Embattled battery maker abandons automotive, shifts to trains and defense

By [Dustin Walsh]

https://www.crainsdetroit.com/manufacturing/our-next-energy-abandons-auto-batteries-rail-and-defense

January 7, 2026

After failing to break into the electric vehicle market successfully, Our Next Energy Inc. is pivoting to rail and defense.

The Novi-based battery manufacturer suspended its passenger EV plan last year and has secured $35 million in new purchase orders as it continues to seek profitability.

Founder and CEO Mujeeb Ijaz told Crain's that the move is to produce a slower-moving, cash-generating company built less on a speculative market and more on traditional pathways.

"If we look at electrification, we were building a market as we were building new products and a new company," Ijaz said. "Our company grew very fast around what looked like a big movement toward EVs. Now we've retreated from that idea and have had to take a more modest plan for growth."

Ijaz declined to name the new companies with which ONE has secured contracts, but noted they are in three product lines: locomotive, defense and grid-scale energy storage systems.

While it's already secured $35 million in new contracts, ONE needs to reach $60 million in 2026 to break even, which Ijaz said the company expects to do.

Abandoning the automotive sector, however, is not without casualties. The company has reduced its workforce by 45%, down to just 100 employees.

"It's been tough, parting with our employees," Ijaz said. "We know every person and every name. But we have this really important job and it's generating a lot of hope, in my mind. What we are doing is going to result in a healthy business. We're not out of the woods, but moving in a direction that looks like a stable business."

Credit: Nic Antaya/Crain's Detroit Business

Our Next Energy founder and CEO Mujeeb Ijaz as seen in the Van Buren Township space in 2023.

ONE made a major splash in fall 2022 with plans to be the first U.S.-based company to establish a domestic lithium iron phosphate battery plant. The factory — backed by $237 million in taxpayer subsidies — was to feed EV-focused automakers with a less costly, more sustainable battery than the standard nickel-manganese-cobalt chemistry.

But demand for EVs failed to launch, automakers pulled back investment dramatically and the business case for battery plants imploded. The Trump administration’s rollback of EV tax credits and fuel emission regulations has further chilled electrification in the auto industry.

ONE has been treading water since its Series C fundraising round fell through at the end of 2023 when U.K. investor Just Climate pulled out of the financing.

The company had raised $300 million in a Series B round that valued the business at $1.2 billion, but was under a cash crunch. Following the Series C collapse, Ijaz stepped down as CEO, becoming CTO.

But notably, the company has avoided total collapse — a fate that has befallen many EV companies and projects over the past couple of years.

Ijaz returned as CEO in March and set out to put ONE on a different path, one not without massive cuts.

In September, the company announced it planned to vacate part of its factory space in Van Buren Township in Wayne County, where it planned to invest $1.6 billion and create 2,112 jobs that didn’t come to fruition.

The Michigan Economic Development Corp., which has so far disbursed $70.2 million of taxpayer funds to the company, said in September that no further payments would be made under its current agreement to support the project.

The company now occupies about 40% of the 600,000-square-foot plant in Van Buren Township, about 240,000 square feet, and maintains its Novi plant and headquarters.

As part of its deal to vacate space in Van Buren Township with landlord Ashley Capital, ONE has a first-right of refusal deal to lease space at new buildings being erected in the industrial park in Van Buren Township, Ijaz said.

“We are not giving up needing space in Van Buren, but the space and that building just doesn’t make sense,” Ijaz said. “Where we are finding ourselves moving forward is in new industries that are moving away from foreign-made parts.”

Ijaz said the company has produced batteries for use in yard engines, or switcher locomotives, that move railcars from one train to another. Those vehicles run often and require short bursts of acceleration and deceleration. ONE has achieved a 50% diesel fuel savings using a hybrid system, Ijaz said, leading to more than 20 orders.

Ijaz said the company has no plan to return to automotive in the near term, the next three-plus years, instead squarely focused on tangible markets.

“We’ve pulled back in areas that are not productive to revenue, using factories that are already built that we have a book of business for,” Ijaz said. “With $35 million already booked, we think we can break even with this company footprint, lowering our OP EX (operational expenditures) and increasing our revenue and margin cover costs.”