlp specific antibodies. When Shf:GFP is captured by morphotrap, Hh and Dlp are also recruited, mainly in cytonemes of the A compartment which cross into the P compartment (yellow arrows in F, H and H').

Figure 4. The Ig domains of Ihog interact with Shf.

A) AlphaFold 3 model of Ihog and Shf. Ihog Ig domains (indicated) adopt a folded conformation in which Ig1-Ig4 and Ig3-Ig2 interact. This folded structure forms the surface with which Ihog interacts with Shf. Only globular domains are shown in the structural model. B) AlphaFold confidence matrix indicating the predicted aligned error of the model in A. Modeling was performed using full-length proteins. C) Detail of the interaction between Ig domains of Ihog and the EGF domains of Shf. In Blue-Orange Palette, the confidence of the interaction is measured using ChimeraX. D) Shf protein accumulation (visualised with anti-Shf antibody) induced by overexpression of different Ihog mutant forms in the dorsal compartment of wing discs using the *ap.Gal4; tub.Gal80^{ts}* driver, keeping the ventral compartment as an endogenous control: *UAS.Ihog:RFP*; *UAS.IhogΔFn:RFP; UAS.IhogCT:RFP*; *UAS.IhogΔIg:RFP*. Note that the expression of Ihog form lacking the Ig domains is unable to recruit Shf. This is not the case for the Ihog form lacking the FN domains. E) Quantifications of Shf accumulation in the dorsal

compartment by the expression of the Ihog mutant forms relative to the endogenous control (ventral compartment). (F) Western blots after co-immunoprecipitation assay in salivary gland protein extract expressing Shf:V5 (53 kDa) and Ihog:RFP (135 kDa) and IhogΔIg:RFP (95 kDa) proteins using an anti-RFP antibody. The upper panel shows the immunoprecipitation of Ihog:RFP and IhogΔIg:RFP proteins visualised with an anti-RFP antibody. The lower panel shows the co-immunoprecipitation of WT Shf (Shf:V5) protein visualised with anti-V5 antibody. Note that Shf does not co-immunoprecipitate with the Ihog protein forms lacking the immunoglobulin domains.

Figure 5. Shf is required for Ihog to stabilize Hh and for Ihog to function as a co-receptor. A) Structural prediction of the Ihog-Hh-Shf tripartite complex. A'') AlphaFold confidence matrix indicating the predicted aligned error of the model in A. The matrix space of each protein is indicated in different colors. Interactions are labeled in black. Notice the interaction between Shf and Hh is limited to the closest amino acids where Hh is modified by palmitic and the lipid itself. Las values of the matrix are dedicated to the PTMs. Only globular domains are displayed in the surface model. Prediction was computed using the full-length proteins of Hh and Shf and the globular domains of Ihog. B, B') Hh protein accumulation (visualised with an anti-Hh antibody) in the dorsal compartment of an *ap.*Gal4*; tub.*Gal80^{ts} wing disc after overexpression of different Ihog forms: *UAS*.Ihog:RFP (WT); *UAS*.IhogΔIg:RFP and the combined Ihog mutant forms *UAS*.IhogΔIg:RF*P/UAS.*IhogΔFn1:RF*P* using the *ap.*Gal4*; tub.*Gal80^{ts} driver. Notice that Hh accumulation occurs when one of the mutant Ihog forms has the Ig-domains and the other the Fn1-domain intact. B') Quantifications (see Material and Methods section) of Hh accumulation in the dorsal compartment relative to the endogenous control (ventral compartment). C-E'') The expression of the Hh signalling high-threshold targets Ptc and En in wing discs was examined after the overexpression of different Ihog mutant forms using the *LexAop*.Gal80; *ap*.LexA; *tub*.Gal80ts driver. This driver allows the dorsal/anterior domain to be used as an internal control (see the schematic representation of the expression domain in a wing disc). This includes *UAS*.Ihog:RFP (WT), *UAS*.IhogΔIg:RFP, and the mutant combination *UAS*.IhogΔIg:RFP/*UAS*.IhogΔFn1:RFP. Observe that the expression of *UAS*.IhogΔIg:RFP, which has lost the ability to recruit Hh, drastically alters the expression of Hh signalling targets. Also note that, in contrast to the rescued stabilisation of Hh in P compartment cells through the expression of the *UAS*.IhogΔIg:RFP/*UAS*.IhogΔFn1:RFP mutant combination, Ihog's function as a co-receptor is not restored when it is expressed in A compartment cells. F) Quantification of Ptc expression in dorsal (blue) versus ventral side of the disc (red) where Ihog forms

UAS.Ihog:RFP (wt), *UAS*.IhogΔIg:RFP, and the mutant combination *UAS*.IhogΔIg:RFP/*UAS*.IhogΔFn1:RFP are expressed (see Material and Methods section).

Figure 6. Membrane-anchored Shf protein is able to rescue Hh signalling in *shf*^{EY} null mutants.

A) A drawing of a form of Shf attached to membranes by CD8 sequences and intracellularly tagged to mCherry (Shf-CD8:mCh). B, B') *shf*^{EY} wing disc stained with anti Ptc (B) and anti Ci (B') antibodies as Hh signalling reporters. Note the absence of the Hh gradient. C-F''') Effects on Hh signalling after expression of *UAS*.Shf-CD8:Ch using the *hh*.Gal4 (C), *ptc*.Gal4 (D), *ap*.Gal4 (E) and *magu*.Gal4 (F) drivers in a *shf*^{EY} null mutant wing imaginal disc. The effects on Hh signalling is reported by the expression of Ptc and Ci using specific antibodies. Note that the expression of the Shf-CD8:mCh is able to rescue Hh signalling when expressed in the A compartment (D', D'', D'') and in a non-autonomous manner when it is expressed in the P compartment (C', C'', C'''). In the case of expressing Shf-CD8 in the dorsal compartment of the wing disc using *ap*.Gal4 line, there is also a non-autonomous rescue of Hh signalling in a gradient-like shape in the ventral compartment (E', E'', E''', yellow dotted lines and arrows). Note also that when Shf-CD8:mCh is expressed distant from the Hh reception area using the *magu*.Gal4 driver (red) there is also a non-autonomous rescue of Hh signaling (F', F'', F''').

Figure 7. Shf rescues Hh accumulation in *dlp*$^{-/-}$ cells but not in *disp*$^{-/-}$ cells.

(A-B) *dlp*$^{-/-}$ (A) and *disp*$^{-/-}$ (B) mutant clones labeled by the expression a nuclear GFP (green) (A) and *UAS*.CD8:GFP (green) (B) respectively while overexpressing a *UAS*.shf:V5 in the same cells. For both Hh and Shf:V5 specific anti-Hh and anti-V5 antibodies were used. It can be observed that the overexpression of a Shf:V5 construct rescues Hh accumulation in *dlp*$^{-/-}$ clones (A''), whereas this rescue does not occur in *disp*$^{-/-}$ mutant cells (B''). (C) A wing disc containing *disp*$^{-/-}$ mutant clones labeled by the expression of a *UAS*.CD8:GFP in which only the extracellular Hh protein is labelled (C''). The absence of the Hh ex-vivo staining indicates that Hh accumulation in *disp*$^{-/-}$ cells is intracellular (C'').

Figure 8. Model of the critical steps of Hh transport proposed in this study.

Step 1: Disp mediates the secretion of Hh and may be involved in its intracellular trafficking from the apical to the basal side of the wing disc epithelium. Step 2: Ihog and Shf work together to maintain extracellular Hh bound to the membranes of Hh-producing cells. Step 3: Shf mediates local solubilisation at cell/cell contacts. Step 4: Ihog receives

the Shf-Hh complex and transfers Hh to Ptc via direct interaction with Shf through the Ig domains, and with Ptc and Hh through the FN domains.

Supplementary figures

Supplementary Figure 1. Hh:GFP immobilisation by the morphotrap. A) Close-up in basal sections of cytonemes loaded with Hh:GFP upon expression of Morphotrap (red) in the A compartment using the *ptc*.Gal4; *tub*.Gal80ts driver for 24h. A') Enlargement of the cropped area in A to show the colocalisation of Hh:GFP and the Morphotrap in round structures in some places along cytoneme length (arrowheads). B) Close up of cytonemes protruding from a Morphotrap-expressing clone situated close to the Hh:GFP source. Notice the high levels of Hh:GFP accumulated in cytonemes and in the enlarged structures.

Supplementary Figure 2. Model for Ihog and Boi interactions with Shf

A) and A') Structural prediction of the globular domains of Ihog and their intramolecular interactions. Notice the robust prediction of the closed conformation of the four Ig domains. B) and B') Structural prediction of the Boi-Shf complex. Notice the conservation of the structural features between boy and Ihog (Panel A) as well as the conserved interaction surface of Boi-Shf and Ihog-Shf (Figure 5A) mediated by the EGF domains of Shf and the Ig domains of Ihog.

Supplementary Figure 3. Hh recruitment by Ihog.

A) Hh accumulation (visualized using anti-Hh antibody) in wing discs caused by overexpression of different Ihog mutant forms using the *ap.Gal4; tub.Gal80^{ts}* driver; the ventral domain serving as an endogenous control: *UAS.IhogΔFN:RFP* ; *UAS.IhogFn1***:RFP; UAS.IhogΔFn1:RFP*. As can be observed, none of these Ihog constructs, in which the Hh interacting domain (Fn1 domain) is affected, are able to recruit Hh when overexpressed (Simon et al., 2021). (D-F) Build-up of Hh protein caused by co-overexpressing:*UAS.IhogΔIg:RFP/UAS.IhogFn1***:RFP, UAS.IhogΔIg:RFP/AS.IhogΔFn:RFP*, and *UAS.IhogΔFn:RFP/ UAS.IhogFn1***:RFP* using the same *ap.Gal4; tub.Gal80ts* driver. Note that the expression of those Ihog mutant combinations that do not meet the "complementary" condition for interactions with Hh, do not accumulate Hh.

Supplementary Figure 4. Effects on Shf accumulation in stabilized cytonemes and on Hh signaling after expressing the Ihog mutant forms in the Hh receiving cells.

A, B) Shf:GFP accumulation in Ihog stabilised cytonemes in a wing disc after Ihog.RFP (A) or IhogFn1*** (B) expression in Hh-receiving cells using the ptc-Gal4 driver. Notice the accumulation of Shf:GFP in both cases, despite the fact that Hh is known not to attach to cytonemes when IhogFn1*** is expressed (Simon et al., 2021). C) *ap*.Gal4 LexA>*LexAop*.Gal80, *ptc*.Gal4; *tub*.Gal80ts wing discs co-expressing different *UAS*.Ihog mutant forms in the ventral compartment. Note that the expression of IhogDFn1 alone and the coexpression of IhogDIg + IhogFn1*** or IhogDIg:RFP + IhogDFn1 have dominant negative effects on Hh signalling, which is reported by the high threshold Hh pathway targets Ptc and En.

Supplementary Figure 5. Model of the Ptc-Hh-Shf-Ihog complex.

A) Structural prediction of the Ptc-Hh-Shf-Ihog complex. Only globular domains are shown. Approximated areas of interaction are indicated. B) AlphaFold confidence matrix indicating the predicted aligned error of the model in A. Full length proteins were used for the prediction. Different proteins are indicated in colors. Notice that the interaction between Hh and Shf is abrogated in this complex (asterix). The last values of the matrix are dedicated to the PTMs.

Supplement Figure 6. Hh signalling in *shf^{EY}* null mutant wing disc is rescued by wild type Shf but not by Shf-CD8 when they are expressed in the PM.

A) Drawing of a wing disc showing in a transversal section the two disc epithelia: Peripodial membrane (in green) and the disc proper (in grey). A scheme representing the two forms of Shf (wild type Shf and Shf-CD8) expressed in the peripodial membrane. B-B'') Hh signalling in a *shf^{EY}* null mutant wing disc visualised by the expression of the reporters Ptc (B) and Ci (B'), and the adult *shf^{EY}* null mutant wing phenotype (B''). (C-D'') Effects on Hh signalling when expressing the *UAS*.Shf:V5 (C) and *UAS*.Shf-CD8:mCh (D) forms in a *shf^{EY}*mutant background under the control of the *ubx*.Gal4 driver, which directs expression to the peripodial membrane of the wing disc. Only wild-type Shf expression in the peripodial membrane (C-C'') is able to rescue Hh signalling in the disc proper epithelium (C') and in the adult wing (C'') of shf^{EY} mutants. In contrast, expression of Shf:CD8 (D) fails to rescue both Hh signalling (D') and the wing phenotype (D'') of shf^{EY} mutants.

Supplementary Figure 7. Rescue of Hh signalling in *shf^{EY}* mutants upon expression of Shf-CD8:mCh using the *magu*.Gal4 line.

A-A'') Visualisation of the *magu* expression domain and the expression of the Hh signalling reporters Ci and Ptc by the induction of the *UAS*.CD8:RFP using the *magu*.Gal4 driver in a

wild-type disc. B-C'') Effects on Hh signalling upon expression of the UAS.Shf-CD8:mCh using the *magu*.Gal4 driver in a *shf*^{EY} mutant wing imaginal disc (B) and upon expression of the UAS.Shf-CD8:mCh (B-B'') and by simultaneously expressing an RNAi against SCAR using the same driver (C-C''). D) Expression of Ptc and Ci in a *shf*^{EY} mutant wing disc. It can be seen that the expression the Shf-CD8:mCh construct largely rescues the high Hh signalling values. On the other hand, by reducing the number and extent of cytonemes by the expression of the SCAR RNAi, the rescue of Hh signalling is much lower (C', C''). The enlarged areas (yellow dotted line boxes) are 20x50 µm in size for Ptc and 20x100 µm for Ci.

Supplementary Figure 8. Shf can interact with Hh via its EGF domains and WIF domain simultaneously.

A) and A') Structural prediction of Shf and Hh. The approximated surface of interaction is indicated. Only globular domains are shown in A for illustration purposes. Full proteins were employed for the prediction (See panel A'). B) Detail of the interaction between Hh and the EGF domains of Shf. In Blue-Orange Palette, the confidence of the interaction is measured using ChimeraX.

Supplementary Figure 9. Shf can normalise the Hh retention of Hh and Hh signaling mediated by Ihog overexpression.

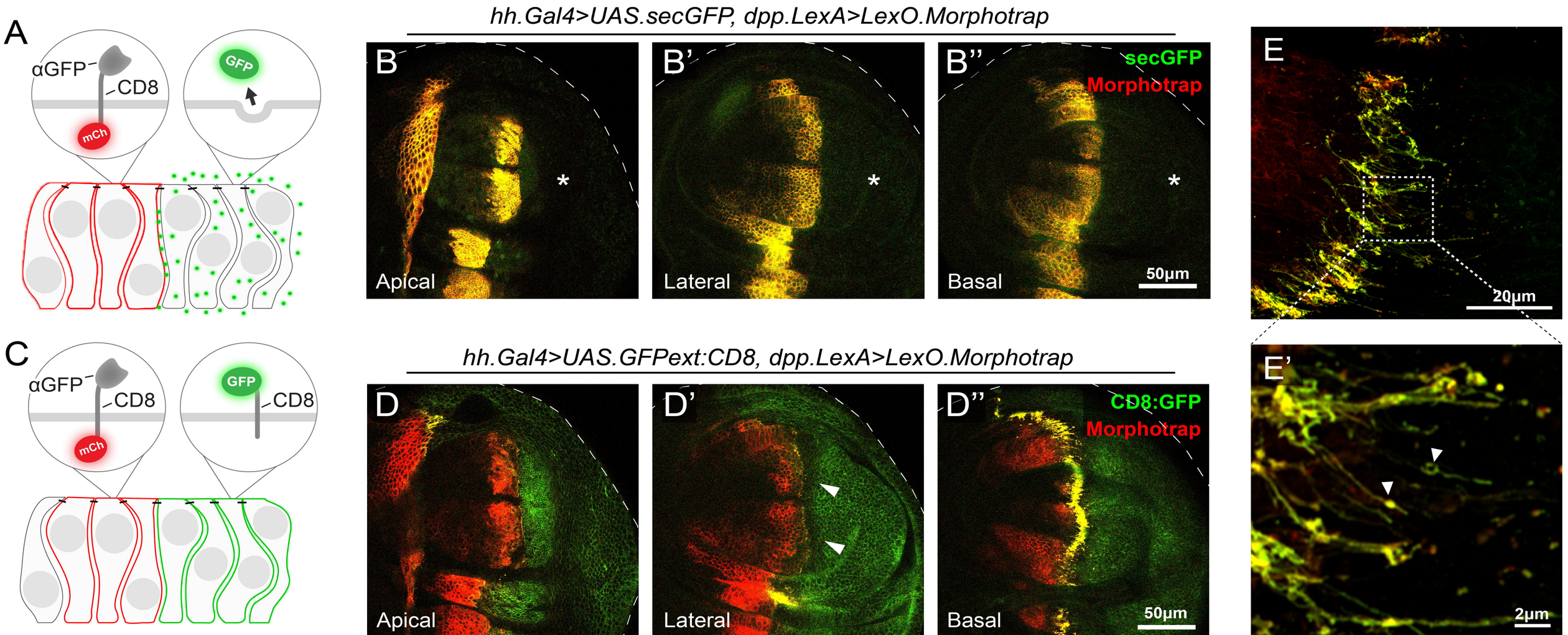
A) *hh*.Gal4 tub.Gal80ts>Ihog:CFP wing disc after 22 hours at the restricted temperature and stained for the Hh pathway reporters Ptc and Ci. B) *hh*.Gal4 tub.Gal80ts>Ihog:CFP *UAS*.Shf-CD8:mChr wing disc after 22 hours at the restricted temperature and stained for Ptc and Ci. C) *hh*.Gal4 tub.Gal80ts>Ihog:CFP / UAS.Shf:CD8 wing disc after 22 hours at the restricted temperature and stained for Ptc and Ci. D) Quantification of Ptc expression gradient in each experimental condition. E) Quantification of Ci expression gradient in each experimental condition. Note the reduction of Ptc and Ci by the expression of Ihog:CFP and the normalized Ptc and Ci after coexpressing *UAS*.Ihog:CFP either *UAS*.Shf-CD8:mCh (B) or *UAS*.ShfV5 (C). F-F'') *ap*.Gal4 tub.Gal80ts>Ihog:RFP wing disc after 22 hours at the restricted temperature and stained for Hh. Note the accumulation of Hh in the Ihog:RFP expressing cells. G-G'') *ap*.Gal4 tub.Gal80ts>Ihog:CFP / UAS.Shf:CD8 wing disc after 22 hours at the restricted temperature and stained for Hh. Notice the decrease in Hh accumulation when both Ihog:RFP and UAS.Shf:CD8 are coexpressed.

Supplementary Figure 10. Hh accumulation in *dlp*$^{-/-}$ and in *disp*$^{-/-}$ clones and after over expressing Shf.

(A-B) Hh accumulation (visualized using specific anti-Hh antibody) in *dlp*$^{-/-}$ (A) and *disp*$^{-/-}$ (B) mutant clones labeled by expressing a nuclear GFP (A) and *UAS*.CD8:GFP (B) respectively. Note that in *dlp*$^{-/-}$ mutant cells there is a non-autonomous effect that rescues Hh accumulation at the periphery of the mutant territory (A'', white arrowheads) that in the case of *disp*$^{-/-}$ the Hh accumulation is autonomous.

Supplementary Figure 11. Analysis of functional epistasis among key proteins in the Hh secretion process.

(A-C) Effect on Hh levels after expression of *UAS.disp RNAi* (A), *UAS.ihog RNAi* (B) and *UAS.dlp RNAi* (C) using *ap.Gal4* driver. (D-E) Effect on Hh levels after simultaneous expression of *UAS.disp RNAi/UAS.ihog RNAi* (D) and *UAS.dlp RNAi/UAS.ihog RNAi* (E) using the *ap.Gal4* driver. Note that the effect on Hh upon Disp elimination prevails over that of Ihog (D), and the effect upon Ihog elimination prevails over that of Dlp (E).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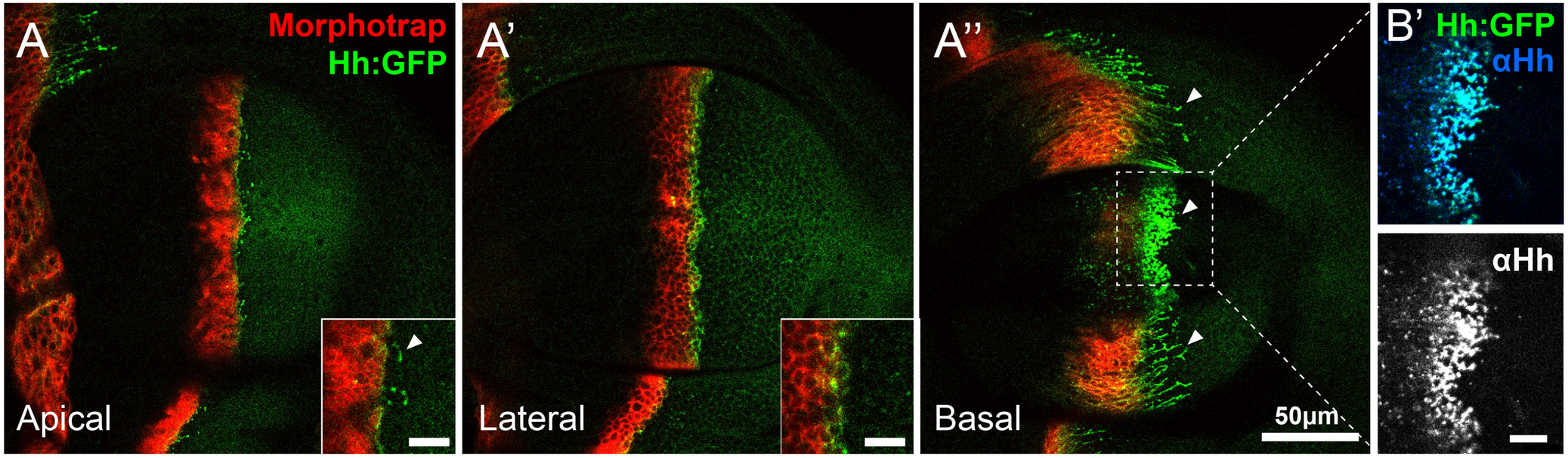

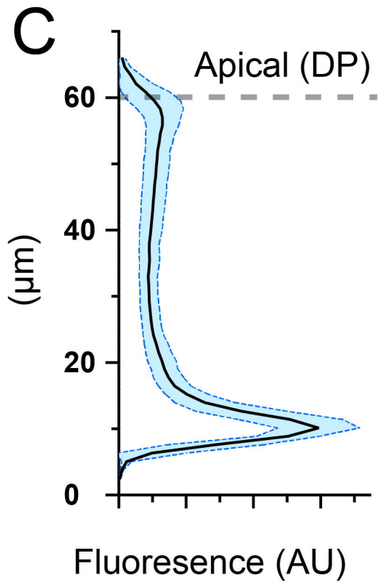

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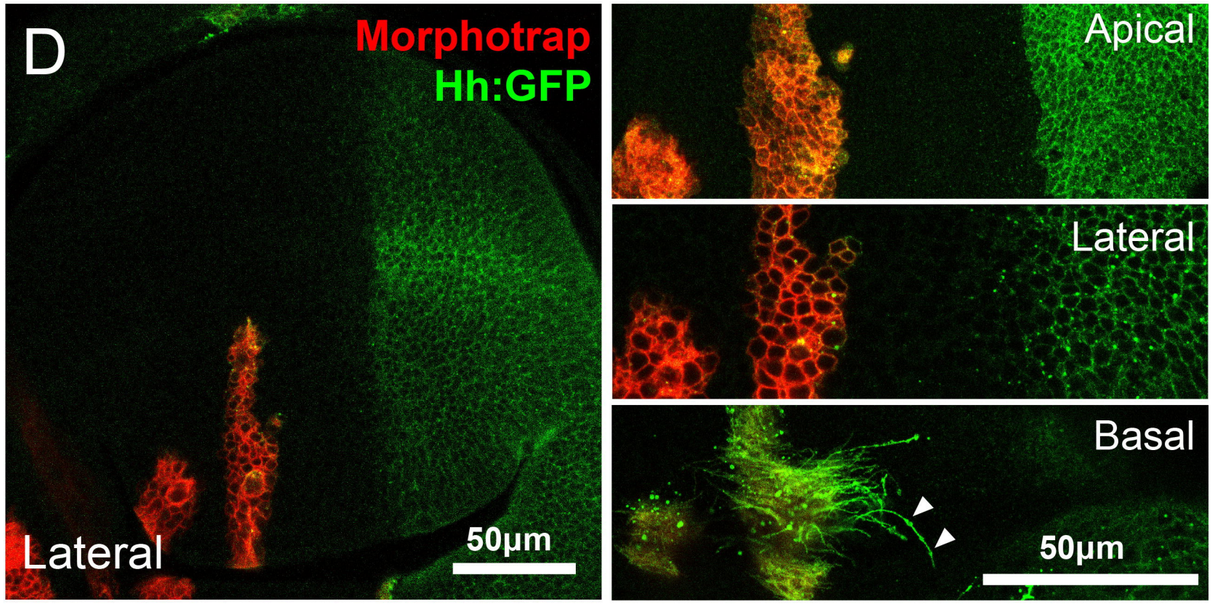

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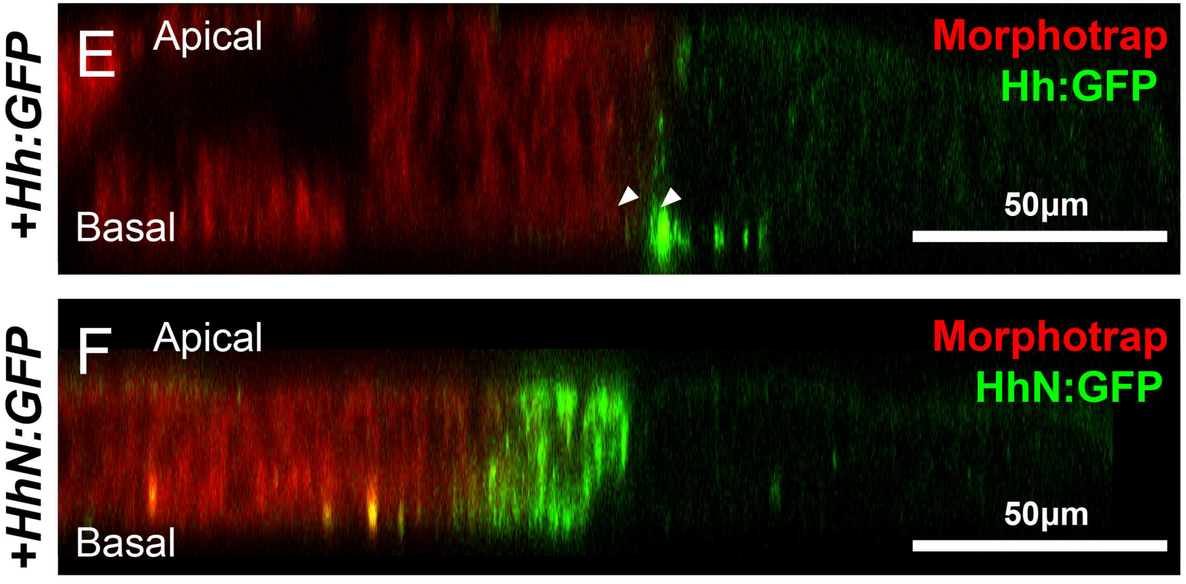

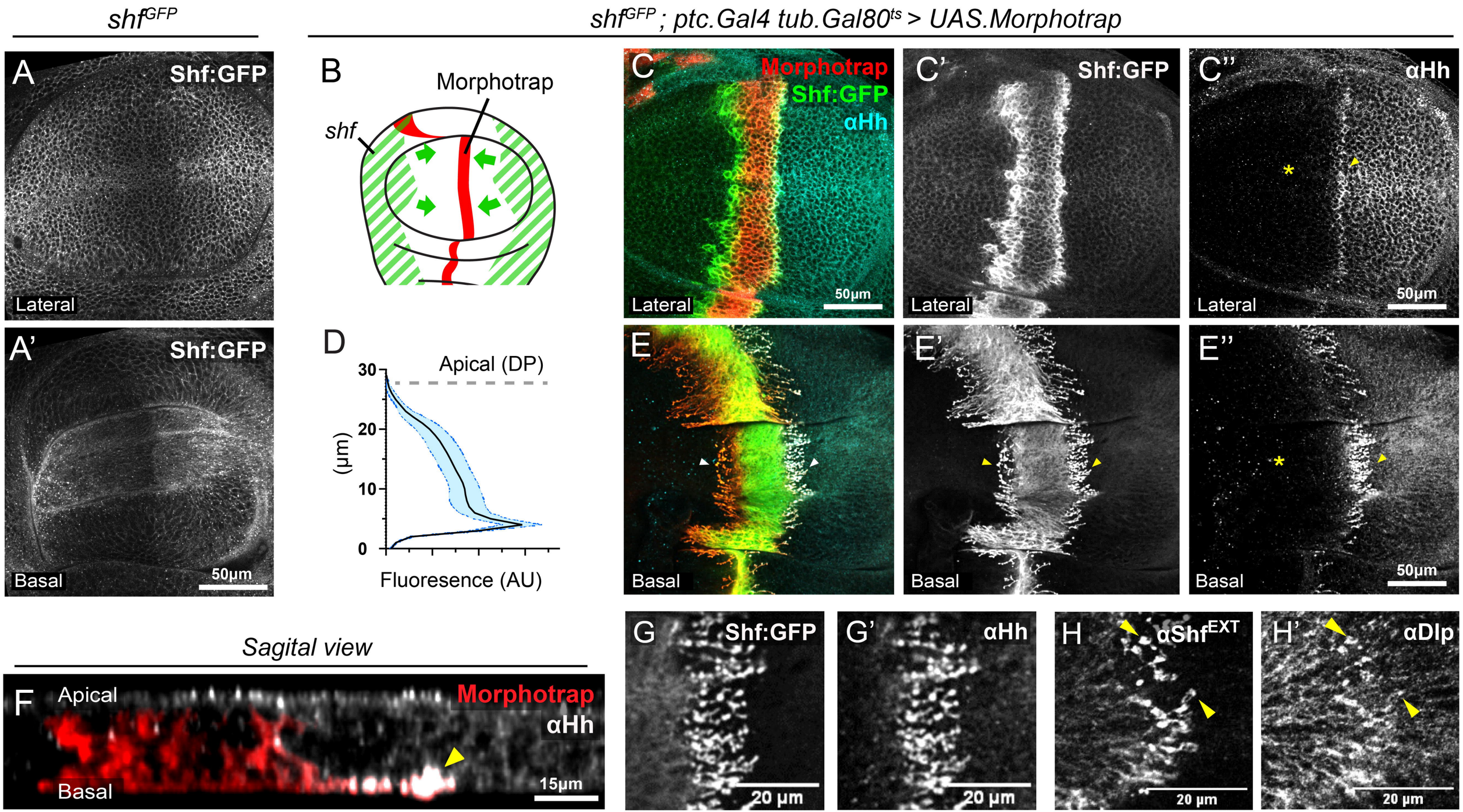
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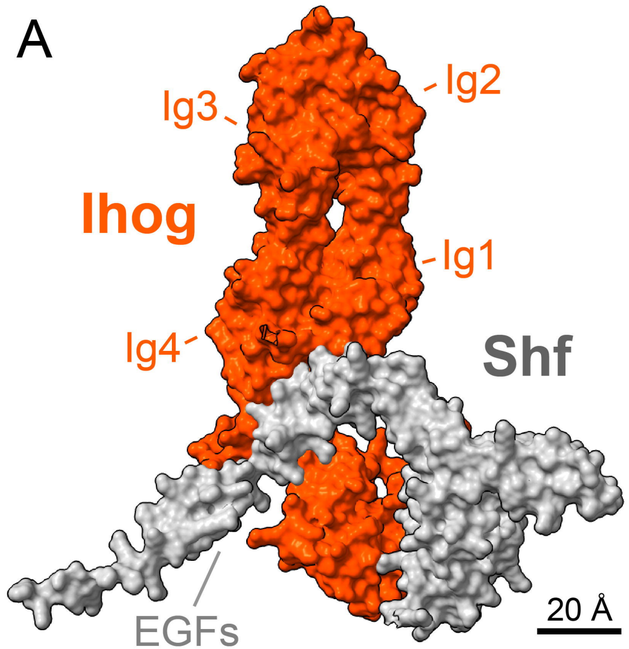
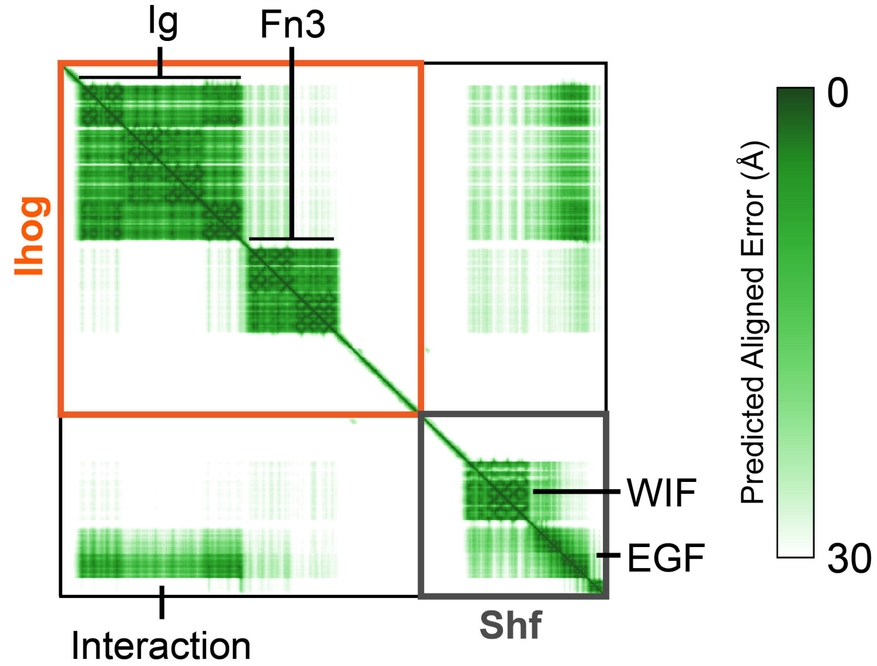
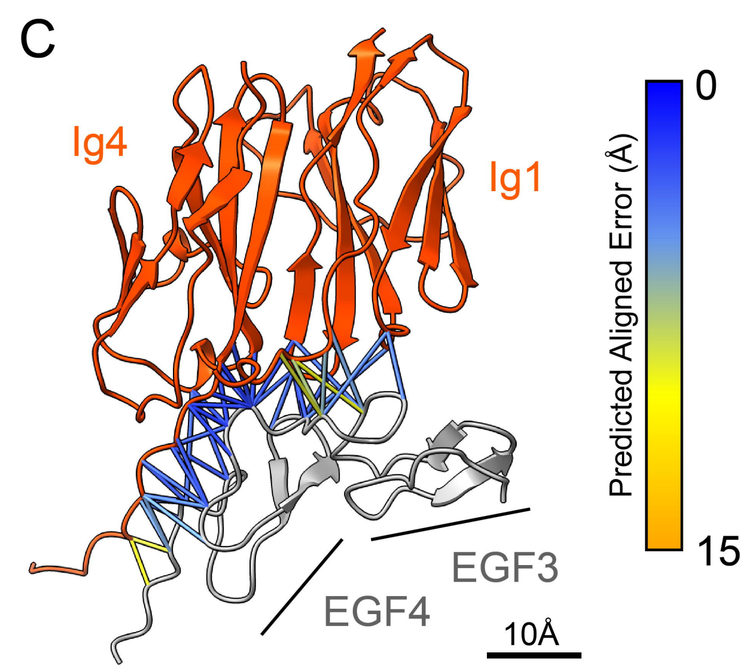
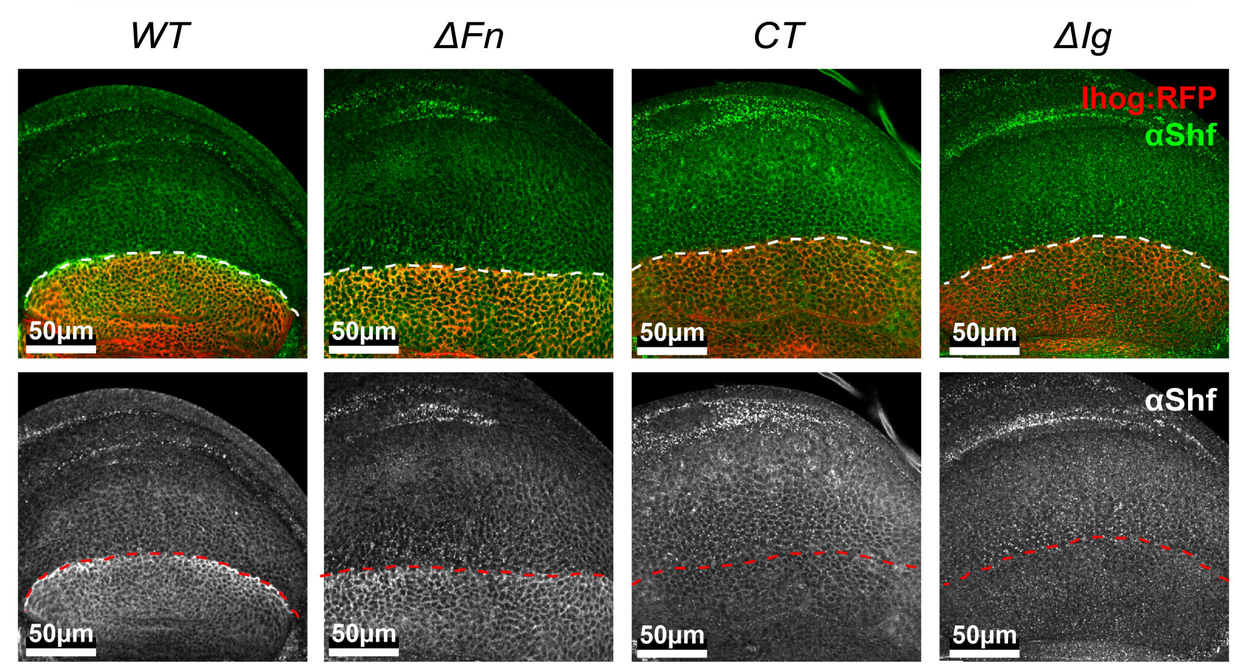
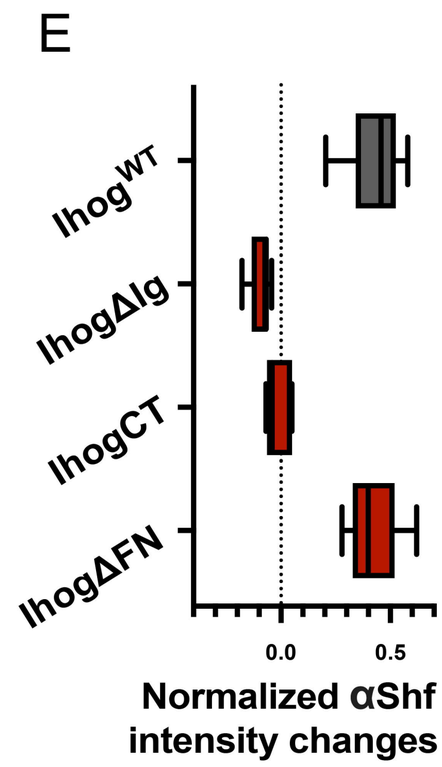
αDlp
20 µm

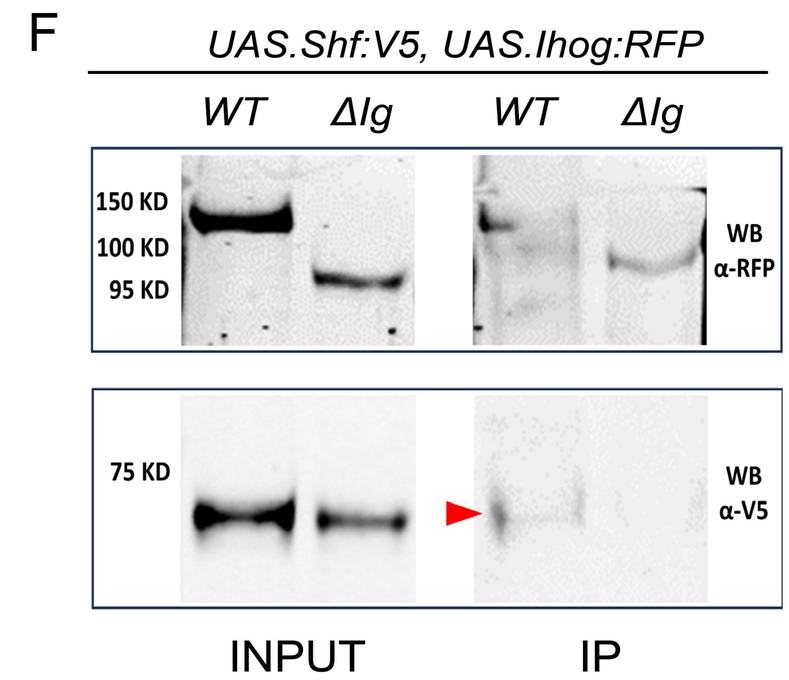

A
Ig3
Ig2
Ihog
Ig1
Ig4
Shf
EGFs
20 Å

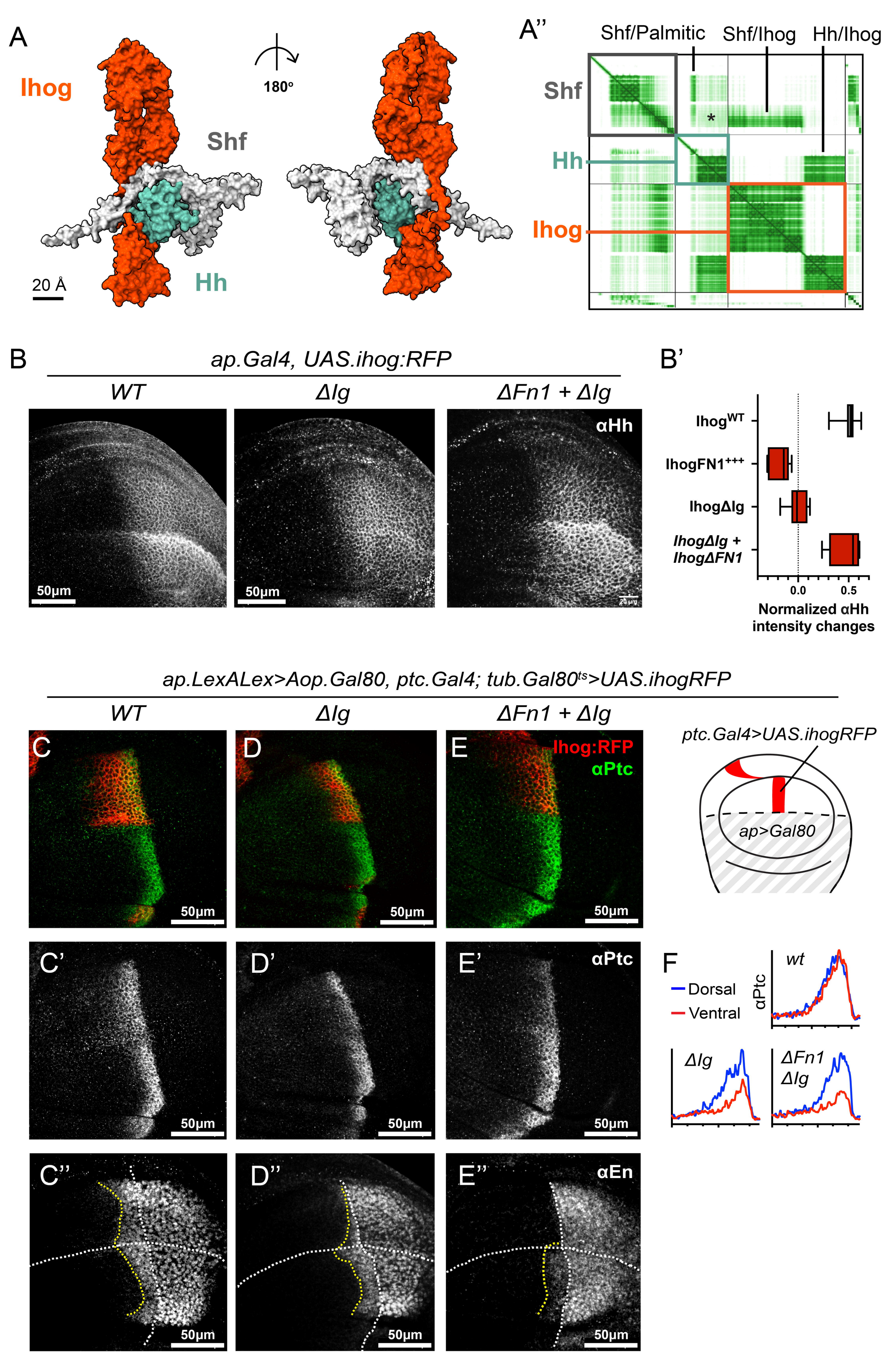

B
Ig
Fn3
Ihog
WIF
EGF
Interaction
Shf
Predicted Aligned Error (Å)
0
30

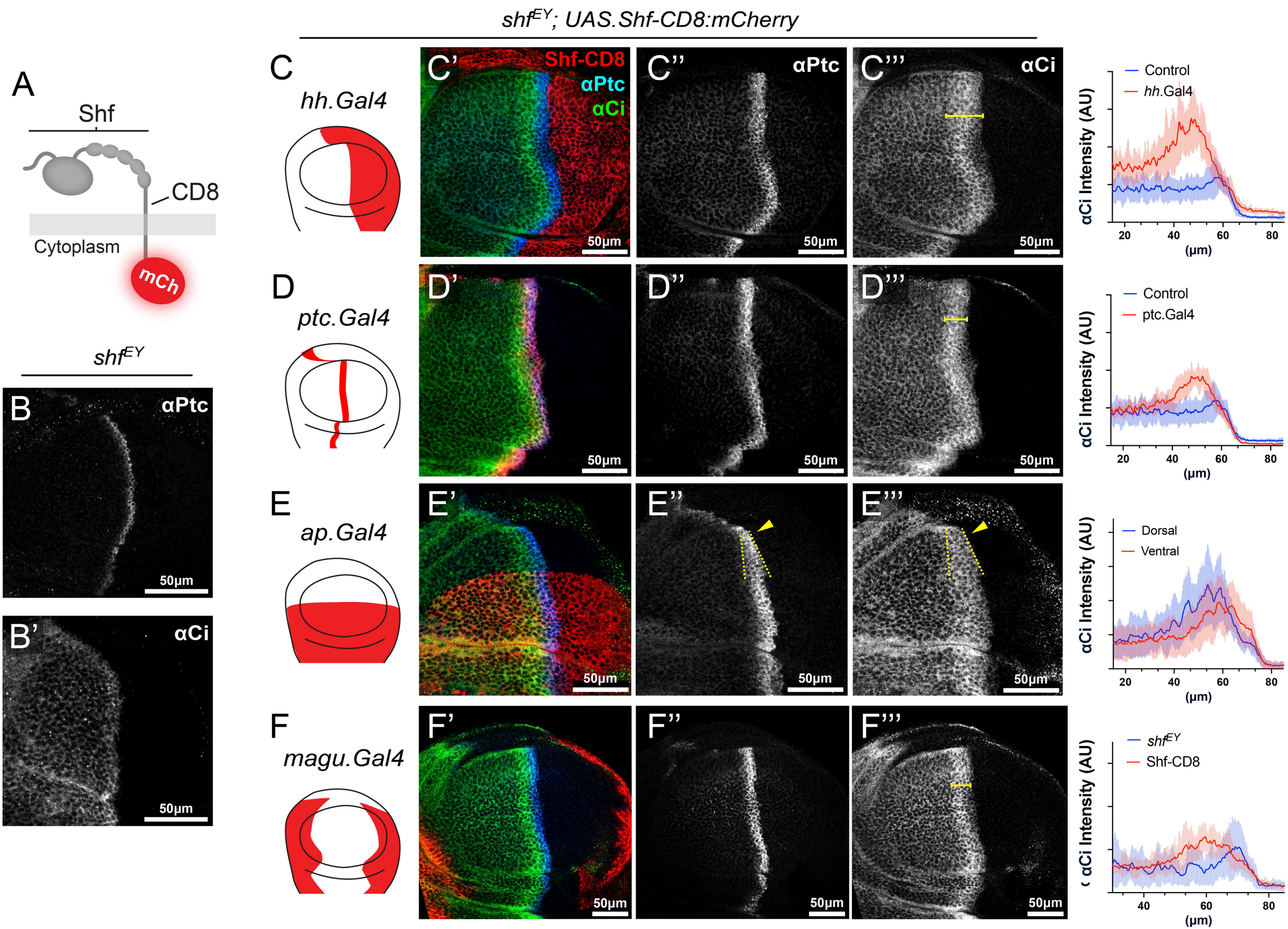

C
Ig4
Ig1
EGF3
EGF4
10Å
Predicted Aligned Error (Å)
0
15


D
ap.Gal4, UAS.ihog:RFP
WT
ΔFn
CT
Δlg
Ihog:RFP
αShf
αShf
50µm


E
Ihog^WT
IhogΔIg
IhogCT
IhogΔFN
0.0
0.5
Normalized αShf intensity changes

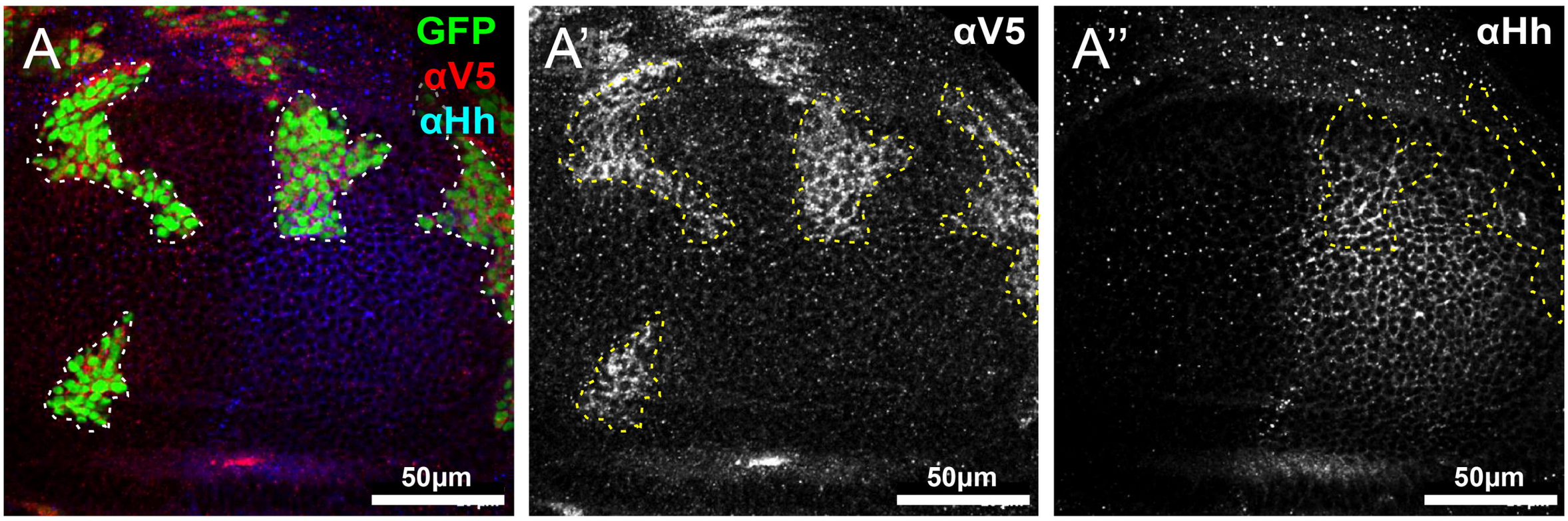

F
UAS.Shf:V5, UAS.Ihog:RFP
WT
ΔIg
WT
ΔIg
150 KD
100 KD
95 KD
WB
α-RFP
75 KD
WB
α-V5
INPUT
IP


A
Ihog
Shf
Hh
20 Å
180°
A''
Shf/Palmitic
Shf/Ihog
Hh/Ihog
Shf
Hh
Ihog
*
B
ap.Gal4, UAS.ihog:RFP
WT
ΔIg
ΔFn1 + ΔIg
αHh
50µm
B'
IhogWT
IhogFN1+++
IhogΔIg
IhogΔIg +
IhogΔFN1
0.0
0.5
Normalized αHh
intensity changes
ap.LexALex>Aop.Gal80, ptc.Gal4; tub.Gal80ts>UAS.ihogRFP
WT
ΔIg
ΔFn1 + ΔIg
C
D
E
Ihog:RFP
αPtc
ptc.Gal4>UAS.ihogRFP
ap>Gal80
C'
D'
E'
αPtc
F
Dorsal
Ventral
αPtc
wt
ΔIg
ΔFn1
ΔIg
C''
D''
E''
αEn


shf^EY; UAS.Shf-CD8:mCherry
A
Shf
CD8
Cytoplasm
mCh
shf^EY
B
αPtc
50µm
B'
αCi
50µm
C
hh.Gal4
C'
Shf-CD8
αPtc
αCi
C''
αPtc
C'''
αCi
Control
hh.Gal4
αCi Intensity (AU)
(µm)
D
ptc.Gal4
D'
D''
D'''
Control
ptc.Gal4
E
ap.Gal4
E'
E''
E'''
Dorsal
Ventral
F
magu.Gal4
F'
F''
F'''
shf^EY
Shf-CD8

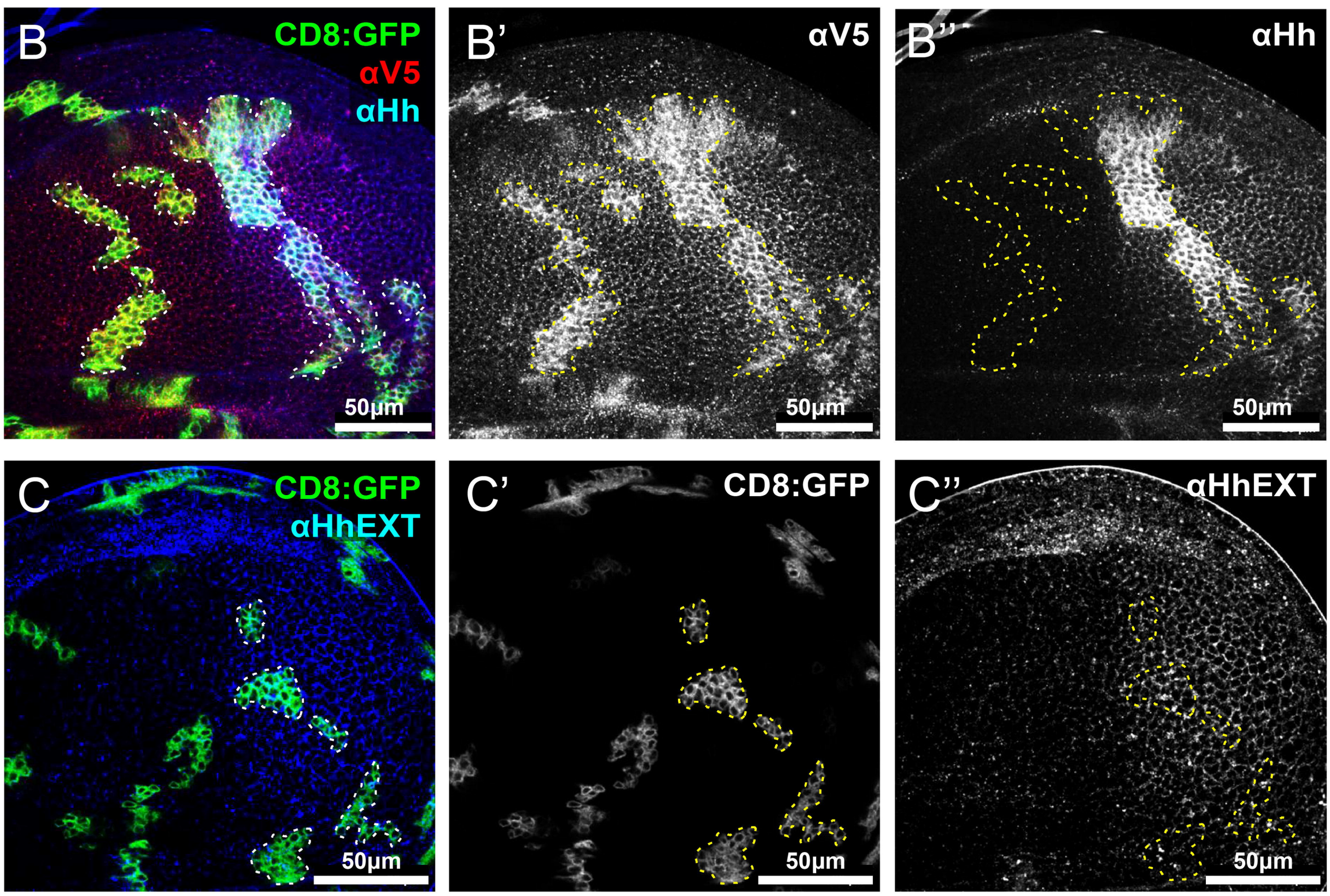
hs.FLP; dlp^{20} FRT2A / tub.Gal80 FRT2A ; tub.Gal4 > UAS.GFP UAS.Shf:V5

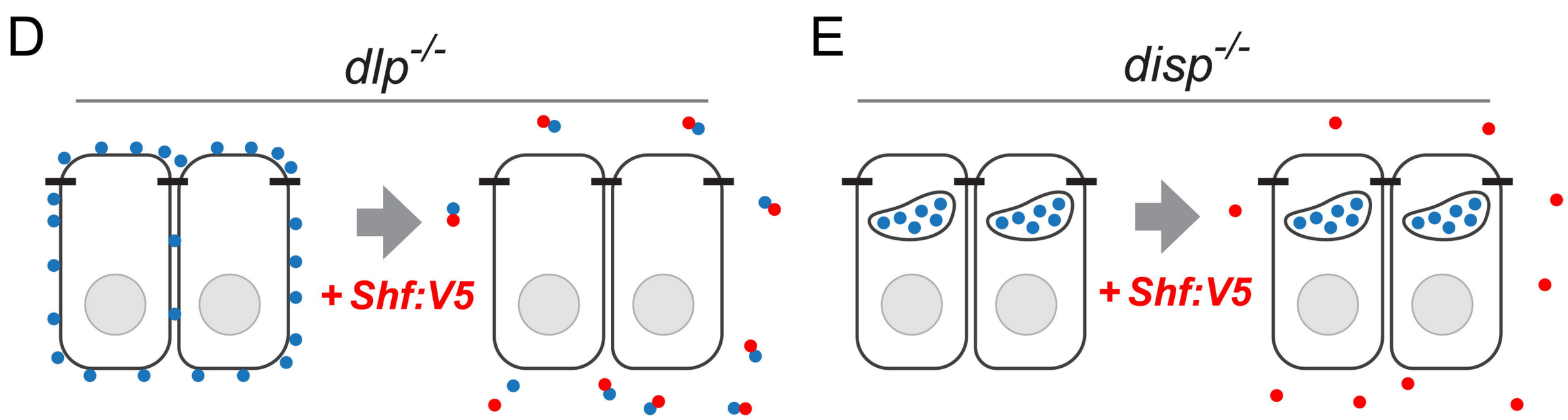
***dlp$^{-/-}$* MARCM clones**

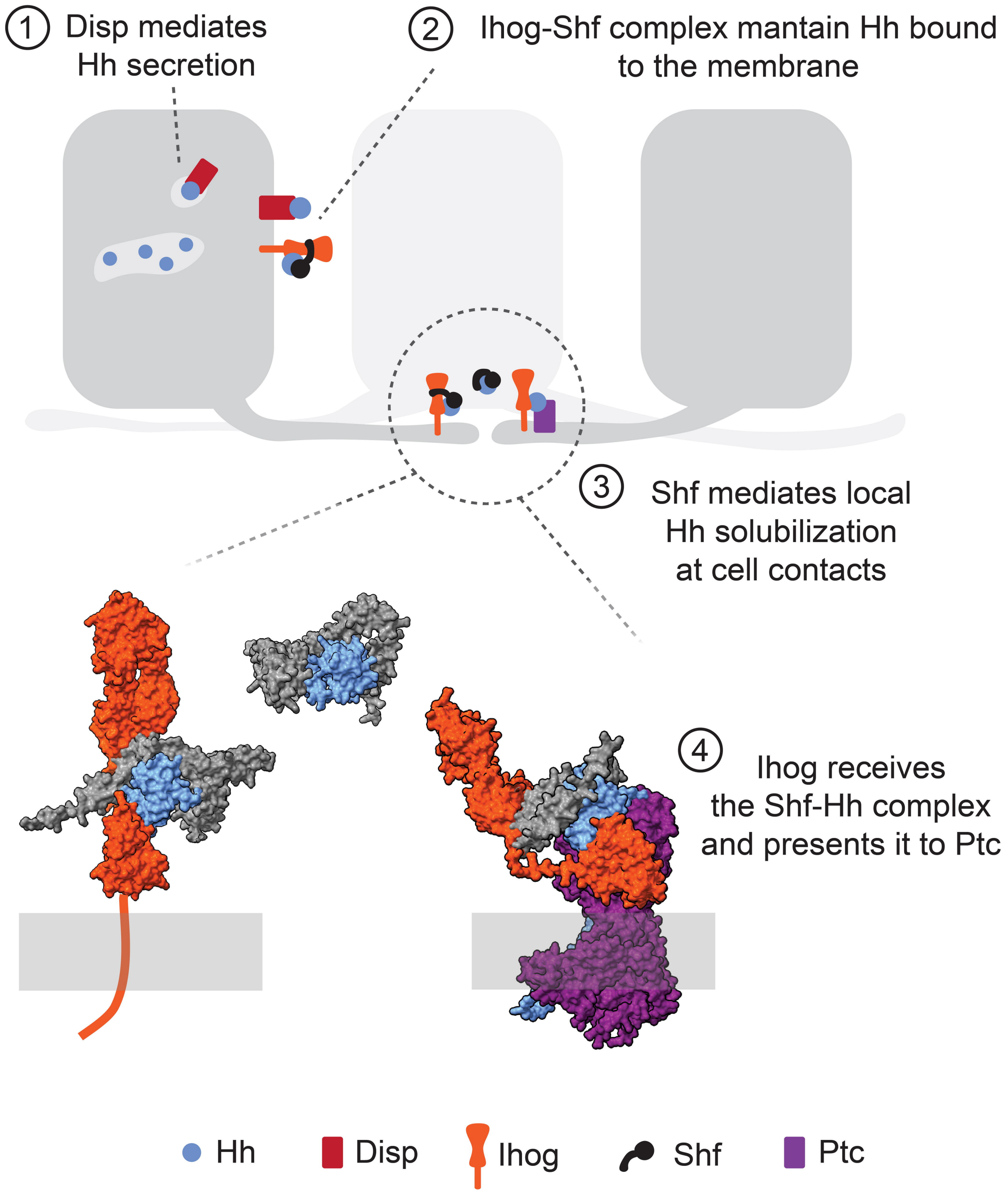


hs.FLP; FRT82B disp^{1} / FRT82 tub.Gal80 ; tub.Gal4>UAS.Shf:V5 UAS.CD8:GFP

***disp$^{-/-}$* MARCM clones**






1 Disp mediates Hh secretion
2 Ihog-Shf complex mantain Hh bound to the membrane
3 Shf mediates local Hh solubilization at cell contacts
4 Ihog receives the Shf-Hh complex and presents it to Ptc
Hh
Disp
Ihog
Shf
Ptc