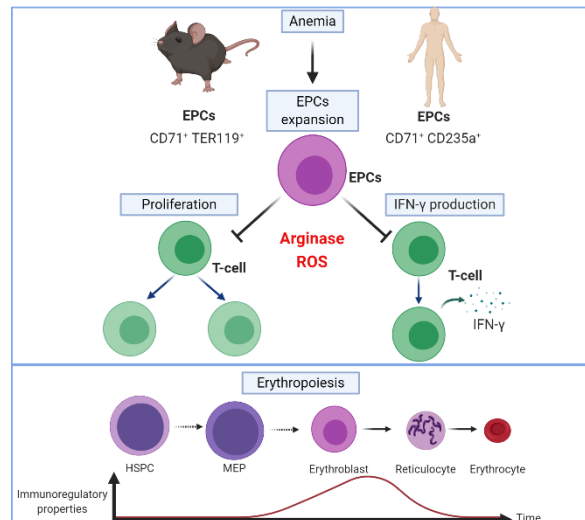




50 **Abstract**

51 Erythroid progenitor cells (EPCs) have  
52 been recently recognized as potent  
53 immunoregulatory cells with defined roles  
54 in fetomaternal tolerance and immune  
55 response to infectious agents in neonates  
56 and cancer patients. Here, we show that



57 early-stage EPCs are enriched in anemia, have high levels of arginase 2 (ARG2) and  
58 reactive oxygen species (ROS). EPCs expansion in anemic mice leads to the L-  
59 arginine depletion in the spleen microenvironment resulting in the suppression of T-  
60 cell responses. In humans with anemia, EPCs expand and express both ARG1 and  
61 ARG2 that participate in suppressing the proliferation and production of IFN- $\gamma$  from T-  
62 cells. EPCs differentiated from peripheral blood mononuclear cells potently suppress  
63 T-cell proliferation and this effect is the most prominent for CD49d<sup>hi</sup> CD71<sup>hi</sup>EPCs. The  
64 suppressive properties disappear during erythroid differentiation as more  
65 differentiated EPCs as well as mature erythrocytes lack significant immunoregulatory  
66 properties. Our studies provide a novel insight into the role of EPCs in the regulation  
67 of immune response.

## 68 **Introduction**

69 Erythroid progenitor cells (EPCs) normally reside in the bone marrow and are  
70 precursors to over  $2 \times 10^{11}$  of oxygen-transporting red blood cells (RBCs) generated  
71 per day<sup>1</sup>. When steady-state erythropoiesis becomes insufficient to meet increased  
72 tissue oxygen demands, EPCs are released from the bone marrow to the circulation  
73 and expand in the extramedullary hematopoietic sites. Recent studies revealed an  
74 unexpected complexity of EPCs functions in the human body. EPCs arose as a  
75 relevant population of cells regulating immunity<sup>2, 3, 4</sup>. Initially, EPCs were reported to  
76 suppress both innate and humoral immune response in neonates<sup>4, 5, 6</sup> and it was  
77 suggested that their immunomodulatory functions are restricted to early life events<sup>4</sup>.  
78 However, further studies revealed a crucial role of EPCs in the regulation of multiple  
79 phenomena such as fetomaternal tolerance<sup>7</sup>, immune response in cancer patients<sup>8, 9</sup>,  
80 systemic inflammation in colitis<sup>10</sup>, and anti-viral response in human immunodeficiency  
81 virus (HIV) infection<sup>11</sup>, as well as SARS-CoV-2-induced disease (COVID-19)<sup>12</sup>. It has  
82 been reported that CD45<sup>+</sup> EPCs induced by advanced tumors inhibit CD8<sup>+</sup> and CD4<sup>+</sup>  
83 T-cell proliferation and impair antimicrobial immunity<sup>9</sup>. Interestingly, the authors  
84 demonstrated that EPCs from mice with acute hemolytic anemia, induced by  
85 systemic phenylhydrazine (PHZ) administration, are not immunosuppressive as  
86 compared with EPCs from tumor-bearing mice<sup>9</sup>. This could lead to the conclusion  
87 that only EPCs in new-borns and patients with advanced cancer have robust  
88 immunosuppressive properties. In this study, we provide evidence that EPCs in  
89 anemic mice do have immunoregulatory properties, but PHZ used to induce  
90 hemolysis affects the mechanisms of immune suppression used by these cells  
91 masking their phenotype. Moreover, we comprehensively elucidate the role of EPCs  
92 in the regulation of immune response in both mice and humans and demonstrate that

- 93 immunomodulatory properties of EPCs are robust but transient and disappear during  
94 their maturation.

95

## 96 **Results**

### 97 **EPCs expand in the spleens of anemic mice**

98 We initially compared the expansion of EPCs in 3 days old neonatal and adult  
99 anemic mice (Fig. 1a). Non-hemolytic anemia (NHA) was induced by phlebotomy and  
100 hemolytic anemia (HA) was induced either by administration of PHZ (HA-PHZ) or  
101 anti-TER119 antibodies (HA-TER119) (see Supplementary Fig. 1 for hematological  
102 parameters of these mice). EPCs expanded in the spleens of anemic mice as  
103 compared with controls, but were significantly less frequent than in neonatal mice  
104 (Fig. 1b). However, EPCs numbers in the spleen were substantially higher in anemic  
105 mice than in neonates or controls (Fig. 1c). The percentage of EPCs increased also  
106 in the blood of anemic mice (Supplementary Fig. 2b), but remained unchanged in the  
107 bone marrow (Supplementary Fig. 2a). Some studies indicated that EPCs at the  
108 earliest stages of differentiation express CD45 and have the most potent  
109 immunomodulatory properties<sup>8, 9</sup>. The proportion of CD45<sup>+</sup> to CD45<sup>-</sup> EPCs was the  
110 highest in HA-PHZ mice and the lowest in neonatal mice (Fig. 1d). Analysis of  
111 developmental stages of EPCs based on cell size and CD44 levels (Fig. 1e)<sup>13</sup>  
112 revealed enrichment of less differentiated EPCs in anemic mice compared to non-  
113 anemic controls (Fig. 1f, Supplementary Fig. 2c).

114

### 115 **T-cell immune response is impaired in anemic mice**

116 Next, we sought to determine whether anemia might impair the function of the  
117 immune system. To this end we assessed selected functionalities of myeloid, B- and  
118 T-cells in control and anemic mice. In contrast to neonatal mice<sup>4, 5</sup>, production of

119 TNF- $\alpha$  by splenic CD11b<sup>+</sup> cells after stimulation with heat-killed *E. coli* (HKEc)  
120 (Supplementary Fig. 3a) or the concentration of anti-ovalbumin (OVA) IgG antibodies  
121 after OVA-ALUM immunization (Supplementary Fig. 3b,c) was unimpaired in adult  
122 anemic mice as compared with healthy controls. Intriguingly, we found that the  
123 proliferation of adoptively transferred SIINFEKL-specific OT-I T-cells in response to  
124 OVA stimulation was decreased in the spleen of NHA mice compared to healthy  
125 controls (Fig. 2a,b). Since in the spleen of anemic mice the expansion of EPCs was  
126 the most substantial (Supplementary Fig. 3d), we hypothesized that EPCs might be  
127 responsible for T-cells suppression. Indeed, EPCs isolated from the spleens of both  
128 HA and NHA anemic mice (Fig. 2c) suppressed proliferation of CD4<sup>+</sup> T-cells that  
129 were activated with anti-CD3/CD28 beads (Fig. 2d). Altogether, these data document  
130 a rather selective impairment of T-cells response by EPCs in anemic mice.

131

### 132 **Murine EPCs have high ROS level and express ARG2**

133 Both ROS generation and expression of L-Arg-degrading enzyme arginase were  
134 previously identified as the effectors of the immunoregulatory activity of neonatal  
135 EPCs<sup>4, 14</sup>. Accordingly, we found that both cytoplasmic and nuclear ROS levels were  
136 higher in anemia-induced EPCs as compared with RBCs (Fig. 3a, Supplementary  
137 Fig. 4a,b) and they reached the highest values in the EPCs at the earliest stages of  
138 their maturation (Supplementary Fig. 4c,d). Interestingly, in contrast to human  
139 EPCs<sup>12</sup>, ROS levels in murine EPCs were significantly lower than in the cells of non-  
140 erythroid lineages such as myeloid -cells and T-cells (Fig. 3b).

141 Murine EPCs expressed mitochondrial isoform of arginase, ARG2 (Fig. 3c), but had  
142 almost undetectable cytosolic ARG1 (Fig. 3d). Similar to ROS, the levels of ARG1

143 and ARG2 were the highest in early-stage EPCs and consequently decreased during  
144 maturation (Supplementary Fig. 5a,b). Intriguingly, while the percentage of ARG2<sup>+</sup>  
145 EPCs was similar in all groups (Fig. 3c), the fraction of ARG1<sup>+</sup> cells was substantially  
146 higher in HA-PHZ mice as determined by intracellular staining (Fig. 3d). This finding  
147 seems counterintuitive considering that ARG-dependent degradation of L-arginine  
148 leads to T-cell suppression<sup>15, 16</sup>, and EPCs from HA-PHZ mice exerted the weakest  
149 suppressive effects on T-cells proliferation. Increased expression of ARG1 in HA-  
150 PHZ EPCs was further confirmed by ARG1 mRNA detection (Supplementary Fig. 6a)  
151 and in reporter B6.129S4-Arg1<sup>tm1Lky</sup>/J mice that express YFP under *Arg1* promoter  
152 (Fig. 3e,f) indicating that flow cytometry findings were not artifactual. HA-PHZ EPCs  
153 had increased expression of ARG2 mRNA as compared with NHA EPCs  
154 (Supplementary Fig. 6b), but no increase in ARG2 protein levels was observed  
155 (Supplementary Fig. 6c). Surprisingly, despite robust upregulation of ARG1 levels,  
156 total arginase activity in both EPCs isolated from HA-PHZ mice and EPCs-  
157 conditioned medium was lower even than that in EPCs from NHA mice (Fig. 3g,h).  
158 Moreover, EPCs cultured *ex vivo* in the presence of PHZ strongly upregulated ARG1  
159 expression (Fig. 3i).

160

### 161 **PHZ targets arginase and suppresses its activity**

162 Increased expression with a concomitant decrease in arginase activity suggested an  
163 interaction between PHZ and arginase. Further studies showed that indeed PHZ  
164 inhibits the activity of recombinant human ARG1 and ARG2, with an IC<sub>50</sub> of 1017 μM  
165 and 61 μM, respectively (Fig. 4a). However, PHZ did not affect the production of nitric  
166 oxide (NO) by nitric oxide synthase, which is also using L-arginine as a substrate  
167 (Fig. 4b). To elucidate how PHZ interacts with ARG1 and ARG2 a molecular docking

168 simulation was carried out with PHZ, L-arginine as well as 2-amino-6-borono-2-(2-  
169 (piperidin-1-yl)ethyl)hexanoic acid (ABH) that is a strong ARG1 inhibitor<sup>17</sup>. PHZ binds  
170 to the active sites of all arginases, where it forms several polar interactions involving  
171 D128, D232, or T246 (Supplementary Fig. 7a). Thus, it may block the entry of other  
172 molecules to the active site. However, predicted binding energies suggest that  
173 among the tested ligands PHZ has the weakest affinity for arginases, and thus a  
174 significant concentration of this compound may be required to induce any biological  
175 effect, which indeed is the case *in vivo*. The transient nature of interactions between  
176 PHZ and arginases was also confirmed by a short 100 ns MD simulation  
177 (Supplementary Fig. 7b,c). The ligand remained bound to the active site for only 15-  
178 30% of the simulation time, despite its initial placement inside the ligand-binding  
179 pocket. The analysis of electrostatic surface potential revealed the presence of a  
180 large, negatively charged area around the substrate-binding pocket of ARG1 that  
181 likely plays a role in attracting positively charged L-arginine to the catalytic site (Fig.  
182 4c). Since PHZ in the presence of oxygen leads to the formation of free radicals and  
183 hydrogen peroxide<sup>18</sup>, we hypothesized that decreased ARG activity in EPCs from  
184 HA-PHZ mice might emerge due to non-specific non-covalent interactions of PHZ  
185 with the catalytic pocket of ARG1 that leads to oxidative changes in the enzyme,  
186 decreased activity, and subsequent degradation. Indeed, incubation of recombinant  
187 ARG1 with PHZ in the presence of oxygen led to a significant increase in the  
188 carbonylation of the enzyme that was reduced by concomitant incubation with N-  
189 acetylcysteine (ROSi) (Fig. 4d).

190

191 **EPCs degrade L-Arg and produce ROS leading to the suppression of T-cells**



192 Due to the interaction between PHZ and arginases, we chose NHA as a model of  
193 anemia-induced EPCs for further studies. We found that CD4<sup>+</sup> T-cells stimulated with  
194 anti-CD3/CD28 beads in the presence of EPCs showed downregulation of activation  
195 markers CD25 and CD69, which was less pronounced for CD62L (Fig. 5a). Both  
196 arginase inhibitor (ARGi, OAT-1746<sup>19</sup>) and ROS inhibitor (ROSi, N-acetylcysteine)  
197 nearly completely restored the proliferation of T-cells that was inhibited by co-culture  
198 with EPCs isolated from NHA mice (Fig. 5b), similar to EPCs isolated from neonates  
199 (Supplementary Fig. 8). Likewise, EPCs-conditioned medium had a suppressive  
200 effect on T-cell proliferation, and supplementation with either of L-arginine or ARGi  
201 restored T-cell proliferation to percentages akin to the control group (Fig. 5c).

202 To further study the role of ARG2 in the modulation of immune response by EPCs,  
203 we assessed the suppressive effects of EPCs isolated from anemic mice lacking  
204 functional *Arg2* gene (*Arg2*<sup>-/-</sup>, *Arg2*<sup>tm1W<sup>eo</sup>/J</sup> mice<sup>20</sup>). *Arg2*<sup>-/-</sup> mice had a slightly  
205 increased percentage of ARG1<sup>+</sup> EPCs compared to wild type mice (*Arg2*<sup>+/+</sup>)  
206 (Supplementary Fig. 9a), however, with no significant changes in total ARG1 level in  
207 EPCs (Supplementary Fig. 9b). EPCs from *Arg2*<sup>-/-</sup> mice had substantially diminished  
208 suppressive effects on T-cell proliferation compared to *Arg2*<sup>+/+</sup> EPCs (Fig. 5d), which  
209 confirmed the critical role of ARG2 in the regulation of T-cells function by murine  
210 EPCs.

211 Further studies revealed that expansion of ARG-expressing EPCs in the anemic mice  
212 led to the substantial increase of the arginase activity (Fig. 5e) caused by increased  
213 ARG2 but not ARG1 levels in the spleen (Fig. 5f-h). Even though the concentration of  
214 L-arginine was only slightly decreased in the serum of anemic mice (Supplementary  
215 Fig. 10), their splenic CD4<sup>+</sup> and CD8<sup>+</sup> T-cells had decreased levels of CD3ζ (Fig. 5i,j),  
216 a marker of L-arginine T-cell starvation<sup>19, 21</sup>. It suggested that local accumulation of

217 EPCs results in the depletion of L-arginine in the microenvironment leading to the T-  
218 cells impairment. Consequently, *ex vivo* stimulation of T-cells with anti-CD3/CD28  
219 beads in the presence of EPCs resulted in a decrease of CD3 $\zeta$ , which was  
220 diminished by ARGi and completely restored by the combination of ARGi and ROSi  
221 (Fig. 5k,l). Altogether, these results show that EPCs suppress T-cells response in  
222 anemic mice *via* both arginase and ROS.

223

### 224 **EPCs expand in the blood of anemic individuals and suppress T-cells**

225 Then, we sought to investigate the role of EPCs in anemic patients (Supplementary  
226 Table 1, Supplementary Table 2). The percentage of EPCs (CD71<sup>+</sup>CD235a<sup>+</sup>) in  
227 peripheral blood was substantially increased in anemic individuals (Fig. 6a,b). The  
228 number of EPCs in the blood (Fig. 6c) reversely correlated with the hemoglobin  
229 concentration (Fig. 6d) and was the highest in patients with moderate and severe  
230 anemia (Fig. 6e).

231 In anemic patients EPCs constituted a substantial fraction of peripheral blood  
232 mononuclear cells (PBMCs) (Fig. 6f,g) and were predominantly at the latest stages of  
233 differentiation with a very small percentage of CD45<sup>+</sup> EPCs (Supplementary Fig.  
234 S11a). We found that the production of IFN- $\gamma$  in response to CD3/CD28 stimulation  
235 was suppressed in T-cells from anemic individuals when compared to non-anemic  
236 controls (Fig. 6h). However, T-cells proliferation was unimpaired in anemic patients  
237 (Supplementary Fig. S11b,c). Moreover, there were no differences in the production  
238 of TNF- $\alpha$  by myeloid cells between anemic and control individuals in response to  
239 killed bacteria (Supplementary Fig. S11d).

240

241 **EPCs from human bone marrow suppress T-cells proliferation**

242 Human bone marrow is predominantly composed of mature erythrocytes, however,  
243 EPCs constituted a substantial cell population (Fig. 7a). EPCs in the bone marrow  
244 are at the earliest stages of differentiation (Supplementary Fig. 12a) and are  
245 predominantly CD45<sup>+</sup> (Supplementary Fig. 12b). Similar to murine EPCs, their  
246 counterparts in the human bone marrow express ARG2 (Fig. 7b). Importantly, human  
247 erythroid cells also express ARG1 (Fig. 7c). EPCs from human bone marrow  
248 suppressed proliferation of both CD4<sup>+</sup> and CD8<sup>+</sup> T-cells (Fig. 7d,e). This effect was  
249 diminished by the ARGi, which confirmed arginase-dependent effect.

250

251 **Suppression of T-cells function is a general feature of erythroid cells which**  
252 **disappears during their maturation**

253 Our results suggest that T-cells suppression is a common feature of both murine and  
254 human EPCs. Further studies confirmed that similarly to EPCs, model human  
255 erythroleukemic cell lines, K562, HEL92.1.7, and TF-I (Supplementary Fig. 13a) have  
256 substantial arginase activity (Supplementary Fig. 13b), express both ARG1  
257 (Supplementary Fig. 13c) and ARG2 (Supplementary Fig. 13d), and have high ROS  
258 levels (Supplementary Fig. 13e). Erythroid cell lines potently suppressed both CD4<sup>+</sup>  
259 and CD8<sup>+</sup> human T-cell proliferation (Fig. 8a,b). However, induction of erythroid  
260 differentiation of K562 cells (K562-E) by sodium butyrate<sup>22</sup> (Supplementary Fig. 14a)  
261 resulted in decreased suppressive effects on T-cell proliferation (Supplementary Fig.  
262 14b). K562-E cells had decreased ARG2 but not ARG1 levels (Supplementary Fig.  
263 14c) and decreased total arginase activity as compared with non-differentiated K562  
264 cells (Supplementary Fig. 14d). Downregulation of ARG2 was most probably caused

265 by mitophagy, a crucial process during erythroid differentiation<sup>23</sup>, as evidenced by  
266 decreased signal from mitochondrial probe in differentiated K562-E cells  
267 (Supplementary Fig. 14e). These observations strongly suggest that the  
268 immunoregulatory properties of EPCs may diminish during maturation.

269 Therefore, we next sought to establish a model of *ex vivo* differentiation of erythroid  
270 cells. To this end EPCs were expanded and differentiated from PBMC of healthy  
271 donors (Fig. 8c, Supplementary Fig. 15a). PBMC-derived EPCs expressed erythroid  
272 markers, including CD71, CD235a, CD36, and CD49d, and had high expression of  
273 CD44 and CD45 (Supplementary Fig. 15b). Similar to their bone marrow  
274 counterparts, EPCs expanded from PBMCs had high levels of both ARG1 and ARG2  
275 (Supplementary Fig. 16a,b) and potently suppressed both CD4<sup>+</sup> and CD8<sup>+</sup> human T-  
276 cell proliferation (Fig. 8d,e).

277 Next, we aimed to study possible changes in immunoregulatory properties of  
278 erythroid cells during differentiation into RBC. First, we investigated whether  
279 hematopoietic stem and progenitor cells (HSPCs) exert immunosuppressive effects.  
280 Mobilized hematopoietic stem cells obtained from peripheral blood (peripheral blood  
281 stem cells, PBSCs, Supplementary Fig. 17a) had high ARG1 as well as ARG2 levels  
282 (Supplementary Fig. 17b) and included only a small percentage of EPCs  
283 (Supplementary Fig. 17c). Despite high arginase expression, PBSCs had no impact  
284 on T-cell proliferation (Supplementary Fig. 17d,e).

285 Then, we demonstrated that EPCs differentiated from PBMCs (Fig. 8f) exert robust,  
286 but transient suppressive properties, that disappear during erythroid differentiation  
287 (Fig. 8g-i). We found that of all EPCs developmental stages CD45<sup>+</sup>CD44<sup>+</sup>CD49d<sup>hi</sup>  
288 EPCs most strongly inhibited T-cells proliferation. Loss of suppressive properties  
289 corresponded with a decrease in CD71 (Fig. 8j) as well as CD49d (Fig. 8k) levels, the

290 latter being a marker of the transition to the reticulocyte stage<sup>24, 25</sup>. Subsequent EPCs  
291 differentiation resulted in a complete loss of suppressive effects on T-cells. Similarly,  
292 mature erythrocytes obtained from healthy donors had no impact on T-cell  
293 proliferation (Supplementary Fig. 18). Altogether, we show that human EPCs  
294 possess robust but transient suppressive properties that disappear during maturation.

295

## 296 **Discussion**

297 In this study, we demonstrate that suppression of T-cells is a general feature of  
298 murine and human EPCs that expand during anemia. Anemic EPCs *via* arginases  
299 and ROS suppress proliferation and production of IFN- $\gamma$  by T-cells. Using continuous  
300 human erythroid cell culture, we show that the immunoregulatory properties of EPCs  
301 are transient and disappear during maturation.

302         Recent studies expanded our understanding of the many roles played by  
303 EPCs expanded by different triggers<sup>3</sup>. Immunoregulatory functions of EPCs were  
304 reported for the first time in neonates that are characterized by a physiological  
305 abundance of EPCs<sup>4</sup>. Neonatal EPCs suppress anti-bacterial immunity *via* ARG2 by  
306 decreasing the production of proinflammatory cytokines by myeloid cells<sup>4</sup> and by  
307 suppressing antibody production in response to *B. pertussis*<sup>5</sup>. We found that in adult  
308 mice anemia induced the expansion of early-stage EPCs that had the highest  
309 expression of ARG2. Even though, neither ARG2-expressing EPCs nor recombinant  
310 ARG1 did not suppress the production of TNF- $\alpha$  from myeloid cells. However,  
311 arginases seem to primarily impair T-cells by decreasing their activation and  
312 proliferation<sup>26</sup>. Accordingly, we observed decreased proliferation of adoptively  
313 transferred OT-I cells in the spleen of anemic mice, which was reflected *ex vivo* in the

314 co-culture of murine T-cells with EPCs. Expansion of EPCs in the spleen of anemic  
315 mice resulted in the increased ARG activity in the spleen leading to the L-arginine  
316 starvation of T-cells, decreased levels of CD3 $\zeta$ , and suppressed proliferation.  
317 Moreover, human EPCs expressed both ARG1 and ARG2 and suppressed T-cell  
318 proliferation in an ARG-dependent manner. Thus, expansion of ARG-expressing  
319 EPCs in anemia may induce immune suppression, similar to the expansion of ARG-  
320 expressing myeloid cells in cancer<sup>27</sup> and during pregnancy<sup>28</sup>.

321 EPCs were also reported to modulate immune response *via* ROS in tumor-  
322 bearing mice and cancer patients<sup>9</sup>. We found that ROSi restored T-cell proliferation in  
323 co-culture with EPCs from anemic mice to a similar extend as ARGi. ROS also may  
324 decrease CD3 $\zeta$  in T-cells<sup>29</sup>. However, ROSi restored CD3 $\zeta$  decreased by EPCs only  
325 in combination with ARGi, which confirms that ARG cooperates with ROS in EPCs to  
326 induce T-cells hyporesponsiveness to proliferative triggers.

327 Importantly, we demonstrated that previously described lack of  
328 immunosuppressive capacities of EPCs in anemic mice<sup>9</sup> resulted from the interaction  
329 between PHZ used to induced anemia and ARGs. PHZ-induced hemolytic anemia is  
330 one of the most commonly used models of anemia. PHZ leads to the formation of  
331 ferrihemoglobin from oxyhemoglobin and production of free radicals that disrupt the  
332 interactions between hem and globin chains leading to the formation of Heinz bodies  
333 and hemolysis<sup>18</sup>. However, PHZ-induced EPCs are less effective in suppressing T-  
334 cell proliferation as compared with EPCs isolated from neonatal or other anemic  
335 mice. We show that PHZ targets ARGs, critical immunomodulating enzymes, in an  
336 oxidation-dependent mechanism, reminiscent of Heinz bodies formation. It needs to  
337 be considered in future studies that the interaction between PHZ and ARGs may  
338 have considerable effects on the obtained results.

339 We further demonstrated that EPCs expand in anemic patients and suppress  
340 T-cells. Anemia correlates with worse outcomes in many diseases, including  
341 pneumonia<sup>30</sup> or cancer<sup>31</sup>. Moreover, preoperative anemia is associated with an  
342 increased risk of infection and mortality in patients undergoing surgery<sup>32, 33</sup>. In line  
343 with our results, a recent study showed that anemia status influences the blood  
344 transcriptome with enrichment of erythrocyte differentiation genes as well as ARG1 in  
345 anemic children, but decreased signatures of CD4<sup>+</sup> T-cell activation and  
346 differentiation<sup>34</sup>. It remains unknown to which extent EPCs are responsible for  
347 immune suppression and whether in these conditions supplementation of iron,  
348 vitamin B12, or administration of erythropoiesis-stimulating agents including EPO  
349 may restore immune response.

350 Erythropoiesis is a continuum of developmental states that gives mature red  
351 blood cells from a hematopoietic stem cell (HSC) and is strictly regulated by multiple  
352 factors<sup>35</sup>. Recent studies demonstrated that immunomodulatory properties are strong  
353 in early-stage CD45<sup>+</sup> EPCs in contrast to more mature CD45<sup>-</sup> EPCs<sup>8, 9, 14, 36</sup>. We  
354 showed that human EPCs acquire immunomodulatory properties during erythroid  
355 differentiation and are the most potent in CD71<sup>hi</sup>CD49d<sup>hi</sup>CD44<sup>hi</sup>CD45<sup>+</sup> EPCs. Further  
356 erythroid maturation is associated with the disappearance of the suppressive  
357 properties.

358 The exact role of transient immunomodulatory properties of EPCs remains  
359 elusive. It was suggested that expansion of EPCs in neonates provides tolerance to  
360 harmless antigens, including the commensal microbiota<sup>4</sup>, and minimize damage  
361 caused by inflammation in the intestines<sup>4</sup>, liver<sup>6</sup>, and lungs<sup>37</sup> during first days of  
362 postnatal life. In adults, the role of EPCs seems to be similar. Recent studies  
363 demonstrated that stress erythropoiesis is a key inflammatory response<sup>38</sup>, therefore,

364 expansion of EPCs may suppress chronic inflammation. Indeed, transfer of EPCs  
365 suppressed inflammatory response and attenuated the wasting syndrome in murine  
366 models of colitis<sup>10</sup>. In cancer, which is characterized by a chronic inflammation<sup>39</sup>,  
367 EPCs substantially expand and suppress immune response facilitating tumor growth  
368 and increasing the susceptibility to pathogens<sup>9</sup>. On the other side, impaired  
369 immunoregulatory properties of EPCs may exacerbate damage caused by  
370 inflammation<sup>40</sup>. Moreover, EPCs by suppressing production of IFN- $\gamma$ , a crucial  
371 inflammatory cytokine and a potent inhibitor of erythropoiesis<sup>41, 42</sup>, may allow  
372 maintaining erythropoiesis.

373         These findings might be of relevance in better understanding the mechanisms  
374 underlying suppressed cell-mediated immunity and anti-bactericidal capacity of  
375 leucocytes<sup>43</sup> and the impaired of T-cell mediated immunity in anemic children<sup>44</sup>.



## 376 **Methods**

377 **Reagents.** Recombinant human ARG1 was obtained from Biolegend (San Diego,  
378 CA, USA), recombinant murine Arg1 was obtained from Cloud-Clone Corp., arginase  
379 inhibitor OAT-1746 was synthesized at OncoArendi Therapeutics, Warsaw, Poland.  
380 All other reagents, if not otherwise stated, were obtained from Sigma-Aldrich.

## 381 **Cell lines**

382 K562, HEL92.1.7 and TF-I cell lines were purchased from American Type Culture  
383 Collection (ATCC). Cells were cultured in RPMI-1640 medium supplemented with  
384 10% heat-inactivated fetal bovine serum (FBS, HyClone), 2 mM L-glutamine (Sigma-  
385 Aldrich) 100 U/ml penicillin and 100 µg/ml streptomycin (Sigma-Aldrich) at 37°C in an  
386 atmosphere of 5% CO<sub>2</sub> in the air. Additionally, TF-I cells medium contained 2 ng/ml  
387 recombinant human GM-CSF (R&D Systems). Cells have been cultured for no longer  
388 than 4 weeks after thawing and were regularly tested for *Mycoplasma* contamination  
389 using PCR technique and were confirmed to be negative.

## 390 **Human samples**

391 Peripheral blood samples were obtained from patients hospitalized in the Central  
392 Teaching Clinical Hospital, Medical University of Warsaw or treated in the Outpatient  
393 Clinic of Central Teaching Clinical Hospital, Medical University of Warsaw, Warsaw.  
394 The study was conducted in accordance with the Declaration of Helsinki. Study was  
395 approved by the Bioethical Committee of Medical University of Warsaw (KB/8/2021).  
396 Patients with or without anemia based on WHO diagnostic criteria <sup>45</sup> were enrolled to  
397 the study. Patients with proliferative diseases, including cancer, were excluded from  
398 the study. The blood samples were obtained by venipuncture and subjected to  
399 complete blood count evaluation. The remaining blood was used for further  
400 examination. Flow cytometry was performed as described below. CountBright™

401 Absolute Counting Beads (ThermoFisherScientific) were used for EPCs counting.  
402 Peripheral blood mononuclear cells (PBMC) were purified from whole blood of  
403 anemic and non-anemic patients by density separation using Lymphoprep  
404 (STEMCELL Technologies).  
405 Human bone marrow aspirates from healthy donors were commercially obtained from  
406 Lonza. Bone marrow donors were both males (n=6) and females (n=3) at the age of  
407 23-45. Mobilized peripheral blood stem cells (PBSCs) were obtained from familial  
408 donors from the material remaining after allogeneic stem cell transplantation.  
409 Informed consent was obtained from the PBSC cell donors.  
410 Human T-cells were isolated from PBMC obtained by Histopaque-1077 (Sigma  
411 Aldrich) or Lymphoprep (STEMCELL Technologies) separation from buffy coats from  
412 healthy volunteers, commercially obtained from the Regional Blood Centre in  
413 Warsaw, Poland.

#### 414 **Anemia animal models**

415 C57BL/6 both male and female 8 to 14-week-old mice were obtained from the Animal  
416 House of the Polish Academy of Sciences, Medical Research Institute (Warsaw,  
417 Poland). B6.129S4-Arg1<sup>tm1Lky</sup>/J (YARG), C57BL/6-Tg(TcraTcrb) 1100Mjb/J (OT-I)  
418 and Arg2<sup>tm1Weo</sup>/J (Arg2 functional knockout, Arg2<sup>-/-</sup>) mice were purchased from the  
419 Jackson Laboratories. The experiments were performed in accordance with the  
420 guidelines approved by the II Local Ethics Committee in Warsaw (approval No.  
421 WAW2/117/2019 and WAW2/143/2020) and in accordance with the requirements of  
422 EU (Directive 2010/63/EU) and Polish (Dz. U. poz. 266/15.01.2015) legislation. To  
423 induce non-hemolytic anemia (NHA) mice were phlebotomized 4 and 2 days before  
424 harvest. At least 100 µl of blood was collected each time. To induce hemolytic  
425 anemia (HA), mice were injected intraperitoneally (i.p.) three days before harvest with

426 50 mg per kg body weight of phenylhydrazine (PHZ) hydrochloride solution (HA-PHZ)  
427 or mice were injected intravenously (i.v.) six days before harvest with 45 µg of anti-  
428 TER119 monoclonal antibody (TER-119, BioXCell) into caudal vein. Blood was  
429 obtained from facial veins as a terminal procedure and examined using Sysmex XN-  
430 2000 Hematology Analyzer. The parameters of complete blood counts and reference  
431 intervals<sup>46</sup> are presented in Supplementary Fig. 1. Plasma L-arg concentration was  
432 determined with ultra-performance liquid chromatography tandem mass spectrometry  
433 (UPLC-MS/MS) method on Waters Xevo TQ-S mass spectrometer equipped with  
434 Waters Acquity UPLC chromatograph (Waters) in the Mass Spectrometry Lab at the  
435 Institute of Biochemistry and Biophysics, Polish Academy of Sciences, Warsaw,  
436 Poland.

#### 437 **Antibodies**

438 Fluorophore- or biotin-conjugated antibodies specific for mouse cell-surface antigens  
439 and cytokines were as follows: anti-CD71 (8D3, NovusBio; R17217, eBioscience),  
440 anti-TER119 (TER-119, BioLegend), anti-CD45.2 (104, BD Biosciences), anti-CD44  
441 (IM7, BioLegend), anti-CD3e (145-2C11, eBioscience), anti-CD4 (GK1.5,  
442 eBioscience; RM4-5. eBioscience), anti-CD8a (53-6.7, eBioscience), anti-CD69  
443 (H1.2F4, eBioscience), anti-CD25 (PC61.5, eBioscience), anti-CD62L (MEL-14,  
444 Invitrogen), anti-CD3 zeta (H146-968, Abcam), anti-IFN-γ (XMG1.2, eBioscience),  
445 anti-TNF-α (MP6-XT22, eBioscience), anti-Arg1 (polyclonal, IC5868P/F, R&D  
446 Systems), anti-Arg2 (ab81505, Abcam), goat anti-rabbit IgG (Invitrogen).

447 Fluorophore- or biotin-conjugated antibodies specific for human cell-surface antigens  
448 and cytokines were as follows: anti-CD71 (CY1G4, BioLegend, DF1513, NovusBio),  
449 anti-CD235a (HI264, BioLegend), anti-CD44 (IM7, BioLegend), anti-CD45 (HI30, BD  
450 Bioscience), anti-CD49d (9F10, eBioscience), anti-CD36 (NL07, eBioscience), anti-

451 CD34 (561, BioLegend), anti-CD3 (OKT3, eBioscience), anti-CD4 (RPA-T4,  
452 eBioscience), anti-CD8a (RPA-T8, eBioscience), anti-IFN- $\gamma$  (4S.B3, BioLegend), anti-  
453 TNF- $\alpha$  (MAb11, BD Bioscience), anti-Arg1 (polyclonal, IC5868P/F, R&D Systems),  
454 anti-Arg2 (ab137069, Abcam), goat anti-rabbit IgG (Invitrogen).

#### 455 **Flow cytometry analysis**

456 Flow cytometry was performed on FACSCanto II (BD Biosciences) or Fortessa X20  
457 (BD Biosciences) operated by FACSDiva software. For data analysis Flow Jo v10.6.1  
458 software (TreeStar) or BD FACSDiva software (BD Biosciences) were used.  
459 Fluorochrome-conjugated antibodies used for the staining are listed above. For cell  
460 surface staining, cells were stained with Zombie NIR™, Zombie UV™ or Zombie  
461 Aqua™ Fixable Viability Kit (BioLegend), blocked on ice with 5% normal rat serum in  
462 FACS buffer (PBS; 1% BSA, 0.01% sodium azide) and then incubated for 30 min on  
463 ice with fluorochrome-labelled antibodies. After washing in FACS buffer, cells were  
464 immediately analyzed. For intracellular staining, membrane-stained cells were fixed  
465 using Fixation Buffer for 30 min, followed by a wash with permeabilization buffer, and  
466 staining with an antibody diluted in permeabilization buffer for 30 min (Intracellular  
467 Fixation & Permeabilization Buffer Set, eBioscience). For anti-Arg2 indirect  
468 intracellular staining, cells were fixed using Fixation Buffer for 30 min, followed by a  
469 wash with permeabilization buffer, and staining with anti-Arg2 antibody for 1 h,  
470 followed by a wash with permeabilization buffer and staining with fluorochrome-  
471 conjugated goat anti-rabbit IgG for 30 min. Gating strategies used to analyze the flow  
472 cytometry data are presented in Supplementary Figures 19-36.

#### 473 **IFN- $\gamma$ and TNF- $\alpha$ production assay**

474 Murine splenocytes were isolated from anemic or healthy mice and human PBMC  
475 were isolated from the blood of anemic or non-anemic patients. Cells were plated in

476 round-bottomed 96-well plates ( $1 \times 10^6$  cell per well) in L-arginine-free RPMI-medium  
477 (SILAC RPMI-medium, Thermofisher Scientific) supplemented with 10% dialyzed  
478 FBS (Thermofisher Scientific), 2 mM glutamine, 100 U/ml penicillin, 100  $\mu$ g/ml  
479 streptomycin (Sigma-Aldrich), 40 mg/L L-lysine, and 150  $\mu$ M L-arginine. Splenocytes  
480 were stimulated with Heat Killed *E. coli* 0111:B4 (HKEc, InvivoGen) at the  
481 concentration  $1 \times 10^6$  cells per ml or Dynabeads T-Activator CD3/CD28 (ratio 1:2,  
482 Thermofisher Scientific) for 6h for murine cells or 12h for human cells in the presence  
483 of protein transport inhibitor (BD GolgiStop™) for 6 hours. Then, cells were stained  
484 with cell surface antigens-binding antibodies, followed by fixation, permeabilization  
485 and intracellular staining for IFN- $\gamma$  and TNF- $\alpha$ . Flow cytometry was performed on  
486 Fortessa X20 (BD Biosciences).

#### 487 ***In vivo* OVA immunization and analysis of humoral response**

488 Control and NHA mice was immunized with albumin from chicken egg white (OVA,  
489 Ovalbumin) from Sigma (Grade VII). Each mouse received 25  $\mu$ g of OVA with  
490 Imject™ Alum Adjuvant (ALUM, Thermofisher Scientific) at ratio 1:1 in the final  
491 volume 100  $\mu$ l per mouse administered i.p. After 14 days, mice were challenged once  
492 again with the same dose of OVA-ALUM. NHA mice were divided into three groups.  
493 NHA before mice were phlebotomized before first immunization, NHA boost mice  
494 were phlebotomized before second OVA immunization, and NHA both were  
495 phlebotomized before first and second immunization (see Supplementary Fig. 3b).  
496 Untreated mice received Imject™ Alum Adjuvant without OVA. Blood was obtained  
497 from mice 14 days after second immunization, plasma was isolated and stored at -  
498 80°C. Concentration of anti-OVA IgG antibodies was determined using Anti-  
499 Ovalbumin IgG1 (mouse) ELISA Kit (Cayman Chemical).

#### 500 ***In vivo* proliferation assay**

501 OVA (SIINFEKL)-specific CD8<sup>+</sup> T cells were isolated from the spleen and lymph  
502 nodes of OT-I mice, labelled with CTV (as described below) and transferred into the  
503 caudal tail vein of host C57BL/6 mice at a cell number of  $7 \times 10^6$  in 150  $\mu$ l of PBS.  
504 Twenty-four hours post OT-I T-cells inoculation, host mice were challenged with 7.5  
505  $\mu$ g of full-length OVA protein (grade V, Sigma Aldrich) injected into the caudal tail  
506 vein. Three mice from controls were injected only with PBS (negative control). On  
507 day 3 post OVA immunization, splenocytes were harvested, stained with OVA-  
508 specific MHC tetramers (iTAg Tetramer/PE-H-2 K<sup>b</sup> OVA (SIINFEKL), MBL Inc., WA,  
509 USA) to detect OT-I CD8<sup>+</sup> T-cells, followed by anti-CD3 and anti-CD8 staining, and  
510 analyzed for proliferation by flow cytometry. The gate for proliferating cells (CTV<sup>low</sup>)  
511 was set using unstimulated negative control.

#### 512 **T-cell proliferation assay**

513 Murine T-cells were isolated from spleens of healthy 6-week old C57BL/6 mice using  
514 EasySep™ Mouse CD4<sup>+</sup> or CD8<sup>+</sup> T-Cell Isolation Kit (STEMCELL Technologies)  
515 according to the manufacturer's protocols. Human T-cells were isolated from  
516 peripheral blood mononuclear cells (PBMC) isolated from buffy coats commercially  
517 obtained from the Regional Blood Centre in Warsaw, Poland using EasySep™  
518 Human CD4<sup>+</sup> or CD8<sup>+</sup> T-Cell Isolation Kit (STEMCELL Technologies) according to  
519 the manufacturer's protocols. EPCs were isolated from the spleens of anemic mice or  
520 human bone marrow aspirates using EasySep™ Release Mouse Biotin Positive  
521 Selection Kit (STEMCELL Technologies) according to the manufacturer's protocols.  
522 Biotin-conjugated anti-CD71 antibodies (anti-mouse clone 8D3, NovusBio, anti-  
523 human clone DF1513, NovusBio) were used at a final concentration of 1  $\mu$ g/ml. EPCs  
524 purity was >80%. For cell proliferation assay, T-cells were labelled with Cell Trace  
525 Violet (CTV) dye (Thermofisher Scientific) at a final concentration of 5  $\mu$ M, according

526 to the manufacturer's manual. Next, the labelled T-cells were plated in L-arginine-free  
527 RPMI-medium (SILAC RPMI-medium, Thermofisher Scientific) supplemented with  
528 150  $\mu$ M L-arginine and stimulated with Dynabeads T-Activator CD3/CD28 (ratio 1:2,  
529 Thermofisher Scientific). The arginase inhibitor OAT-1746 (500 nM), L-arginine (1000  
530  $\mu$ M), or N-acetylcysteine (100  $\mu$ M) were added as indicated in the figures. Cells were  
531 stained and analyzed by flow cytometry after 72h for murine cells and 120h for  
532 human cells.

### 533 **Reactive oxygen species (ROS) detection**

534 The level of ROS in cells was determined using CellROX Green Reagent  
535 (Thermofisher Scientific) or 2',7'-dichlorodihydrofluorescein diacetate (DCFDA). Cells  
536 were stained with CellROX at a final concentration of 5  $\mu$ M or DCFDA at a final  
537 concentration of 10  $\mu$ M in pre-warmed PBS for 30 minutes in 37°C, followed by three  
538 washes with PBS. H<sub>2</sub>O<sub>2</sub>-treated cells served as positive controls. For some  
539 experiments, cells stained with CellROX or DCFDA were further stained with  
540 fluorochrome-labelled antibodies on ice. Stained cells were acquired on Fortessa X20  
541 flow cytometer (BD Biosciences).

### 542 **Arginase activity assay and Griess test**

543 Recombinant enzymes (ARG1 and ARG2) to study ARGi were produced at  
544 OncoArendi Therapeutics in *E. coli* expression system. The proteins were purified by  
545 FPLC and stored at -80°C in the storage buffer containing: 20 mM Tris pH 8.0,  
546 100 mM NaCl, 10 mM DDT and 10% glycerol. Basic assay buffer was composed of  
547 100 mM sodium phosphate buffer, 130 mM sodium chloride, 1 mg/mL BSA, pH 7.4.  
548 The enzymatic reaction was carried out in the presence of 200  $\mu$ M MnCl<sub>2</sub> (cofactor)  
549 and 10 mM or 20 mM L-arginine hydrochloride (for hARG1 or hARG2, respectively),  
550 mixed together at the final volume of 25  $\mu$ L. Basic developing buffer contained 50

551 mM boric acid, 1 M sulfuric acid, 0.03% (m/v) Brij® 35 detergent. PHZ or ABH was  
552 diluted in basic assay buffer at the volume of 50 µL. Recombinant enzyme was  
553 diluted in basic assay buffer at the volume of 25 µL. The reaction was performed at  
554 the final volume of 100 µL. Developing mixture included freshly prepared equal  
555 volume mixture of developing solution A (4 mM o-phthaldialdehyde) and solution B (4  
556 mM N-(1-naphthyl)ethylenediamine dihydrochloride) prepared in the basic developing  
557 buffer. The compound background wells contained each of the tested compound and  
558 the substrate/cofactor mixture, but not the recombinant enzyme (data were excluded  
559 from the analysis when the compound background exceeded 10% of the signal  
560 obtained in the wells with enzyme). The “0% activity” background wells contained  
561 only the substrate/cofactor mixture. Following 1 h incubation at 37°C, freshly  
562 prepared developing reagent was added (150 µL) and the colorimetric reaction was  
563 developed (12 min at RT, gentle shaking). The absorbance, proportional to the  
564 amount of the produced urea, was measured at 515 nm using Tecan’s Spark™  
565 microplate reader. Data were normalized by referring the absorbance values to the  
566 positive control wells (100% enzyme activity). IC<sub>50</sub> value was determined by the  
567 nonlinear regression method. Arginase activity in the EPCs or splenocytes lysates  
568 and cell supernatant was determined using Arginase Activity Assay (Sigma)  
569 according to the manufacturer’s protocol.

570 To evaluate nitric oxide (NO) production as a measure of NOS (nitric oxide  
571 synthase) activity, Griess Reagent System (Promega) was used according to the  
572 manufacturer’s protocol. Splenocytes or EPCs were isolated from murine spleens  
573 and were cultured in non-adherent 6-well plate  $1 \times 10^6$  or  $5 \times 10^5$  cells per 2 ml,  
574 respectively, for 24h followed by supernatants collection.

## 575 **Bioinformatical analysis of arginase structure**



576 The structure and predicted binding energies for the complexes of PHZ, L-arginine  
577 and 2-amino-6-borono-2-(2-(piperidin-1-yl)ethyl)hexanoic acid with both human and  
578 mouse arginases were compared. The 3D models of mouse arginases were  
579 proposed using available structures of human arginases (pdb|4hww and pdb|4hze for  
580 ARG1 and ARG2, respectively) as templates. Both templates shared more than 87 %  
581 sequence identity with their respective target. The sequence to structure alignments  
582 between mouse arginases and selected templates were calculated with the muscle  
583 program<sup>47</sup>. The 3D structure was proposed with MODELLER<sup>48</sup>. Models quality was  
584 assessed with the Molprobit webserver<sup>49</sup>. Next, both human and mouse proteins  
585 were prepared for docking using the Chimera dock prep module. Molecular docking  
586 was carried out with two programs - GOLD<sup>50</sup> and Surflex<sup>51</sup>. The active site was  
587 specified based on the position of the inhibitor present in the active site of the  
588 arginase 1 (pdb|4hww). The default parameters of both programs were used.

589 To assess if PHZ remains stably bound to the active site of both human  
590 arginases short molecular dynamics simulations were performed. The initial  
591 configurations of ligand-protein complexes were derived from docking results for  
592 PHZ. For the PHZ-arginase complexes the simulation included the following steps.  
593 First protein and ligand were put in a dodecahedron box with the distance between  
594 solute and a box equal to 1 nm. The 0.1 M NaCl was added to the system including  
595 neutralizing counterions. After energy minimization using steepest descent algorithm,  
596 100 ps NVT and NPT simulation were carried out. For this modified Berendsen  
597 thermostat was used to maintain the temperature at 310 K using and Berendsen  
598 barostat to keep the pressure at 1 atm. Positions of both protein and ligand heavy  
599 atoms remained constrained. During the following 300 ps of simulation time the  
600 ligand's constraints were gradually removed. Finally, an unconstrained 100 ns

601 simulation is performed in which Berendsen barostat was replaced by Parrinello-  
602 Rahman barostat. During simulation short-range nonbonded interactions were cut off  
603 at 1.4nm, with long-range electrostatics calculated using the particle mesh Ewald  
604 (PME) algorithm. Bonds were constrained using the lincs algorithm. Simulations were  
605 carried out with Gromacs<sup>52</sup> using the gromos54a7 force field, modified to include  
606 parameters for Mn<sup>2+</sup> ion adopted from<sup>53</sup>. Spc model was used for water molecules.  
607 Parameters for the ligand were obtained with Automated Topology Builder (ATB)<sup>54</sup>.

608 Additional analyses were performed to assess if PHZ can migrate to the  
609 arginase active site when present in solute in high concentration. For this analysis  
610 protein was put in dodecahedron box with the distance between solute and a box  
611 equal to 1.5 nm in which 6 PHZ molecules were placed randomly. This correspond to  
612 0.02 M concentration of the compound. A similar simulation setup to one described  
613 above was used with exception that ligand molecules remained unconstrained  
614 throughout simulation.

### 615 **Protein carbonylation assay**

616 Carbonyl content of proteins was determined in a 2,4-DNPH reaction. Five µg of  
617 murine ARG1 (Cloud-System Corp) was resuspended in 400 µl of distilled water and  
618 incubated with PHZ (10 µM), PHZ (10 µM) with NAC (10 mM), H<sub>2</sub>O<sub>2</sub> (10 mM) or  
619 water (negative control) as indicated in the Fig. 3d for 1 hour at 37°C. Proteins were  
620 precipitated with 10% TCA. The precipitates were treated with either 2N HCl alone  
621 (control) or 2N HCl containing 5 mg/ml 2,4-DNPH at RT for 30 min. The resulting  
622 hydrazones were precipitated in 10% TCA and then washed three times with ethanol-  
623 ethyl acetate (1:1). Final precipitates were dissolved in 8 M guanidine chloride. Equal  
624 amounts of proteins were separated on 4-12% SDS-polyacrylamide gel (Bio-Rad),  
625 transferred onto nitrocellulose membranes (Bio-Rad) blocked with TBST [Tris-

626 buffered saline (pH 7.4) and 0.05% Tween 20] supplemented with 5% non-fat milk.  
627 Anti-DNP antibodies (Life Diagnostics, Inc) at concentration 1 U/ml were used for  
628 overnight incubation at 4°C. After washing with TBST, the membranes were  
629 incubated with horseradish peroxidase-coupled secondary antibodies (Jackson  
630 ImmunoRes.). The reaction was developed using SuperSignal™ West Femto  
631 Maximum Sensitivity Substrate (ThermoFisher Scientific) and imaged using  
632 ChemiDoc Touch Gel Imaging System (Bio-Rad). Densitometry was done using  
633 ImageJ software.

#### 634 **RNA isolation from EPCs, reverse transcription, and quantitative polymerase** 635 **chain reaction**

636 Total RNA was isolated from EPCs isolated from murine spleens using RNeasy Mini  
637 Kit (Qiagen). RNA was subjected to reverse transcription using GoScript™ Reverse  
638 Transcriptase system (Promega). All qPCRs were performed in MicroAmp Fast  
639 Optical 96 Well Reaction Plates (Thermo Fisher Scientific) using Applied Biosystems  
640 7500 Fast Real-Time PCR System with 7500 Software V2.0.6 (Thermo Fisher  
641 Scientific). Samples were assayed in triplicates. Primers sequences used in the  
642 study: ARG1 forward 5'- CTCCAAGCCAAAGTCCTTAGAG-3', reverse 5'-  
643 AGGAGCTGTCATTAGGGACATC-3', ARG2 forward 5'-  
644 AGGAGTGG AATATGGTCCAGC-3', reverse 5'-GGGATCATCTTGTGGGACATT-3',  
645 and GAPDH forward 5'-GAAGGTGGTGAAGCAGGCATC-3', reverse 5'-  
646 GCATCGAAGGTGGAAGAGTGG-3' as an endogenous control. The mean Ct values  
647 of a target gene and endogenous control were used to calculate relative expression  
648 using the  $2^{-\Delta Ct}$  method.

#### 649 **Western blot**

650 Splenocytes lysates were prepared using Cell Lysis Buffer (#9803, CellSignaling  
651 Technology) supplemented with protease inhibitors (Roche) according to the  
652 manufacturer's protocol. Equal amounts of proteins samples were boiled in Laemmli  
653 loading buffer, separated on 4-12% SDS-polyacrylamide gel (Biorad), transferred  
654 onto nitrocellulose membranes (Bio-Rad) blocked with TBST [Tris-buffered saline (pH  
655 7.4) and 0.05% Tween 20] supplemented with 5% non-fat milk. Anti-Arg1 antibodies  
656 (polyclonal, GTX109242, GeneTex) at dilution 1:2000 or anti-Arg2 antibodies  
657 (polyclonal, ab81505, Abcam) at dilution 1:1000 were used for overnight incubation  
658 at 4°C. After washing with TBST, the membranes were incubated with horseradish  
659 peroxidase-coupled secondary antibodies (Jackson Immunores.). The reaction was  
660 developed using SuperSignal™ West Femto Maximum Sensitivity Substrate  
661 (ThermoFisher Scientific) and imaged using ChemiDoc Touch Gel Imaging System  
662 (Bio-Rad). After imaging, bound antibodies were removed from membranes using  
663 Restore™ PLUS Western Blot Stripping Buffer (ThermoFisher Scientific), followed by  
664 blocking with TBST supplemented with 5% non-fat milk Next, the membranes were  
665 incubated with anti-β-Actin (A5060, SantaCruz) conjugated with peroxidase.  
666 Densitometry was done using ImageJ software.

### 667 **Erythroid cells differentiation**

668 EPCs were differentiated from human peripheral blood mononuclear cells (PBMC)  
669 according to the protocol by Heshusius et al.<sup>55</sup> with modifications. Human PBMC  
670 were purified from buffy coats from healthy donors by density separation using  
671 Lymphoprep (STEMCELL Technologies). PBMC were seeded at  $10 \times 10^6$  cells/mL in  
672 erythroid differentiation-promoting medium based on StemSpan™ Serum-Free  
673 Expansion Medium (SFEM) supplemented with human recombinant EPO (2 U/ml,  
674 Roche), human recombinant stem cell factor (25 ng/ml, R&DSystems),

675 dexamethasone (1  $\mu$ M, SigmaAldrich), human recombinant insulin (10 ng/ml,  
676 SigmaAldrich), L-Glutamine (2 mM, SigmaAldrich), sodium pyruvate (1 mM, Gibco),  
677 MEM non-essential amino acids (1x, Gibco), bovine serum albumin (0.1% m/v),  
678 SigmaAldrich), EmbryoMax Nucleosides (1x, Merck), and 100 U/ml penicillin and 100  
679  $\mu$ g/ml streptomycin (Sigma-Aldrich). The expansion and differentiation of EPCs were  
680 determined by flow cytometry.

### 681 **Statistical analysis**

682 Data are shown as means  $\pm$  SD or means  $\pm$  SEM, as indicated in the figure legends.  
683 Graphpad Prism 8.4.3 (GraphPad Software) was used for statistical analyses. Data  
684 distribution was tested using Shapiro-Wilk test. Statistical analyses of three or more  
685 groups were compared using one-way analysis of variance (ANOVA) followed by  
686 Tukey's, Dunnett's or Bonferroni's multiple comparisons test or Kruskal-Wallis test  
687 followed by Dunn's multiple comparisons test. Statistical analyses of two groups were  
688 compared using unpaired *t*-test or Mann-Whitney test.

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## 700 **Authorship Contributions**

701 TM.G. designed and supervised the study, conducted the experiments, analyzed the  
702 data, and wrote the manuscript. A.S. participated in *in vivo* studies,. Z.R. participated  
703 in *in vitro* experiments. M.L. and D.P. performed molecular docking and molecular  
704 dynamics simulations, K.K. performed real-time qPCR and participated in *in vitro*  
705 experiments, M.M. and O.C. collected and provided human blood samples, A.R.-L.  
706 performed analysis of murine blood, M.J. participated in *in vitro* experiments, P.P and  
707 M.M.G. carried out arginase activity assays, R.B. designed and synthesized OAT-  
708 1746, M.W. bred and provided *Arg2<sup>-/-</sup>* mice, A.T and G.B. collected and provided  
709 HSPCs. J.G. conceived, designed and supervised the study, provided funding and  
710 wrote the manuscript. D.N. provided funding, performed *in vivo* studies, designed and  
711 supervised the study, and wrote the manuscript. All authors edited and approved the  
712 final manuscript.

## 713 **Disclosure of Conflicts of Interest**

714 P.P., M.M.G., and R.B. are employees of OncoArendi Therapeutics, Warsaw,  
715 Poland.

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## Figures

### 926 **Figure 1. Anemia induces EPCs expansion in the spleen**

927 **a**, Representative plots of CD71<sup>+</sup>TER119<sup>+</sup> EPCs in the spleens of control, anemic  
928 and 3-days old neonatal mice. **b**, The frequency of CD71<sup>+</sup>TER119<sup>+</sup> EPCs in the  
929 spleens of control (n=10), control-IgG (n=7), anemic (NHA, n=13; HA-PHZ, n=9; HA-  
930 TER119, n=8), and 3-days old neonatal mice (n=5). *P* values calculated with Kruskal-  
931 Wallis test with Dunn's post-hoc test. **c**, Number of CD71<sup>+</sup>TER119<sup>+</sup> EPCs in the  
932 spleens of control (n=4), anemic (NHA, n=4; HA-PHZ, n=4; HA-TER119, n=4), and  
933 neonatal mice. *P* values calculated with one-way ANOVA with Dunnett's post-hoc  
934 test. **d**, Percentages of CD45.2<sup>-</sup> and CD45.2<sup>+</sup> cells within EPCs (CD71<sup>+</sup>TER119<sup>+</sup>)  
935 population (n=5). **e**, Gating strategy for EPCs developmental stages based on CD44  
936 expression and cells size<sup>13</sup>. **f**, Developmental stages of EPCs in control mice (n=9),  
937 NHA mice (n=13), HA-PHZ (n=9), HA-TER119 (n=5), and neonatal mice (n=5). Data  
938 show means ± SD. Each point in **b-d** represents data from individual mice. *n* values  
939 are the numbers of mice used to obtain the data. The source data underlying Fig.1b-  
940 d,f are provided as a Source Data file.

### 941 **Figure 2. Anemic mice have impaired T-cell immune response**

942 **a**, Schematic presentation of the experimental setting. T-cells isolated from OT-I mice  
943 were labelled with CellTraceViolet (CTV) and adoptively transferred to anemic and  
944 healthy control mice and stimulated with OVA. **b**, Percentage of proliferating (CTV<sup>low</sup>)  
945 OT-I T-cells in the spleen of NHA mice (n=8), HA-PHZ mice (n=8), and healthy  
946 controls (n=5). Histograms show the fluorescence of CTV (CellTraceViolet) – V450. *P*  
947 values calculated with one-way ANOVA with Tukey's post-hoc test. **c**, Representative  
948 plot of isolated EPCs. **d**, Proliferation triggered by αCD3/αCD28 of CTV-labelled

949 CD4<sup>+</sup> T-cells co-cultured with EPCs isolated from the spleens of NHA (n=8), HA-PHZ  
950 (n=8), HA-TER119 (n=4). T-cell:EPC ratio was 1:2. Representative proliferation  
951 histograms of  $\alpha$ CD3/ $\alpha$ CD28-stimulated CD4<sup>+</sup> T-cells co-cultured with EPCs.  
952 Histograms show the fluorescence of CTV (CellTraceViolet) – V450. *P* values  
953 calculated with one-way ANOVA with Dunnet's post-hoc test. Data show means  $\pm$   
954 SD. Each point in **b,d** represents data from individual mice. *n* values are the numbers  
955 of mice. The source data underlying Fig. 2b,d are provided as a Source Data file.

956 **Figure 3. EPCs express ARG2 and have high levels of ROS**

957 **a**, Mean Fluorescence Intensity (MFI) of CellROX Green – FITC in EPCs  
958 (CD71<sup>+</sup>TER119<sup>+</sup>) and RBCs (CD71<sup>-</sup>TER119<sup>+</sup>) of control mice (n=6) and NHA (n=6)  
959 and HA-PHZ (n=6). Histograms show the representative fluorescence of CellROX  
960 Green – FITC in EPCs from the spleen of NHA mouse. *P* values calculated with  
961 unpaired t-test. **b**, Mean Fluorescence Intensity (MFI) of CellROX Green – FITC in  
962 EPCs, leukocytes (CD45<sup>+</sup>), T-cells (CD45<sup>+</sup>CD3e<sup>+</sup>), myeloid cells (CD45<sup>+</sup>CD11b<sup>+</sup>)  
963 (n=18). *P* values calculated with one-way ANOVA with Dunnet's post-hoc test. **c**,  
964 Percentages of ARG2<sup>+</sup> EPCs in control mice (n=11), anemic mice (NHA, n=5; HA-  
965 PHZ, n=11; HA-TER119, n=11), neonatal mice (n=5), and isotype control-IgG-treated  
966 mice (control-IgG, n=7). **d**, Percentages of ARG1<sup>+</sup> EPCs based on intracellular  
967 staining (n=5). *P* values calculated with one-way ANOVA with Dunnet's post-hoc test  
968 and with unpaired t-test for HA-TER119. **e**, Percentages of YFP<sup>+</sup> EPCs in reporter  
969 B6.129S4-Arg1<sup>tm1Lky</sup>/J mice (controls n=4, NHA n=8, HA-PHZ n=8, neonatal n=5,  
970 control-IgG n=4, HA-TER119 n=8). *P* values calculated with one-way ANOVA with  
971 Dunnet's post-hoc test and with unpaired t-test for HA-TER119. **f**, Mean  
972 Fluorescence Intensity (MFI) of YFP – FITC in EPCs of reporter B6.129S4-  
973 Arg1<sup>tm1Lky</sup>/J mice (controls n=4, NHA n=8, HA-PHZ n=4). *P* values calculated with

974 one-way ANOVA with Dunnett's post-hoc test. **g,h**, Total arginase activity in EPCs  
975 lysates (**g**, n=8) or in the supernatants from EPCs cultures (**h**, n=8). *P* values  
976 calculated with one-way ANOVA with unpaired t-test. **i**, Percentages of ARG1<sup>+</sup> EPCs  
977 isolated from the spleens of B6.129S4-Arg1<sup>tm1Lky</sup>/J incubated with diluent or PHZ  
978 (100 μM for 24h) (n=3). *P* values calculated with one-way ANOVA with unpaired t-  
979 test. Data show means ± SD. Each point in **a-i** represents data from individual mice.  
980 *n* values are the numbers of mice used to obtain the data. The source data  
981 underlying Fig.3a-i are provided as a Source Data file.

982 **Figure 4. Phenylhydrazine targets arginase, inhibits its activity and induces**  
983 **oxidative damage**

984 **a**, Inhibition curves for recombinant human ARG1 and ARG2, and IC<sub>50</sub> values for  
985 PHZ (n=2) and 2(S)-amino-6-boronohexanoic acid (ABH). **b**, NO production from  
986 EPCs and whole splenocytes population isolated from NHA (n=4) and HA-PHZ (n=4)  
987 mice. *P* value was calculated with unpaired *t*-test. **c**, The electrostatic surface  
988 potential of the human ARG1. The potential was calculated with APBS and projected  
989 onto the molecular surface of the protein. The figure was prepared with UCSF  
990 Chimera. **d**, Carbonylation of ARG1 in the presence of PHZ and/or N-acetylcysteine  
991 (NAC) (n=3). Representative blot (left) and densitometric analysis done with ImageJ  
992 software (right). *P* value was calculated with Ordinary one-way ANOVA with  
993 Dunnett's multiple comparisons test. Data show means ± SD. Each point in **b**  
994 represents data from individual mice. *n* values are the numbers of mice used to  
995 obtain the data or number of biological replicates of *in vitro* experiments. The source  
996 data underlying Fig.4, 4b, 4d are provided as a Source Data file.

997 **Figure 5. EPCs degrade L-Arg and produce ROS leading to the suppression of**  
998 **T-cells**

999 **a**, Proliferation and surface markers in  $\alpha$ CD3/ $\alpha$ CD28-stimulated CD4<sup>+</sup> T-cells co-  
1000 cultured with EPCs isolated from NHA mice (n=4) at a ratio 1:2 (T-cells:EPCs). *P*  
1001 value was calculated with unpaired t test. **b**, Effects of ARGi (OAT-1746, 500 nM)  
1002 and ROSi (N-acetylcysteine, 100  $\mu$ M) on the proliferation of  $\alpha$ CD3/ $\alpha$ CD28-stimulated  
1003 CD4<sup>+</sup> T-cells co-cultured with EPCs isolated from the spleens of NHA mice (n=4).  
1004 Representative proliferation histograms of  $\alpha$ CD3/ $\alpha$ CD28-stimulated CD4<sup>+</sup> T-cells co-  
1005 cultured with EPCs in the presence of ARGi or ROSi. Histograms show the  
1006 fluorescence of CTV (CellTraceViolet) – V450. *P* value was calculated with one-way  
1007 ANOVA with Bonferroni's post-hoc test. **c**, Effects of L-arginine supplementation  
1008 (1000  $\mu$ M) or ARGi (OAT-1746, 500 nM) on the proliferation of  $\alpha$ CD3/ $\alpha$ CD28-  
1009 stimulated CD4<sup>+</sup> T-cells cultured in full medium or in EPCs-conditioned medium (CM)  
1010 (n=3). *P* value was calculated with one-way ANOVA with Bonferroni's post-hoc test.  
1011 **d**, Proliferation of  $\alpha$ CD3/ $\alpha$ CD28-stimulated CD4<sup>+</sup> T-cells co-cultured with EPCs  
1012 isolated from NHA *Arg2*<sup>-/-</sup> mice or NHA wild-type *Arg2*<sup>+/+</sup> mice at a ratio 1:4  
1013 (T:cells:EPCs). Representative proliferation histograms of  $\alpha$ CD3/ $\alpha$ CD28-stimulated  
1014 CD4<sup>+</sup> T-cells co-cultured with EPCs isolated from *Arg2*<sup>-/-</sup> mice or wild-type *Arg2*<sup>+/+</sup>  
1015 mice in the presence of ARGi or ROSi. Histograms shows the fluorescence of CTV  
1016 (CellTraceViolet) – V450. *P* value was calculated with one-way ANOVA with  
1017 Bonferroni's post-hoc test. **e**, Arginase activity of the splenocytes lysate of control  
1018 and anemic mice calculated per  $\mu$ g of total protein based on bicinchoninic acid (BCA)  
1019 protein assay. *P* value was calculated with unpaired t-test. **f**, The level of ARG1 and  
1020 ARG2 in the splenocytes lysate of control (n=4) and anemic mice (n=4).  $\beta$ -actin as  
1021 used as a loading control. **g,h** Relative density of ARG1 (**g**) and ARG2 (**h**) compared  
1022 to  $\beta$ -actin. *P* value was calculated with unpaired t-test. **i,j**, The level of CD3 $\zeta$  in CD4<sup>+</sup>  
1023 (**i**) and CD8<sup>+</sup> (**j**) T-cells in the spleen of control (n=4) and anemic mice (n=4) based

1024 on intracellular staining. *P* value was calculated with unpaired t-test. **k,l**, The levels of  
1025 CD3 $\zeta$  in CD4<sup>+</sup> (**k**) and CD8<sup>+</sup> (**l**)  $\alpha$ CD3/ $\alpha$ CD28-stimulated T-cells in the presence of  
1026 EPCs isolated from anemic mice (n=4) based on intracellular staining. *P* value was  
1027 calculated with one-way ANOVA with Bonferroni's post-hoc test. Data show means  $\pm$   
1028 SD. Each point in **a-e**, **g-l** represents data from individual mice. *n* values are the  
1029 numbers of mice used to obtain the data or number of biological replicates in *in vitro*  
1030 experiments. The source data underlying Fig. 5a-l are provided as a Source Data file.

1031 **Figure 6. EPCs expand in the blood of anemic patients and suppress T-cells**  
1032 **response**

1033 **a**, Percentage of CD71<sup>+</sup>CD235a<sup>+</sup> EPCs of live cells in the whole blood of non-anemic  
1034 (controls, n=41) and anemic patients (n=41). *P* value was calculated with Mann  
1035 Whitney test. **b**, Representative dot plots of EPCs in the blood of non-anemic and  
1036 anemic patients. **c**, EPCs count per  $\mu$ l of blood in controls (n=41) and anemic  
1037 patients (n=41). *P* value was calculated with Mann Whitney test. **d**, Correlation of the  
1038 number of EPCs per  $\mu$ l of blood and hemoglobin concentration (n=82). Correlation  
1039 was calculated with Spearman *r*. **e**, EPCs count per  $\mu$ l of blood in non-anemic  
1040 controls (n=34) and patients with mild (n=14), moderate (n=32), and severe (n=2)  
1041 anemia. *P* value was calculated with Kruskal-Wallis test with Dunn's post-hoc test.  
1042 **f,g**, Percentage of EPCs in the fraction of peripheral blood mononuclear cells  
1043 (PBMC) in controls (n=12) and anemic patients (n=13) (**f**) and representative dot  
1044 plots of EPCs (**g**). *P* value was calculated with Mann-Whitney test. **g**, PBMC of  
1045 controls (n=12) and anemic patients (n=13) were stimulated with  $\alpha$ CD3/ $\alpha$ CD28 for  
1046 12h in the presence of protein transport inhibitor. IFN- $\gamma$  level was determined by  
1047 intracellular staining. *P* value was calculated with unpaired t-test. Data show means  $\pm$   
1048 SD. Each point in **a,c-f,h** represents data from individual patients. *n* values are the



1049 numbers of patients used to obtain the data or number of biological replicates in *in*  
1050 *vitro* experiments. The source data underlying Fig.6a, 6c-f, 6g are provided as a  
1051 Source Data file.

1052 **Figure 7. EPCs from human bone marrow express ARG1 and ARG2 and**  
1053 **suppress T-cells proliferation**

1054 **a**, Representative dot plots of CD71<sup>+</sup>CD235a<sup>+</sup> EPCs in the aspirate of human bone  
1055 marrow. **b,c**, Representative histograms of ARG2 (**b**) and ARG1 (**c**) expression in  
1056 EPCs from human bone marrow. Fluorescence-minus-one (FMO) showed as  
1057 unstained controls. **d,e**, Proliferation triggered by  $\alpha$ CD3/ $\alpha$ CD28 of CTV-labelled CD4<sup>+</sup>  
1058 (**d**) and CD8<sup>+</sup> (**e**) T-cells co-cultured with EPCs isolated from the human bone  
1059 marrow. T-cell:EPC ratio was 1:2 (n=9). Proliferation of T-cells in coculture with EPCs  
1060 was calculated in relation to no-EPCs T-cells proliferation as 100%. *P* value was  
1061 calculated with Friedman test with Dunn's post-hoc test. Data show means  $\pm$  SD. *n*  
1062 values are the numbers of individual patients used to obtain the data or number of  
1063 biological replicates in *in vitro* experiments. The source data underlying Fig.7d, 7e are  
1064 provided as a Source Data file.

1065 **Figure 8. Suppression of T-cells is a general feature of erythroid cells that**  
1066 **diminishes with EPCs maturation**

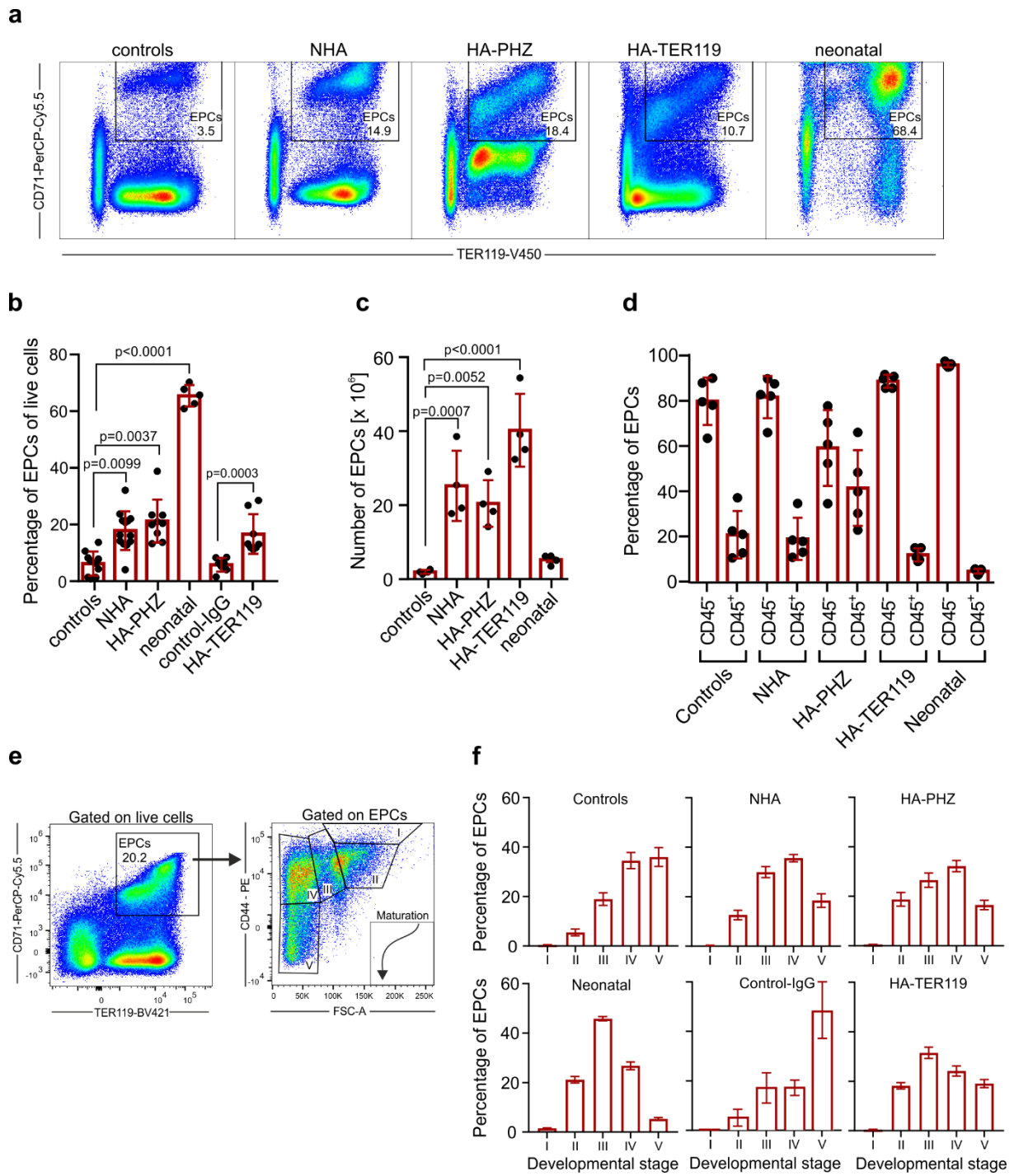
1067 **a,b**, Proliferation triggered by  $\alpha$ CD3/ $\alpha$ CD28 of CTV-labelled CD4<sup>+</sup> (**a**) and CD8<sup>+</sup> (**b**)  
1068 T-cells co-cultured with erythroid cell lines (K562, HEL92.1.7, TF-I). T-cell:erythroid  
1069 cell ratio was 1:3. Data from one representative experiment out of three. *P* value was  
1070 calculated with one-way ANOVA with Bonferroni's post-hoc test. **c**, Representative  
1071 density plot of EPCs differentiated from PBMC. **d,e**, Proliferation triggered by  
1072  $\alpha$ CD3/ $\alpha$ CD28 of CTV-labelled CD4<sup>+</sup> (**d**) and CD8<sup>+</sup> (**e**) T-cells co-cultured with EPCs

1073 differentiated from PBMC (n=4). *P* value was calculated with one-way ANOVA with  
1074 Dunnett's post-hoc test. **f**, Representative density plots of EPCs differentiation from  
1075 PBMC based on CD71 and CD235a expression. **g**, Proliferation triggered by  
1076  $\alpha$ CD3/ $\alpha$ CD28 of CTV-labelled CD4<sup>+</sup> co-cultured with EPCs differentiated from PBMC  
1077 at different developmental stages. **h,i**, Relative proliferation of CD4<sup>+</sup> (**h**) and CD8<sup>+</sup> (**i**)  
1078 T-cells cocultured with EPCs differentiated from PBMC at different timepoints. *P*  
1079 value was calculated with one-way ANOVA with Bonferroni's post-hoc test. **j,k**,  
1080 Levels of CD44 (**j**), and CD49d (**k**) during erythroid differentiation from PBMC. Data  
1081 show means  $\pm$  SD. Each point in **d**, **h-k** represents data from individual patients. *n*  
1082 values are the numbers of individual patients used to obtain the data or number of  
1083 biological replicates in *in vitro* experiments. The source data underlying Fig.8a, 8b,  
1084 8d-, 8h-k are provided as a Source Data file.

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Figure 1.

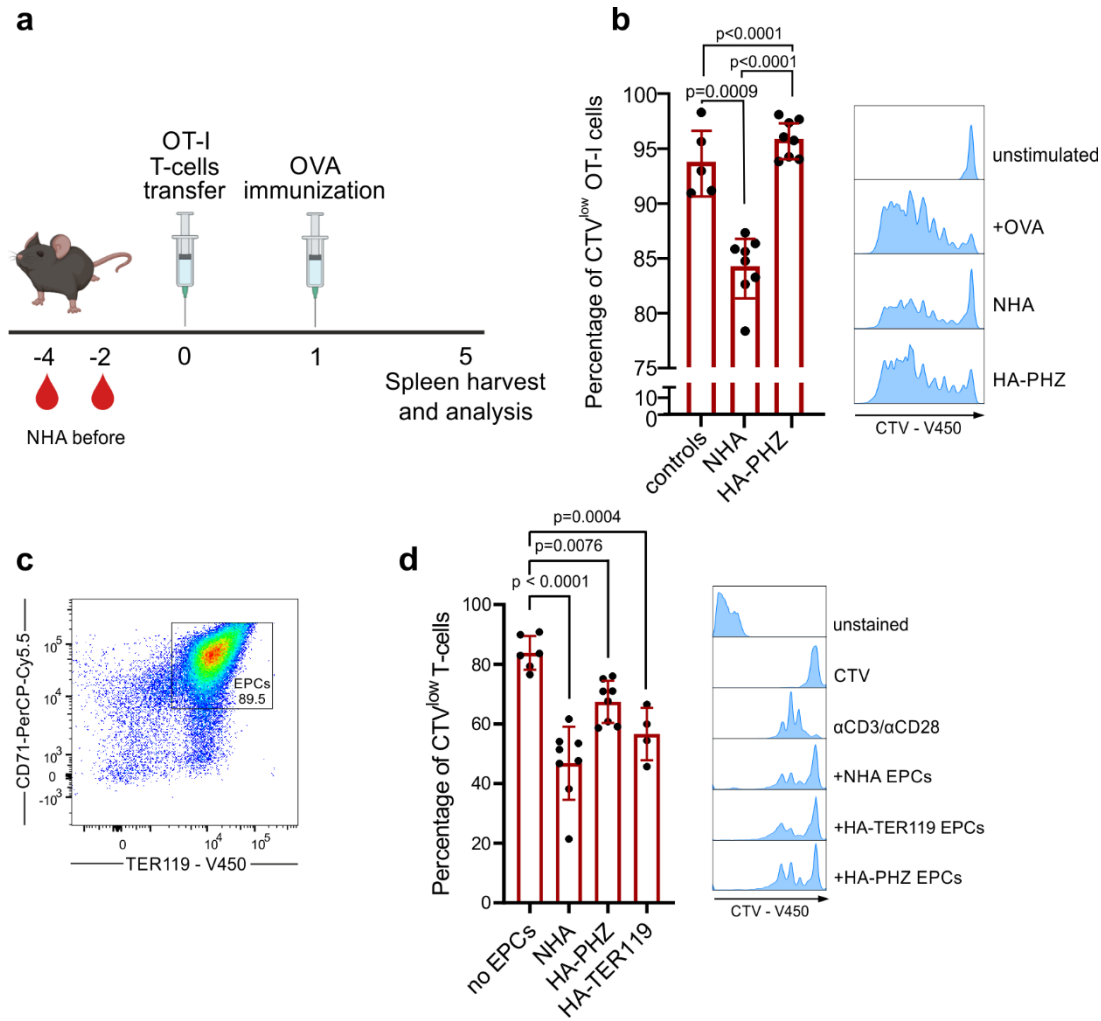


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Figure 2.

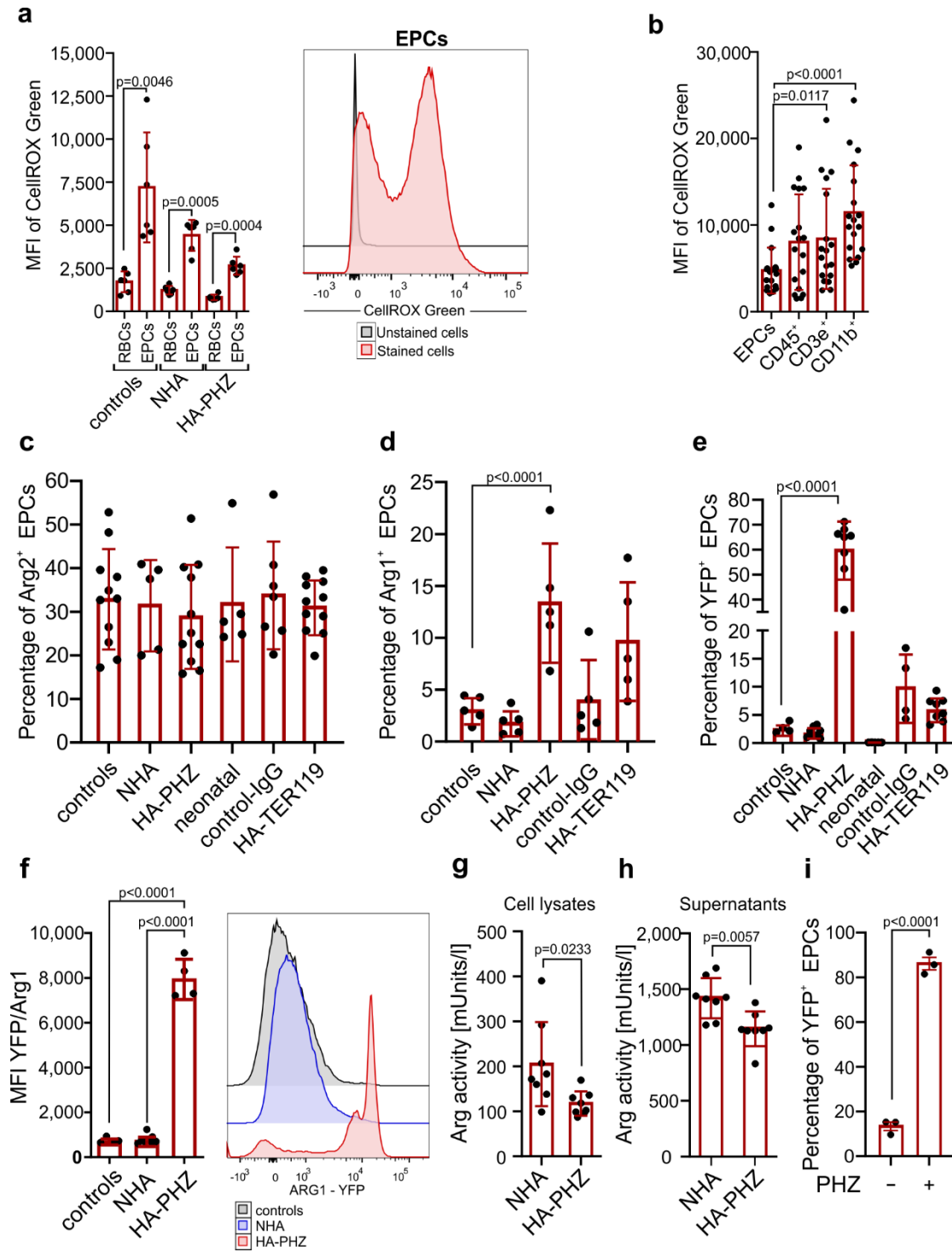


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Figure 3.

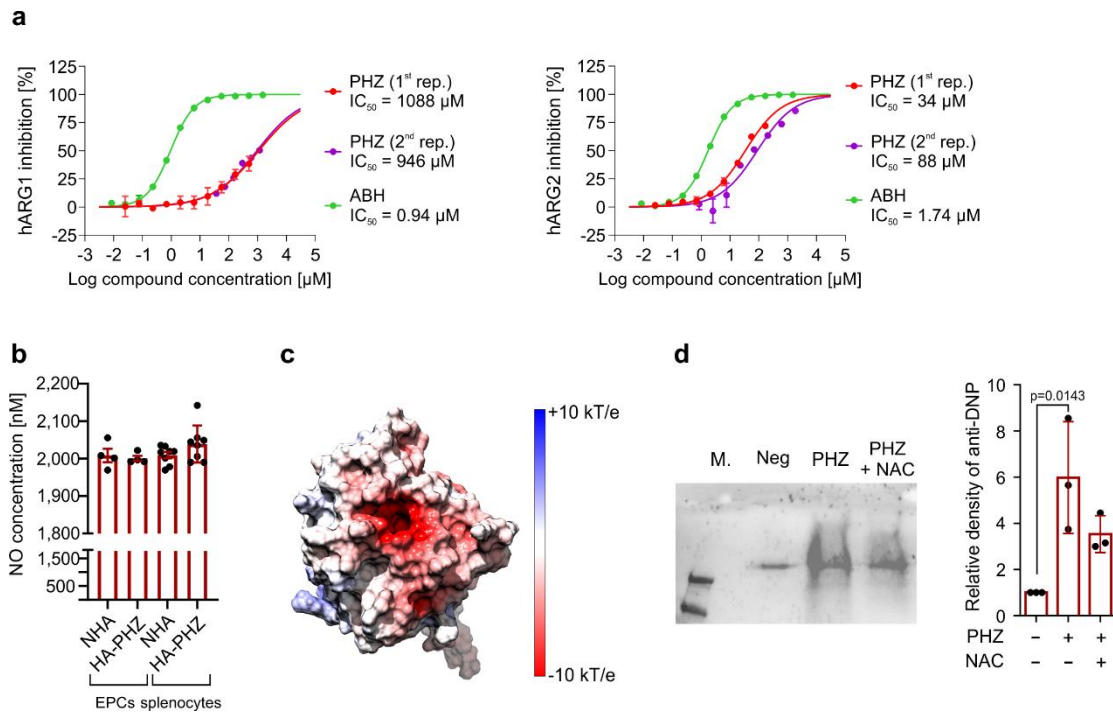


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Figure 4.

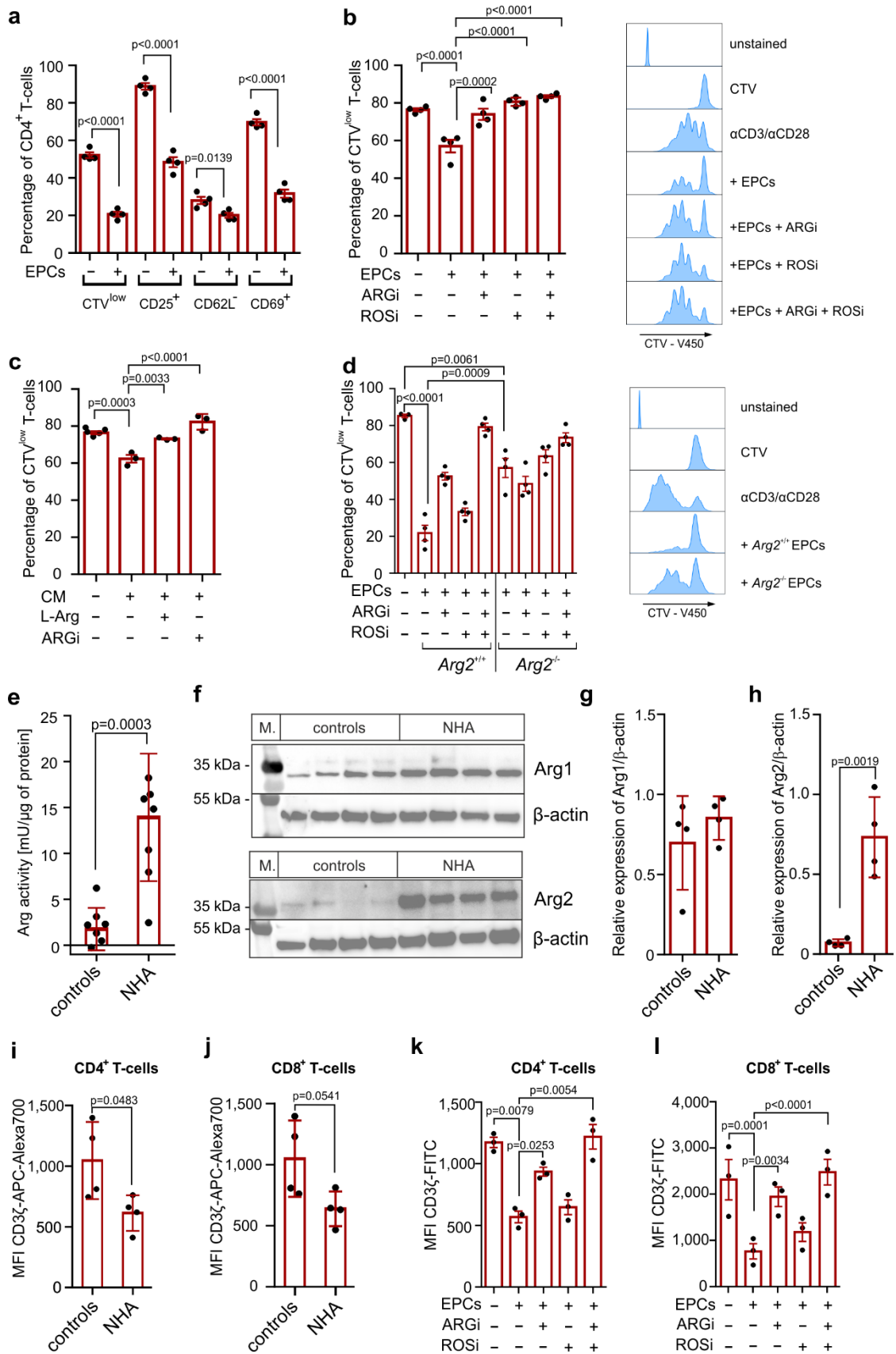


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Figure 5.

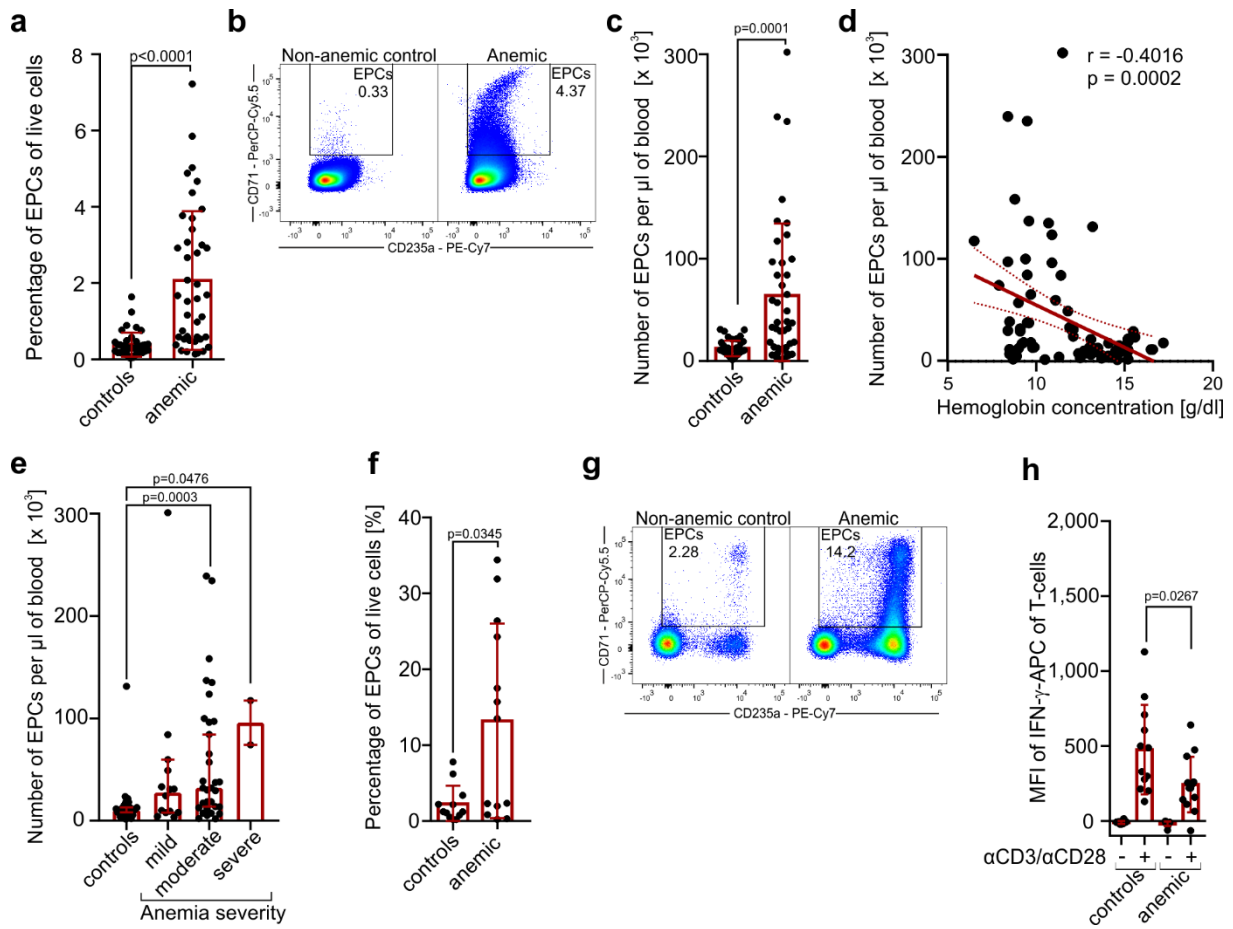


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Figure 6.



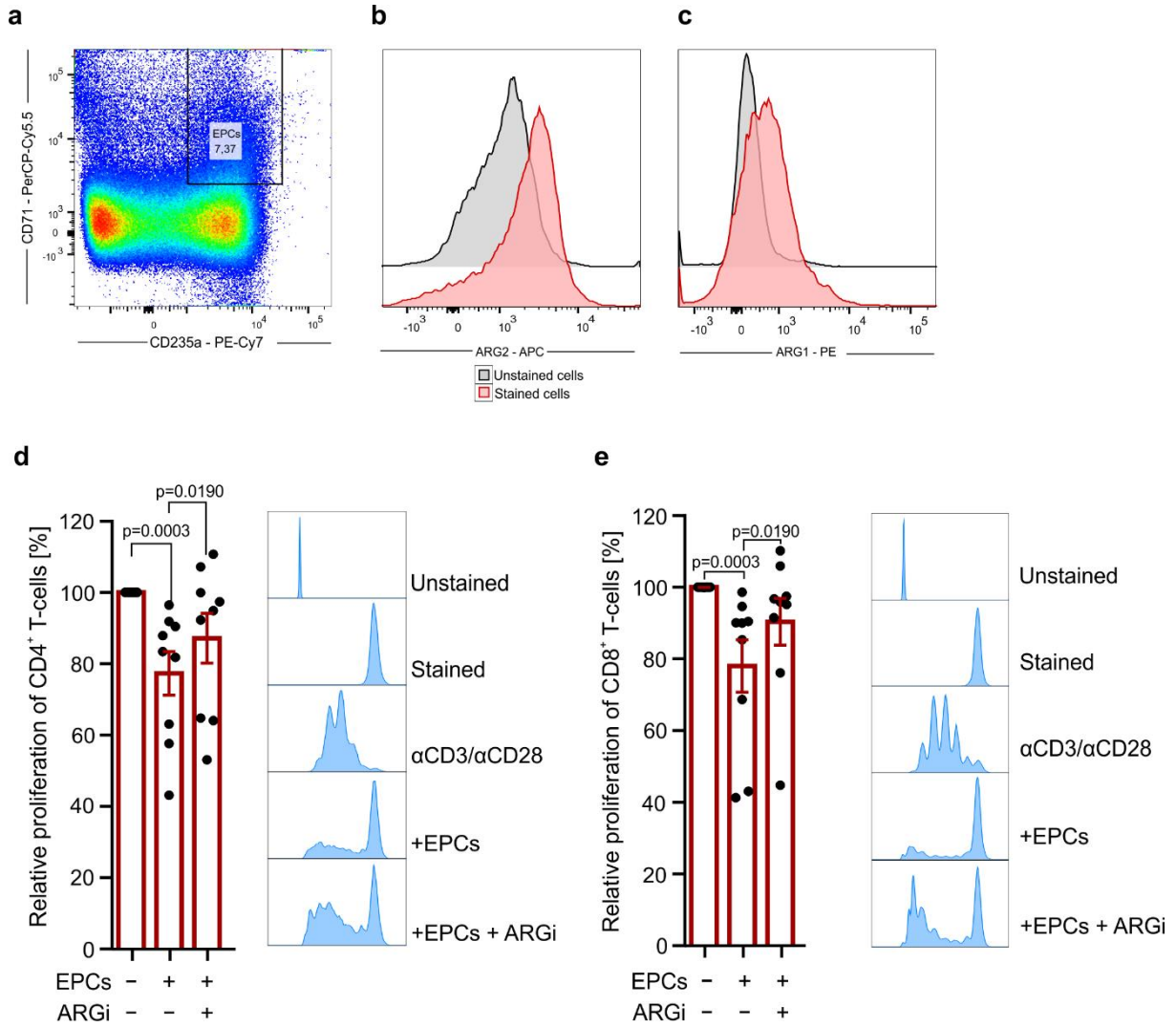
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Figure 7.

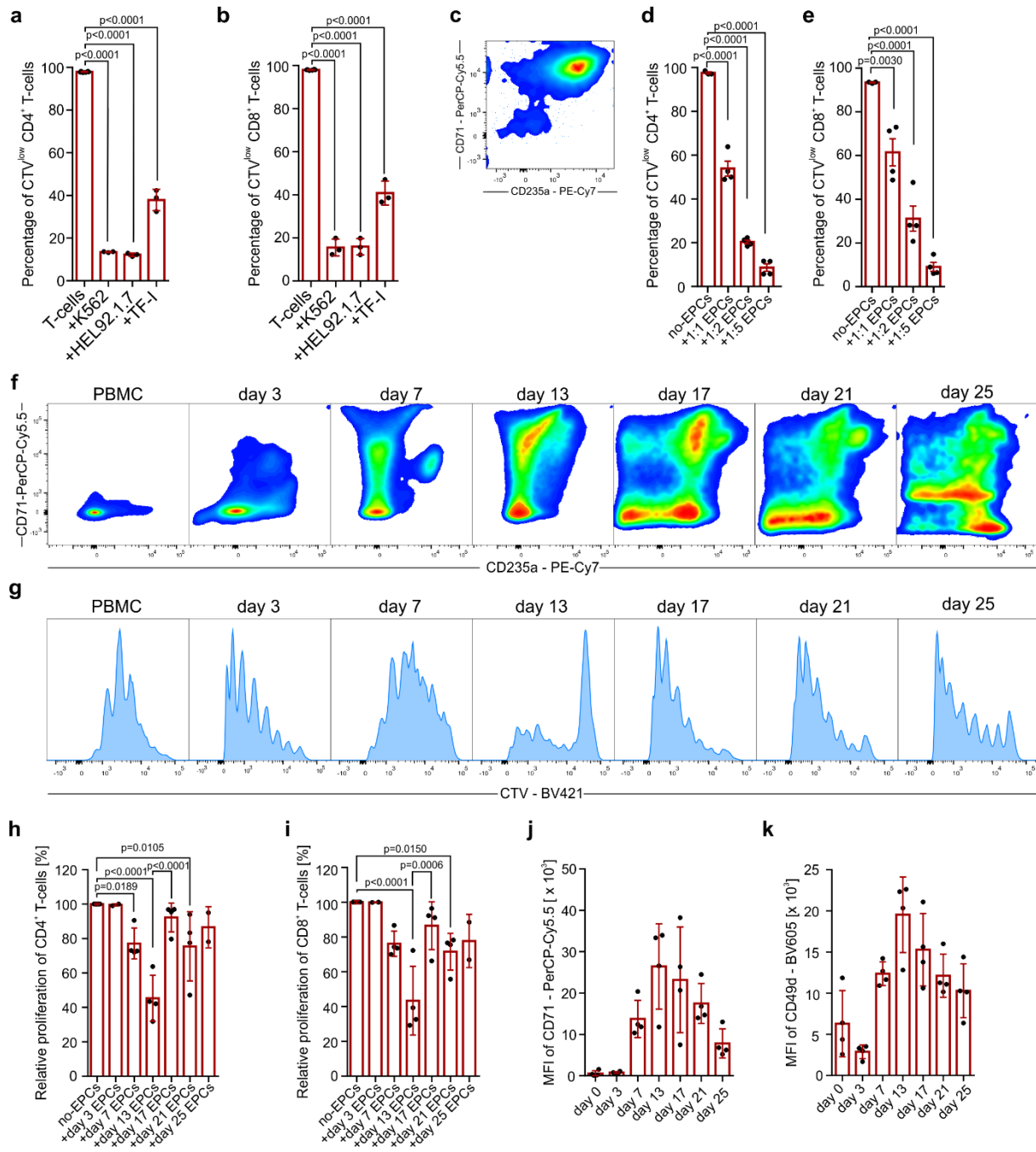


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Figure 8.



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