Sony has presented its financial forecast for the current year, which turned out to be weaker than analysts expected. The main reason is U.S. tariffs, which could cost the company approximately $700 million.

For the first three months of the year, operating profit totaled 203.7 billion yen, exceeding projections. However, compared to the previous year, video game console sales have declined: last year, 20.8 million PlayStation 5 units were sold, while this year, only 18.5 million were sold.

The U.S. remains the primary market for PlayStation 5, while most consoles are manufactured in China. In April, Sony had already raised console prices in Europe, Australia, and New Zealand, raising concerns about possible price increases in the U.S. if tariff policies continue.

The declining demand for the PS5 is also linked to the delay in the release of Grand Theft Auto VI, which many had anticipated as a reason to upgrade their consoles. This could weaken Sony’s position as the new version of the Nintendo Switch launches this summer.